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# Historic England Annual Report & Accounts

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2016/17

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to the National Heritage Act 1983.

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# Introduction

Historic England has made excellent progress during the period covered by this Annual Report and Accounts.

Our principal purpose of championing and protecting England's spectacular heritage has been embedded in our work, whether through advising on the heritage implications of major infrastructure projects such as HS2, or supporting important research, such as the excavation and analysis of the internationally significant Bronze Age settlement at Must Farm.

The importance of our nation's historic fabric, ranging from huge castles to small public houses and monuments, is widely appreciated by the public. There has been a significant increase in visits to our website (approximately 80%) and also in engagement with us through social media. This undoubtedly reflects a recognition of the great value of our heritage, particularly during times of uncertainty, in providing a foundation for local and national identity, a sense of wellbeing and, very importantly, as a dynamic catalyst for economic activity and growth. Our initiative, *Enriching The List*, was launched to harness public enthusiasm for heritage by enabling interactive engagement with the National Heritage List for England.

During the year, the government published its Culture White Paper and we have, as described later in this report, already started to deliver upon some of its recommendations. Our Heritage Action Zones initiative, which has been launched in 10 locations, involves working with local partners to regenerate historic buildings to improve environmental quality and promote employment.

We have continued to seek ways to minimise the impact of the 10% cut in real terms in our funding imposed upon us in the Comprehensive Spending Review of 2015, with the costs of pensions and the apprentice levy adding further pressure. We are determined, as far as possible, to maintain our front-line services and also to develop sources of revenue from third parties, such as through our Enhanced Advisory Services. We have established a fundraising team to develop philanthropic support for activities, such as our exhibitions programme and educational initiatives. We are delighted that the Heritage Lottery Fund has awarded us an increased grant to support the regeneration of Shrewsbury Flaxmill, the oldest iron-framed building in the world.

The English Heritage Trust, which is responsible for the management of the National Heritage Collection under a licence from Historic England, has made satisfactory progress in its second year of operation as a charity. It has exceeded its income targets, but faces considerable challenges to reach its target of financial self-sufficiency by 2022-23. Our support teams are working closely with English Heritage to identify ways of improving the efficiency and effectiveness of our shared services. We were delighted that our support team won a contract to manage certain finance, administration and HR functions for DCMS during the year.

Lynda Addison retired in 2016 as a Commissioner after eight years of service, including as Chair of our London Advisory Committee. I would like to thank her for her valuable contribution.

Historic England has started 2017-18 in an upbeat mood, with the importance of heritage increasingly recognised as a vital national asset. We could not do what we do without the support of our partners, both across the heritage sector and also across local and central government, including within DCMS and other Arm's Length Bodies. We have the benefit of committed, passionate and expert staff, supported by our advisers and Commissioners.

We are well placed to face whatever challenges lie ahead. I want to thank everybody for their contribution.



**Sir Laurie Magnus**  
Chairman

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# Performance Report

# 1 Performance Report

## Overview

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This section sets out our key objectives and summarises our progress and challenges in achieving them this year.

### Our Purpose

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

Historic England's formal name is the Historic Buildings and Monuments Commission for England. It is an executive non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). It was established on 1 April 1984 by the National Heritage Act 1983, which also sets out the scope of its duties and functions. It changed its name from English Heritage to Historic England in 2015. Historic England is the sole member of a charity, The English Heritage Trust (trading as English Heritage since 2015), which, under licence from Historic England, manages the National Heritage Collection of 420 historic properties under the nation's ownership or protection that are open to the public.

### Chief Executive's Statement

We are making excellent progress in firmly establishing our new identity and reputation for championing England's heritage, by offering expert advice on the protection of historic places, buildings and sites across the country. Annual survey results by RepTrak™ ranked us eighth in the public sector reputation league tables. We have focused on heritage that is deserving of more protection or is at risk, encouraging long term and sustainable solutions that will enable it to be enjoyed by future generations. We have continued to focus on engaging more effectively with the general public as a critical factor in achieving our mission. The highlights of the year are described in the performance analysis section on page 6.

For the purposes of the financial statements included within this report, Historic England is within a group also comprising The English Heritage Trust, English Heritage Trading Ltd, the Historic England Foundation and the Iveagh Bequest (a trust of which Historic England is the sole trustee). Note 1 to the financial statements, which starts on page 46, explains this more fully. Commentary on the performance of English Heritage and its trading subsidiary is on page 11.

### Key Issues and Risks

Whilst there have been some important successes, we are continuing to address several key risks to heritage protection:

- The government's push for house building and general economic growth has led to further significant changes to the planning system, which is fundamental to heritage protection. We have been advising government on how 'permission in principle' and the wide range of reforms in the Housing White Paper might be implemented to deliver housing and growth in a manner consistent with heritage conservation.
- We are advising on infrastructure projects and the disposal of public assets. Their scale presents both a significant opportunity and risk to the protection and enjoyment of some of England's more important historic places. We encourage early involvement so that we can help to develop solutions that allow for development without destroying or damaging important heritage.
- We remain concerned by continuing reductions in capacity and expertise in local authorities. The voluntary sector that supports planning casework and heritage at risk is similarly under financial pressure. Historic England is working to improve its own financial resilience by generating revenue from third parties, as well as establishing

its own charity and a new fundraising team, but we cannot cover the entire territory of local authorities and the voluntary sector. We are investing time and exploring new ways of working with local authorities.

- English Heritage has now been managing the National Heritage Collection for two of the eight years of its licence from Historic England. Historic England has been supporting English Heritage through a tapering income subsidy of £14.4 million and the provision of £11.2 million of shared services, such as finance, HR, IT and legal. We have also been monitoring the performance of English Heritage's duties under its operating licence and grant conditions, which has been satisfactory. English Heritage's income has held up well after a difficult start due to bad weather and it ended the year with an increased operating surplus of £2.5 million, up from £0.5 million in 2015-16. However, its business targets remain challenging. English Heritage is now in the process of reassessing its forecasts to the end of the operating licence period to ensure that its plans optimise the chances of meeting the licence objectives. Further commentary is on page 11.

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

### Adoption of the Going Concern Basis

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

### Performance Summary



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



# Performance Analysis

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

Historic England's second year's performance against its corporate key performance indicators is shown in the table on page 12. Our Management Agreement progress report starts on page 13.

## Highlights of the Year

2017 marks the end of Historic England's second year of operation and has opened up a new set of challenges and opportunities in our capacity as the national champion of all of England's historic environment. Heritage remains a very important concern of the public, as well as of local and national government, reflected in the annual survey results by RepTrak™, who ranked us at number eight in the public sector reputation league tables. This support for our mission lies at the heart of how we can address those challenges.

The more people who buy-in to the value of the places that represent our past, the more likely we are to save it and hand it on to future generations. Appealing to a wider and more diverse audience will mean we can draw on the broadest support from communities across the country. This approach has been encouraged by the Culture White Paper, the actions from which we have continued to implement this year.

Although we always look for a consensus solution, sometimes that is not possible if we are to protect important historic places. We have championed important heritage under threat from development, such as the historic centre of Manchester and the area next to Paddington station in London.

This year we launched our Heritage Action Zone (HAZ) programme, which concentrates our resources in areas where we can work with enthusiastic local authorities and partners to realise the potential of historic buildings and places for local communities. The ten HAZs, which are located throughout the country include Sunderland, Coventry, Ramsgate and Weston-super-Mare. Our work in the HAZs will build on the good practice and our previous experiences of helping to ensure local economies harness the real power of heritage in regeneration, and they are also excellent opportunities for our regional teams to increase engagement with the local public.

Our national research responsibilities in areas such as archaeology continue to deliver extraordinary results, such as the discoveries at Great Ryburgh, an exceptionally preserved Anglo-Saxon cemetery.

We were delighted to learn shortly after year-end that our joint application with English Heritage to become an Independent Research Organisation of the UK Research Councils had been successful, offering an important opportunity for both organisations to diversify the funding base for their research work. Independent Research Organisation status is not awarded lightly and is a major endorsement of the quality of our research.

We also received very good news from the Heritage Lottery Fund about our long standing project to rescue and refurbish Shrewsbury Flaxmill Maltings, the first iron-framed building in the world. Twelve years after buying it and saving it from catastrophic decline, we are now able to start the works to restore this extraordinary group of buildings.

In June 2016, we launched *Enriching the List*, an important crowd-sourcing initiative to allow the public to add their own photos and historical content to listed building entries on the National Heritage List for England. Already people have added information on 15,000 historic places and 35,000 new photos have been uploaded. It is a great way for everyone to contribute to a permanent improvement in our understanding and enjoyment of the nation's most important historic sites.

The National Heritage List continues to be the most popular area by far of Historic England's website, accounting for more than a quarter of all sessions on our site. Our online presence has seen major growth in visits across the year, with 4.4 million website sessions in 2016-17, compared with 2.5 million for 2015-16. We have also seen steady growth in our social media following, with a 10 per cent increase in Twitter followers and a trebling of our 'likes' on Facebook to over 14,500, after starting a new account following the split from English Heritage.

We also had a good year in the national and international media with highlights including exceptional archaeological discoveries at Must Farm, and high profile planning cases including those at Manchester and Paddington. We ran public engagement campaigns on post-war public art, LGBTQ heritage and London's heritage; smaller media campaigns on Black history listings, Tudor theatres and bear-pits; and a crowd-sourcing campaign on witches' marks.

We continue to make representations to government and Parliament about changes to the planning system in order to safeguard the role of heritage within statute and the National Planning Policy Framework. The recent Housing White Paper puts forward a range of solutions to increase housing stock and also recognises the importance of good design that responds to the historic context. We have been pressing for a similarly thoughtful approach in the infrastructure programme and the large scale disposal of public sites and buildings.

Maintaining and updating skills in the sector is something we have continued to make a major contribution towards. We have supported local authority staff and members, and extended our training to include planners, as well as expanding our e-learning offer and paving the way for heritage apprenticeships.

We have continued to look for efficiencies and improvements in our financial resilience. We have recruited a fundraising team who have made a good start, raising £81,000 in less than a year of operation; and have established the Historic England Foundation, a charitable foundation of which Historic England is the sole member. Income from advice and services to third parties, including English Heritage, has improved from £54,000 in 2015-16 to £306,000 in 2016-17. We are also promoting the contribution of heritage to the UK's international influence and developing a range of initiatives that will raise income from work we carry out beyond the UK, including consultancy, speaking events and training events.

Part of our efficiencies will come from the radical reforms we made this year to the way our IT is supplied. We have also reduced our premises costs, including identifying new accommodation in London that will reduce our space requirements by about 6%, which we move to in September 2017. There are, however, unavoidable cost pressures, such as increased charges for the apprenticeship levy from 2017-18 and pensions from 2019-20.

## Listing

Buildings newly listed this year continue to celebrate the achievement of recent architecture. James Stirling's No1 Poultry in the City of London was listed Grade II\*, and is the most significant Post-Modern building so far protected. Sir Michael Hopkins' High Tech Schlumberger Gould Lab in Cambridge was also added to the List.

We listed several sculptures that honour notable figures in Black history including the bust of Nelson Mandela on the South Bank.

We continue to improve list entries as a means of helping owners to understand and manage better their listed buildings. Last year we re-listed the Natural History Museum, providing clarity as to where significance lies and giving a categorical steer on which parts are included in the List entry.

More war memorials were listed as part of our First World War centenary programme. As of April 2017, 1,597 war memorials have been listed; well over half of our target of 2,500 memorials by 11 November 2018. Historic England also continues to work with the War Memorials Trust to conserve and repair war memorials.

## Research and the Archive

We managed a complex portfolio of 450 research projects during the year, including externally commissioned work, in-house research and work for English Heritage. This included important fieldwork at Marble Hill, Belsay Hall, Tintagel, Clifford's Tower in York and the conclusion of our current fieldwork programme at the Stonehenge and Avebury World Heritage Site.

The emergency excavation by the Cambridge Archaeological Unit of the late Bronze Age settlement at Must Farm, Cambridgeshire, concluded in July 2016. The work, co-funded by Historic England and Forterra Ltd, confirmed the international importance of the site. Public interest was unparalleled and Historic England also funded an outreach programme that engaged over 1,000 local school children in a variety of projects and events and created a longer-term educational legacy.

A new display at the South African National War Memorial at Delville Wood on the Somme, France, was opened in July 2016. The display includes the Historic England funded exhibition on the tragic sinking of the *SS Mendi* off the coast of the Isle of Wight in February 1917, which claimed the lives of over 600 men from the South African Native Labour Corps. We further highlighted the story of the *SS Mendi* and those who lost their lives through our publication, *We Die Like Brothers*.

In November 2016 we announced a collaborative agreement with the Getty Conservation Institute (GCI) to refine the *Arches* software platform for cultural inventory and management, which we hope will lead to a new and accessible standard for historic environment data.

Forty research reports were published this year, together with over 30 internal and external scholarly and popular publications, including our major report, *Apethorpe: the Story of an English Country House*. We also published on the iconic archaeological excavation at Mucking, Essex, cutting-edge new guidance, *Preserving Archaeological Remains*, and a new book on railway goods sheds and warehouses. With the publication of its fourth and fifth issues, our digital magazine, *Historic England Research*, continues to increase and broaden access to our research and has contributed to a 56 per cent increase in online downloads of our archived research reports.

Together with the National Trust we published *Technology in the Country House* by Marilyn Palmer and Ian West. We also successfully reached our target for crowd-funding our publication *Place-making: the Art of Capability Brown* by John Phibbs, who was the driving force behind the Capability Brown Tercentenary Festival in 2016. We shall use this model for more of our own books, and also for a publishing service which is now offered to other heritage bodies.

The Historic England Archive has carried out a review of its role and functions in consultation with colleagues, stakeholders and external peers. The review endorsed the role of the Archive as a national public archive of the historic environment and set out priorities for the future development, including increasing access and income and improving our internal processes.

## Heritage at Risk

The 2016 Heritage at Risk Official Statistics, published in August 2016, showed that a further 406 entries on the Heritage at Risk Register were removed for positive reasons – a direct result of the advice, expertise, support and grant aid that we provided to owners.

Thanks in particular to continuing support from the friends group and Shropshire Council, Historic England was this year awarded an additional Heritage Lottery Fund grant of £7.9 million for the repair and viable re-use of one of the world's most important buildings – Shrewsbury Flaxmill Maltings – a complex of seven listed buildings, including the Main Mill, which was built in 1797. As the world's first iron-framed building, it is the forerunner to all modern skyscrapers. The complex fell out of use in 1987 and was acquired by Historic England in 2005 in order to save it for the nation. The repaired building and redeveloped site will become another of the many great assets of Shrewsbury and Shropshire.

The Chancellor announced in the Autumn Statement that the government will provide a £7.2 million grant towards urgent repairs to Wentworth Woodhouse in South Yorkshire. This extraordinary historic country house is the largest private residence in the UK and is in need of serious repair work. We supported the Wentworth Woodhouse Trust in its completion of the purchase of the house in March and will administer the grant and monitor progress.

In June, we launched the publication *Engines of Prosperity: new uses for old mills*, which analyses different models of achieving successful textile mill conversions in West Yorkshire. It offers proposals for a number of targeted sites and makes general recommendations about securing sustainable uses for mills in the region. We are now prioritising particular mills within each local authority and building momentum with our campaign to promote the re-use of textile mills across the North.

The demolition of the CoSalt buildings, part of the historic Kasbah in Grimsby's dock area, was disappointing, but the East Midlands team has developed a new positive relationship with North East Lincolnshire Council, aimed at making the most of Grimsby's fishing heritage to create a sense of place and deliver economic regeneration. The Council is now progressing with the designation of a conservation area at the port and we have supported them in carrying out urgent repair work at Victoria Mills with a grant of £150,000.

A major Heritage at Risk success in the North East has been the repair of Marsden Lime Kilns, South Tyneside. They operated from 1874 to the 1960s and had been slowly deteriorating for many years, but major repairs were completed this year by the owner with a grant of £234,000.

One of our other priorities in the region is to support the world-famous Stockton and Darlington Railway, opened in 1825, of which only fragmentary parts remains today. We have given advice and support to local groups to preserve a stretch of the railway and help pave the way to celebrate the bicentenary in 2025.

Snodhill Castle in Herefordshire is a medieval Marcher castle, one of the most at risk asset types in the West Midlands. We have supported the establishment of the Snodhill Castle Preservation Trust and the Trust's acquisition of the castle, after the previous owner went into administration. We have undertaken urgent stabilisation work and the new Trust will carry out more repairs in the coming year with further funding from Historic England.

The historic John Taylor and Co Bell Foundry in Loughborough is internationally renowned. Historic England has offered a grant of £240,000 for a second stage of urgent repairs to the Grade II\* listed foundry buildings, following an earlier grant of £424,000, which has allowed the continuing operation of the bell founding business at the premises.

The East Midlands team has been working closely with partners to map out a sustainable future for Delapré Abbey, Northamptonshire (Grade II\*). Grant aid for emergency roof repairs bought time for developing a £6.3 million project, part funded by the Heritage Lottery Fund, which will make the abbey a landmark heritage attraction, wedding and conference venue. Phase 1 work was completed in time for the Abbey to open its doors to the public for the first time in April.

We provided £237,000 to fund a new roof for the surviving range of the Gilbertine priory of Watton Abbey, East Riding of Yorkshire, founded c.1150. We also worked in partnership with Natural England and the Country Houses Foundation to fund £500,000 of repairs to the ruined remains of Wressle Castle, Yorkshire, built around 1380 for Thomas Percy, Earl of Worcester. The remains of the 12th century keep of Saffron Walden Castle, Essex, will be made accessible to the public following a project to consolidate the flint rubble remains, which has been jointly funded with the owners. We provided £344,000 towards the works, which included the first local example of 'soft-capping', the use of natural vegetation to protect the vulnerable wall tops of a ruin.

As part of the DCMS-funded FWW Memorials Programme – a partnership with Civic Voice, Imperial War Museum and War Memorials Trust working with the public – over £1.2 million in grant funding has been administered to repair 294 memorials. The programme will ensure that war memorials across Britain are protected and that the people they commemorate are remembered.

## Planning Advice

We have continued to give advice on developments that could benefit or threaten the country's most important historic places. We have been particularly engaged in infrastructure schemes, such as the Great Western Railway electrification, HS2 and Heathrow. Overall we responded to 22,200 planning or consent applications, giving pre-application advice in 3,200 cases.

Through considerable effort by our regional and legal teams, another major public inquiry into the future of St Osyth's Priory, Essex, resulted in an amended and satisfactory scheme that should be able to put this historic place in good repair and give it a sustainable future.

We funded fourteen one-day characterisation workshops for neighbourhood forums in the West Midlands, giving them simple techniques to understand the historic character of their areas. An increasing number of submitted neighbourhood plans in the West Midlands have adopted the approach.

As part of a programme aimed at improving the success of groups applying for grants for heritage projects in Manchester, we have been working in partnership in the North West with the Heritage Lottery Fund, Manchester City Council, the Architectural Heritage Fund and Manchester Community Central to provide a series of training sessions aimed at voluntary groups in Manchester considering taking on a 'heritage building' project.

## Heritage Expertise

As part of the support we offer to local authorities and to the wider sector, we delivered 35 free Historic Environment Local Management courses, providing 1,050 training places, through our integrated national programme. Our training offer was significantly extended during the year: our new webinar programme has delivered eight courses (280 places) and our new 'Essentials' training programme, aimed at local authority planners, launched in October 2016. In parallel, we have led an employers' working group that obtained government agreement on the first in a series of standards for the new heritage apprenticeships trailed in the 2016 Culture White Paper.

Working with the Historic Environment Service (Cadw) and Historic Environment Scotland, we secured a three-year Strategic Skills Partnership Agreement with the Construction Industry Training Board (CITB). The agreement will help ensure that the skills and vocational training needs of the heritage sector are addressed by the wider construction industry in Great Britain.

We continued to provide specialist conservation support to our partners in English Heritage, covering the full range of expertise within our Conservation Department to enable the charity to achieve the best possible standards within available resources.

Internally, our Learning and Development team has been focussing on efficient working practices, senior leadership development and staff engagement in developing strategies.

## Policy Advice and Guidance

Through our guidance and training we improve the skills and knowledge of those working in the heritage sector. This year we issued updated advice on local listing, sustainability appraisals and strategic environmental assessments, assessing the curtilage of listed buildings, and consulted on new guidance on enabling development.

We are engaged proactively in the planning reform agenda, advising government and responding to a wide range of consultations to ensure that the historic environment is appropriately considered in plans for growth and housing delivery.

We are coordinating the work of the heritage sector in developing further reforms to the heritage protection system and are in dialogue with government officials to identify a range of proposals that will make the current system operate more effectively without reducing protection.

We continue to support the DCMS English Churches and Cathedrals Sustainability Review.

We are researching the implications of the UK's exit from the EU, for example the impact it may have on funding for the management of the rural historic environment. We can then advise the government on the commitments needed to protect that investment in England's heritage.

## Public Engagement

We held post-war public art exhibitions at both Somerset House in London and Bessie Surtees House in Newcastle. The London exhibition attracted just under 8,000 visitors during its ten-week run in Somerset House and the Newcastle exhibition continues to attract over 1,000 visitors a month.

Associated with the Newcastle exhibition have been a series of events including Heritage Open Days, which have featured activities designed to provoke thought about public art; and two Continued Professional Development courses, which used the exhibition as an educational tool and were delivered by our Local Heritage Education Manager.

The public crowd-sourcing campaign to find lost pieces of public art also successfully tracked down a significant piece, *Sunbathers* by Peter Laszlo Peri, from the 1951 Festival of Britain. Our public art campaign was independently evaluated and assessed as having reached 19.7m people in total.

Our witches' mark campaign, launched on 31 October, was independently evaluated and assessed as having reached 13.1 million people in total and 71 per cent of people interested in arts or history.

We created *I Am London*, an exhibition about Londoners and their cultural identity, as part of our *Keep It London* campaign. It has been mounted on two sites in London: University of the Arts at King's Cross and subsequently at More London, partly inside the GLA building and partly outside on the South Bank; and we have also run online exhibitions at the Google Cultural Institute. The campaign has delivered very good results in engaging stakeholders of the London Plan as well as the public.

## Improving Service and Delivery

As a follow on from the 2015 Spending Review, we achieved a savings target of £3.3 million this year. The pay bill was reduced partly through a reorganisation of the senior management of functions such as HR, finance, IT and office accommodation. We also commenced a comprehensive review of our operations, which will continue in the coming year.

In 2016-17 our main IT facilities management support contract was re-tendered. The previous single supplier was replaced by specialist suppliers for each of the core services under what is called a Systems Integration and Management (SIAM) model, as recognised by the Cabinet Office. The government's pre-negotiated framework agreements were used under the guidance of the Crown Commercial Supplier (CCS) with contract terms of between two and five years. Although there were initial costs in 2016-17, total IMT savings over the four year Spending Review period, excluding one-off costs, will be over £2 million.

This year was the second year in which Historic England and English Heritage provided various shared services to each other, in order to optimise the efficiency of both operations. Historic England provided around £11.2 million of at-cost services such as finance, HR, IT and legal to English Heritage. English Heritage provided £304,000 of services, including estate maintenance to Historic England. Services are continuously monitored and respective leads meet regularly to ensure that a culture of customer focus is embedded.

We started to provide paid-for financial processing services for our sponsor department, DCMS, in December, generating an income of £645,000. There will be a further phased roll out of services in 2017-18.

## The English Heritage Trust

English Heritage is responsible for the operation and care of the National Heritage Collection under an eight-year licence from Historic England. 2016-17 is its second year of operation. English Heritage's objectives are to improve the condition of the estate; improve the public offer; and achieve financial self-sufficiency for the Collection by 2023.

Through Historic England, government allocated an investment of £80 million in English Heritage in order to improve the condition of the Collection and the visitor facilities. As the Collection currently operates at a loss, Historic England also provides deficit funding during the period of the licence, which tapers to nil in the last year.

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

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

Overall, English Heritage has achieved its targets. Following a behind budget start due to bad weather, it ended the year with an operating surplus of £2.5 million (£0.5 million in 2015-16).

Underpinning this financial performance was:

- steady progress in numbers of admissions (5.9 million to paid for sites, up 0.5%) and membership (918,000, up 4.8%), notwithstanding that there was no Easter in the 2016-17 financial year;
- significant improvement in admissions and membership related income (£57.8 million, up 9.4%);
- retail and catering income growth (£21.0 million, up 8.2%);
- expenditure growth (5.1%) lower than income growth (7.2%); and
- growth in fundraising income from donations, legacies, licensing and sponsorship (£4.5 million, up 41.6%).

English Heritage has made further progress in investing the £80 million capital grant from government. In its second year, 31% of the £52 million allocated to conservation repairs was spent (12% in 2015-16) and 38% of the £28 million allocated to improved visitor facilities (15% in 2015-16). This leaves 69% of the £52 million and 62% of the £28 million remaining to be spent in the next six years.

Notable projects this year included improved facilities and interpretation at Rievaulx Abbey; Tintagel; Down House; Dartmouth Castle; and Chesters Roman Fort; and major conservation works at Shap Abbey; Dover Castle; Porchester Castle; Witley Court and Brodsworth Hall.

Despite good progress in attracting visitors and members, English Heritage's business targets remain challenging. Fundraising growth is a priority in order to provide capital for the site improvement projects that will generate sustainable income growth. English Heritage is also actively looking for efficiencies to ensure it can cope with the reductions in grant support from Historic England. English Heritage will be reassessing its forecasts this coming year. This will assist it in delivering a strategy to meet the operating licence objectives by the end of the licence period in 2023.

| Historic England Corporate Key Performance Indicators |  | 2016-2017 | 2015-2016 | 2014-2015 |
|---|--|-----------|-----------|-----------|
| KPI 01  | Number of visits to our website  | 4.40m     | 2.51m     | n/a       |
| KPI 02  | Advice and guidance downloads from our website   | 135,000   | 115,000   | n/a       |
| KPI 03  | Research publications downloads from our website   | 151,000   | 75,000    | n/a       |
| KPI 04  | Number of page views of our digital Archive <sup>1</sup>                                   | 16.7m     | 13.9m     | 14.5m     |
| KPI 05  | Number of page views of the National Heritage List for England <sup>2</sup>                | 6.8m      | 5m        | 3.9m      |
| KPI 06  | Media coverage (national and local print and broadcast items)                              | 2,269     | 1,072     | n/a       |
| KPI 07  | Number of followers on social media channels   | 215,300   | n/a       | n/a       |
| KPI 08  | Number of subscribers to our Historic England on-line newsletter                           | 80,900    | n/a       | n/a       |
| KPI 09  | Number of Heritage Schools training participants (teachers and other educators)            | 2,935     | 2,487     | n/a       |
| KPI 10  | RepTrak™ survey score  | 78.4%     | 75.7%     | n/a       |
| KPI 11  | Changes to the National Heritage List for England (additions, amendments and deletions)    | 10,200    | 9,100     | 8,600     |
| KPI 12  | Historic sites newly identified through our work and added to Historic Environment Records | 6,000     | 4,500     | n/a       |
| KPI 13  | Total cost of grants given   | £19.9m    | £19.4m    | £19.4m    |
| KPI 14  | Number of planning pre-application proposals advised on                                    | 3,200     | 3,700     | 3,700     |
| KPI 15  | Number of planning cases advised on  | 22,200    | 22,000    | 21,900    |
| KPI 16  | Sector training opportunities delivered  | 3,000     | 2,900     | 3,100     |
| KPI 17  | Number of volunteers we have engaged   | 5,902     | n/a       | n/a       |
| KPI 18  | Adult visits to heritage sites <sup>3</sup> :  |           |           |           |
|   | • Percentage of black and minority ethnic group  | 57.3%     | 56.3%     | 59.8%     |
|   | • Percentage of lower socio-economic group   | 61%       | 63.4%     | 54.3%     |
|   | • Percentage of limiting disability or illness group                                       | 68%       | 67.7%     | 67%       |

1 and 2 We have reviewed how we track website visits and now use page views, therefore these numbers will differ from those published in our previous Annual Report and Accounts.

3 Source: *Heritage Counts 2016* – 73.2% of all adults visited at least one heritage site in the preceding 12 months.

# Management Agreement Progress Report

| Priorities for DCMS   | Progress   |
|---|--|
| Protect core services to government and the public  | <p>We have maintained our substantial engagement in the listing and planning system. We made over 1,794 recommendations to the Secretary of State for listings this year, with an acceptance rate of 99.9%.</p> <p>We were consulted on 22,241 planning cases, 432 local plans and 510 Strategic Environmental Assessments.</p> <p>99.9% of the planning cases were responded to within the agreed deadline and detailed advice was given in around 14% more cases than the previous year.</p>   |
| Protect, as far as possible, grants for emergency repairs to the fabric of historic sites at risk   | £11.04 million was spent on repairs to Heritage at Risk this year (£10.17 million in 2015-16).   |
| Review funding and working relationships with the amenity societies   | <p>The National Capacity Building (NCB) Programme has been revised to be a three-year programme with the option for second round applications later in the year (budget permitting). 22 NCB grants were awarded in March 2017 for 2017-18, totalling £1.1 million.</p> <p>A monitoring and evaluation framework has been introduced to bring NCB evaluation in line with other grant monitoring.</p>   |
| <p>Diversify revenue streams. In particular:</p> <ul style="list-style-type: none"> <li>develop Historic England's commercial offer at home and abroad;</li> <li>pursue philanthropic approaches to generate revenue, which will complement Grant in Aid funding; and,</li> <li>work with the Heritage Lottery Fund to develop new models for drawing in wider sources of funding in support of heritage</li> </ul> | <p>Total non-government income this year was £13.5 million, of which £11.8 million was from shared services supplied to English Heritage and DCMS such as finance, HR and IT. £1.7 million was income from commercial and fundraising activities (against a budget of £2 million). Of this, £0.3 million was income from Enhanced Advisory Services and £80.5k from fundraising.</p> <p>Each Group within the organisation has a stretching income target. New targets include areas identified for potential income generation, some of which, for example Marine, are in development.</p> <p>Our International Advisory Service started this year, generating around £10k in 2016-17 from consultancy and training.</p> <p>Our successful Heritage Lottery Fund bid will bring in an additional £7.9 million next year to support the redevelopment of Shrewsbury Flaxmill Maltings.</p> <p>Our application to become an Independent Research Organisation of the UK Research Councils was agreed by government on 4 April 2017, opening up a potentially significant new source of funding for research.</p> <p>Historic England's Fundraising team is now in place and has met all its targets for the first year, raising £80.5k this year. We have established the Historic England Foundation and recruited trustees to support the fundraising effort.</p> <p>We are working with the Heritage Lottery Fund on the 'Great Places' programme, Heritage Action Zones and the development of new approaches to funding as part of the DCMS English Churches and Cathedrals Sustainability Review.</p> |
| Work with DCMS to engage internationally, especially with high priority countries as indicated by government  | We are working with the British Council and other organisations to develop heritage initiatives in China, India and elsewhere overseas.  |
| Give high priority to supporting the delivery of the outcomes of the Cultural White Paper   | The broad range of objectives in the government's Culture White Paper are being progressed, including the development of 10 Heritage Action Zones across the country and the Heritage Information Access Strategy to improve access to local authority heritage data online.   |
| Continue to bear down on administration costs, to enable a larger portion of the funds provided by government to be used on core services   | We have reduced administrative costs by 7.6% to £14.4 million in the last year. We continue to review our administrative spend alongside a review of the cost of shared services with English Heritage.  |
| Support English Heritage  | English Heritage has now been operating the National Heritage Collection for two of the eight years of its licence. Historic England has been supporting English Heritage through tapering income subsidy, and the provision of £11.2 million of shared services, such as finance, HR, IT and legal. We have also been monitoring the performance of English Heritage's duties under its operating licence and grant conditions, which has been satisfactory. English Heritage's income has held up well after a slow start due to bad weather. It ended the year with an increased operating surplus of £2.5 million, up from £0.5 million in 2015-16. However, its business targets remain challenging. English Heritage is now in the process of reassessing its forecasts to the end of the operating licence period. This will inform its plans to meet the licence objectives.   |



| Priorities for other departments   | Progress  |
|--|---|
| <p><b>Department for Communities and Local Government: provide advice and assistance in the ongoing reform of the planning system, regeneration, infrastructure and the provision of new housing in historic areas, as well as community and local government issues</b></p>   | <p>We have responded to all of DCLG's consultations, providing proactive advice, particularly in relation to the heritage aspects of the Housing White Paper reforms and the delivery of changes under the Housing and Planning Act 2016, such as 'permission in principle', and the Neighbourhood and Planning Act 2017.</p> <p>We continue to promote understanding of the heritage policies under the National Planning Policy Framework, not least through our extensive online guidance and training opportunities.</p>  |
| <p><b>Defra: advice and assistance in relation to climate change, the Rural Development Programme and the contribution of rural heritage to the sustainability of rural communities, economic development and tourism. Supporting delivery of Defra's Rural Productivity Plan and National Parks Plan to include assisting with government's commitments made on increasing apprenticeships in rural areas and in National Parks</b></p> | <p>To assist DCMS discussions with Defra on domestic food and farming and environmental policy after EU exit, we commissioned research into Common Agricultural Policy funding for rural heritage, as currently deployed through the Rural Development Programme for England. We have also collated other evidence on the impacts of agriculture on rural heritage and the potential benefits of future investment for rural economies and tourism.</p> <p>In support of Defra's and DCMS's joint interests in landscape, we represented the UK at the Council of Europe's workshop on implementation of the European Landscape Convention and its biennial conference.</p> |

| Management Agreement Performance Indicators   | Previous years' performance |                |                 |
|---|-----------------------------|----------------|-----------------|
|   | 2016-2017                   | 2015-2016      | 2014-2015       |
| No. and % of sites removed each year from the Heritage at Risk Register for positive reasons (including Conservation Areas) | <b>435</b><br><b>(7.9%)</b> | 604<br>(10.5%) | 575<br>(10.01%) |
| Number of proposals advised upon pre-application  | <b>3,200</b>                | 3,700          | 3,700           |
| Training opportunities delivered  | <b>3,000</b>                | 2,900          | 3,100           |
| Percentage of requests for Historic England's advice processed within agreed deadlines                                      | <b>99.9%</b>                | 99.7%          | 99.1%           |
| Online views of the National Heritage List for England  | <b>6.8m</b>                 | 5m             | 3.9m            |
| Advice and guidance downloads   | <b>135,000</b>              | 115,000        | -               |

# Sustainability Report

The data for 2014-15 and earlier years includes activity that is now the responsibility of the English Heritage Trust. The data for 2015-16 and the current year is for Historic England only.

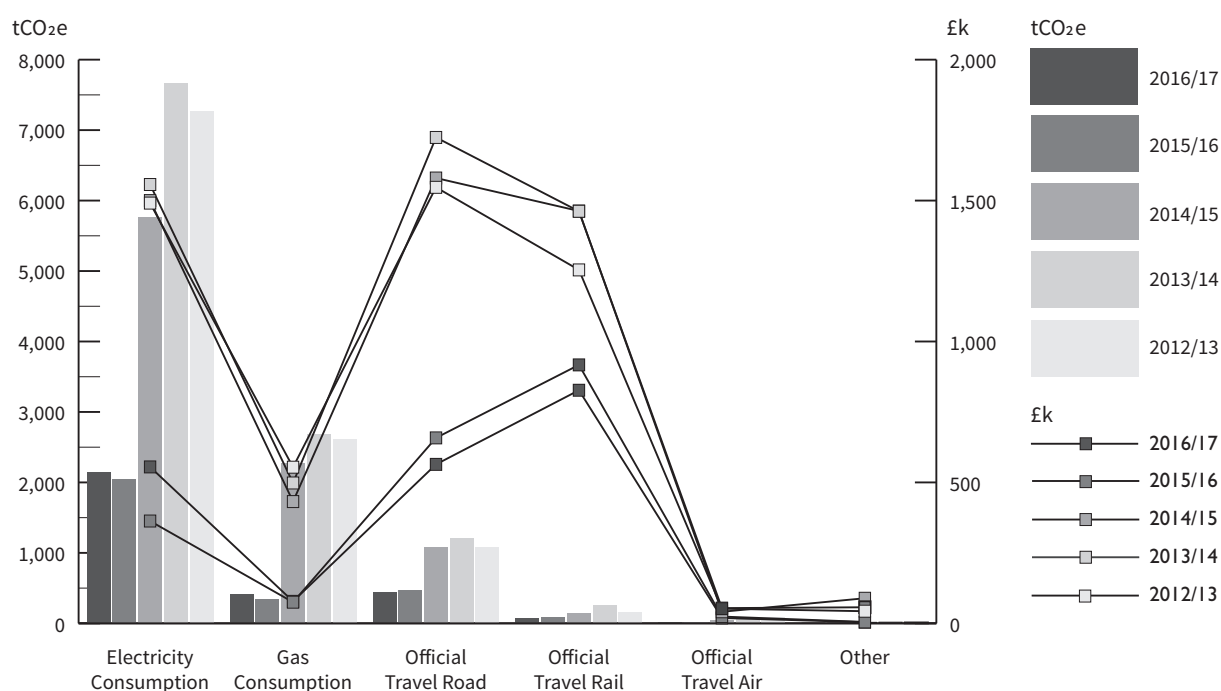
## Greenhouse Gas Emissions

|   | 2016-2017 | 2015-2016 | 2014-2015  | 2013-2014  | 2012-2013  |
|---|-----------|-----------|------------|------------|------------|
| <b>Non-Financial Indicators (tCO<sub>2</sub>e: tonnes of CO<sub>2</sub> equivalent)<sup>1</sup></b> |           |           |            |            |            |
| Total Gross Emissions for Scopes 1 & 2 <sup>2</sup>   | 2,571     | 2,380     | 8,045      | 10,339     | 9,885      |
| Total Net Emissions for Scopes 1 & 2<br>(i.e. less reductions – e.g. green tariffs) <sup>2</sup>    | 2,571     | 2,380     | 8,045      | 10,339     | 9,885      |
| Gross Emissions Scope 3 Business Travel   | 537       | 576       | 1,283      | 1,551      | 1,335      |
| Other Scope 3 Emissions Measured  | -         | -         | -          | -          | -          |
| <b>Related Energy Consumption (kWh: kilowatthour)</b>   |           |           |            |            |            |
| Electricity: Non-Renewable  | 5,222,681 | 4,414,481 | 11,668,174 | 17,193,565 | 15,807,451 |
| Electricity: Renewable  | -         | -         | -          | -          | -          |
| Gas   | 2,279,084 | 1,843,784 | 8,139,913  | 9,655,304  | 8,908,677  |
| Liquefied Petroleum Gas   | -         | -         | 127,220    | 366,389    | 262,184    |
| Other   | -         | -         | 2,944,953  | 3,258,587  | 3,482,639  |
| <b>Financial Indicators</b>   |           |           |            |            |            |
| Expenditure on Energy   | £633k     | £438k     | £1,932k    | £2,055k    | £2,045k    |
| CRC License Expenditure (2010 onwards)  | £34k      | £40k      | £131k      | -          | -          |
| CRC Income from Recycling Payments  | -         | -         | -          | -          | -          |
| Expenditure on Accredited Offsets (e.g. GCOF)   | -         | -         | -          | -          | -          |
| Expenditure on Official Business Travel   | £1,414k   | £1,604k   | £3,169k    | £3,297k    | £2,896k    |

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

2 Scopes 1 and 2 relate to emissions from sources owned or controlled by Historic England or from the consumption of purchased energy.

## Greenhouse Gas Emissions in Tonnes and by Cost



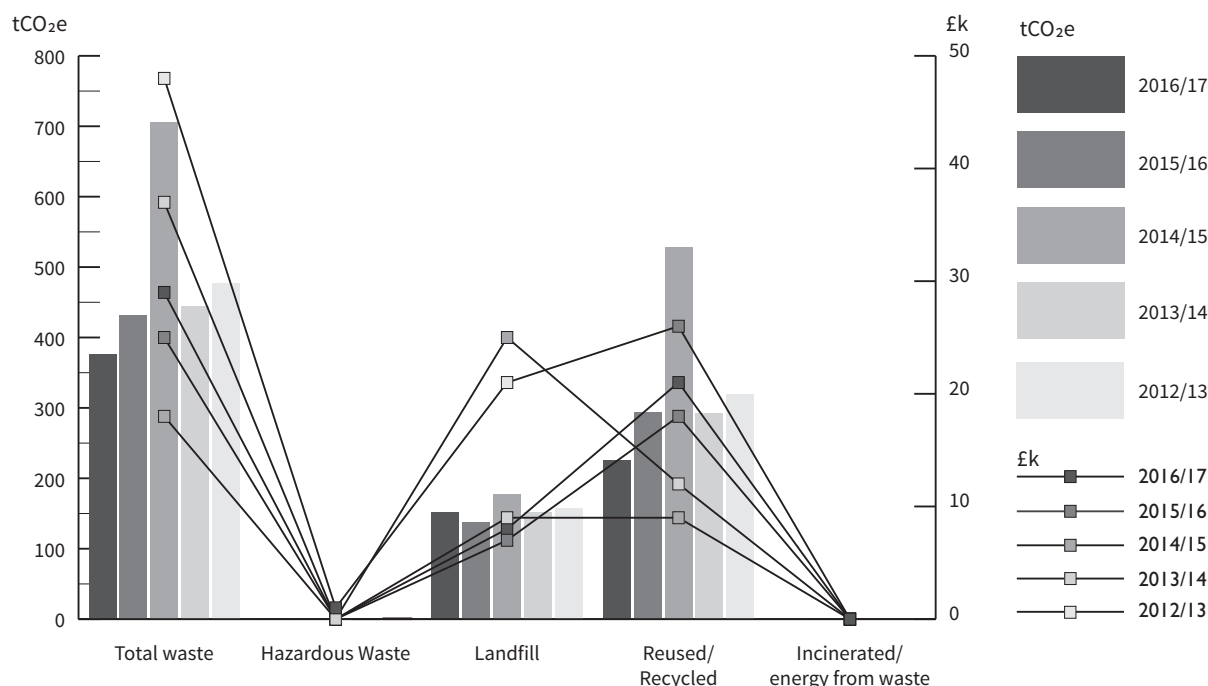
Actual data is used as far as possible to calculate greenhouse gas emissions, but where it has not been possible estimations have been extrapolated from the actual data.

Historic England uses smart meters installed across all energy types to control and manage energy usage. The colder weather conditions this winter also meant that more energy was consumed.

## Waste

|   |                               | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 |
|---|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| <b>Non-Financial Indicators (tonnes)</b>  |                               |           |           |           |           |           |
| Total waste                               |                               | 376       | 432       | 705       | 444       | 477       |
| Hazardous waste                           | Total                         | -         | -         | -         | -         | 1         |
| Non-hazardous waste                       | Landfill                      | 151       | 138       | 177       | 152       | 157       |
|   | Reused/Recycled               | 225       | 294       | 528       | 292       | 319       |
|   | Incinerated/energy from waste | -         | -         | -         | -         | -         |
| <b>Financial Indicators</b>               |                               |           |           |           |           |           |
| Total disposal cost                       |                               | £29k      | £25k      | £18k      | £37k      | £48k      |
| Hazardous waste – Total disposal cost     |                               | -         | -         | -         | -         | £1k       |
| Non-hazardous waste – Total disposal cost | Landfill                      | £8k       | £7k       | £9k       | £25k      | £21k      |
|   | Reused/Recycled               | £21k      | £18k      | £9k       | £12k      | £26k      |
|   | Incinerated/energy from waste | -         | -         | -         | -         | -         |

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



60% of Historic England’s total waste is recycled or reused. The facilities management contract continues in maintaining tight waste management procedures at the two largest office premises.

## Water – Finite Resource Consumption

|   |            | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 |
|---|------------|-----------|-----------|-----------|-----------|-----------|
| <b>Non-Financial Indicators (m<sup>3</sup>)</b> |            |           |           |           |           |           |
| Water Consumption                               | Supplied   | 10,006    | 8,729     | 134,663   | 140,045   | 100,741   |
|   | Abstracted | -         | -         | -         | -         | -         |
| <b>Financial Indicators</b>                     |            |           |           |           |           |           |
| Water Supply Costs                              |            | £22k      | £25k      | £276k     | £231k     | £221k     |

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

## Paper – Finite Resource Consumption

|   |  | 2016-2017 | 2015-2016 | 2014-2015 | 2013-2014 | 2012-2013 |
|---|--|-----------|-----------|-----------|-----------|-----------|
| <b>Non-Financial Indicators (Reams)</b> |  |           |           |           |           |           |
| A3 Paper                                |  | 325       | 680       | 546       | 500       | 500       |
| A4 Paper                                |  | 6,567     | 6,380     | 10,311    | 10,598    | 11,241    |
| <b>Financial Indicators</b>             |  |           |           |           |           |           |
| A3 Paper                                |  | £1k       | £1k       | £3k       | £3k       | £3k       |
| A4 Paper                                |  | £18k      | £11k      | £32k      | £31k      | £31k      |

Of the total paper purchased by Historic England, 7% is from recycled stock. The biggest users of paper are being targeted to firstly, switch to recycled paper and secondly, reduce the volume of paper procured. In addition, IT solutions have been successfully piloted, which has reduced the printing of papers for committee and board meetings.

## Performance on Other Matters

In 2016-17 there were 15 work-related accidents, none of which were reportable to the Health and Safety Executive (HSE). In the previous 12 months, there were eight reported accidents, of which two were reportable to the HSE. There is no common cause to the injuries. We have in place a new health and safety policy and have continued a review of all our operational risk management policies and practices to ensure they are efficient and effective.

We are continuing to strengthen our information management and security arrangements and capabilities to comply with the mandatory outcomes of the Security Policy Framework. All staff are required to complete mandatory training on information security and associated risks.

No significant losses of information have taken place and no reports have been made to the Information Commissioner's Office.

Historic England's ongoing work with Natural England to ensure that Countryside Stewardship agreements are appropriately 'heritage-proofed' saw us provide advice on 1,163 applications in 2016-17, with ALGAO – the UK-wide Association of Local Government Archaeological Officers – responding to over 7,000 applications using the online portal developed by us. Countryside Stewardship continues to be a key mechanism for helping us to meet our Heritage at Risk targets. We have now published our Climate Change Adaptation Plan, in which flooding has been identified as a particular priority. One of our new Heritage Action Zone projects (Appleby) will therefore focus on flood resilience. In support of Defra and DCMS joint interests in landscape, we represented the United Kingdom at the Council of Europe's workshop on implementation of the European Landscape Convention and its biennial conference.

## Long Term Expenditure Trends

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

|   | 2012-2013    | 2013-2014    | 2014-2015    | 2015-2016    | 2016-2017    | 2017-2018    | 2018-2019    |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|   | £m           | £m           | £m           | £m           | £m           | £m           | £m           |
| Grants  | 19.8         | 17.8         | 19.4         | 19.4         | 19.9         | 20.1         | 24.5         |
| Research  | 8.5          | 8.5          | 8.8          | 8.5          | 8.6          | 8.5          | 8.8          |
| Listing   | 4.0          | 3.9          | 4.0          | 4.0          | 4.0          | 4.2          | 4.2          |
| Planning  | 19.0         | 20.0         | 20.0         | 20.0         | 18.8         | 20.2         | 20.3         |
| Engagement  | 7.0          | 8.0          | 9.3          | 6.9          | 6.4          | 6.4          | 5.7          |
| Communications  | -            | -            | -            | 2.1          | 2.4          | 2.4          | 2.3          |
| National Collections  | 72.1         | 77.9         | 72.2         | -            | -            | -            | -            |
| Corporate and Support Services to Historic England                | 23.6         | 21.7         | 23.9         | 14.3         | 13.1         | 12.9         | 11.0         |
| Depreciation, Amortisation and Impairment                         | 5.3          | 8.3          | 7.8          | 9.0          | 6.9          | 8.0          | 8.0          |
| <b>Expenditure relating to core Historic England activities</b>   | <b>159.3</b> | <b>166.1</b> | <b>165.4</b> | <b>84.2</b>  | <b>80.1</b>  | <b>82.7</b>  | <b>84.8</b>  |
| Corporate and Support Service to Third Parties                    | -            | -            | -            | 10.9         | 11.8         | 10.8         | 10.0         |
| Subsidy to The English Heritage Trust                             | -            | -            | 80.0         | 15.8         | 14.7         | 14.4         | 13.5         |
| Grant to The English Heritage Trust                               | -            | -            | -            | -            | -            | -            | -            |
| <b>Expenditure relating to services provided to third parties</b> | <b>-</b>     | <b>-</b>     | <b>80.0</b>  | <b>26.7</b>  | <b>26.5</b>  | <b>25.2</b>  | <b>23.5</b>  |
| <b>Total</b>  | <b>159.3</b> | <b>166.1</b> | <b>245.4</b> | <b>110.9</b> | <b>106.6</b> | <b>107.9</b> | <b>108.3</b> |

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

In the 2015 Spending Review, Historic England received a further 10% cut in Grant in Aid funding over a four-year period, starting in 2016-17. As described on pages 6-11, we have developed a plan to meet these reductions, while limiting the effect on front line services as much as possible.

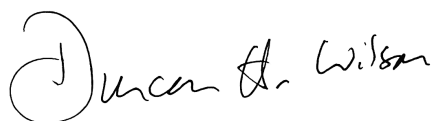
## Our Position at the Close of the Year

Historic England received £87,806,000 (2015-16: £90,191,000) Grant in Aid funding from DCMS to fund revenue spend and capital programmes.

Non-Grant in Aid income for the group totalled £90,712,000 (2015-16: £81,516,000) of which £85,223,000 (2015-16: £77,297,000) was earned income from commercial activities.

The net expenditure for the group for the year ended 31 March 2017 was £99,201,000 (2015-16: £103,028,000), while Historic England showed net expenditure of £92,856,000 (2015-16: £91,582,000).

English Heritage made an unrestricted operating surplus in the year of £2,527,000 (2015-16: surplus of £552,000).



**Duncan Wilson**  
Chief Executive  
29 June 2017

2

Accountability  
Report

# 2 Accountability Report

## Overview

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The Accountability Report describes the governance regime at Historic England. It explains its purposes, provides an assessment of its effectiveness in the past year and the evidence to support that view.

## Corporate Governance Report

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### Directors' Report

#### Background Information

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

#### Commissioners and Executive Team Members

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

#### Responsibilities of Commissioners

The key responsibilities of Commissioners are to:

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

## Register of Interests

Historic England maintains a record of declarations of interest made by Commissioners, which includes company directorships. A copy of the Register of Interests is available on the Historic England website.

Declarations of potential conflicts of interest are obtained from all Commissioners, committee members and members of the Executive Team. Declarations are also obtained at each meeting in relation to the business on the agenda of all our formal boards and committees. Where there is a material conflict the individual takes no part in the proceedings.

## Personal Data Related Incidents

No significant losses of information have taken place and no reports have been made to the Information Commissioner's Office during 2016-17.

Historic England did not experience any incidents of fraud with material financial impact during the year. Immaterial fraud and unsuccessful attempts (for example Phishing emails) were reported to DCMS in accordance with our Management Agreement.

## Audit Arrangements

The Comptroller and Auditor General has been auditor of HBMCE since 1 April 2004, English Heritage Trading Limited from 1 April 2008 and The English Heritage Trust from 1 April 2014. The Iveagh Bequest, English Heritage Limited and Historic England Limited are all dormant and are not subject to audit or independent examination. Audit fees charged for the year are reported in note 15.

## Disclosure of Relevant Audit Information

As Accounting Officer and in conjunction with the Commissioners and Executive Team, we have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the National Audit Office is aware of that information. I am not aware of any relevant audit information of which the National Audit Office is unaware. I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

# Statement of Commissioners' and Accounting Officer's Responsibilities

Under paragraph 12(2) of Schedule 3 of the National Heritage Act 1983, the Secretary of State, with the consent of HM Treasury, has directed Historic England to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Historic England and of its net comprehensive expenditure, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and,
- prepare the financial statements on a going concern basis.

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

A copy of the Accounts Direction is available from Historic England, The Engine House, Firefly Avenue, Swindon, SN2 2EH.



# Governance Statement

## Scope of Responsibilities

The Historic Buildings and Monuments Commission for England is a non-departmental public body with statutory purposes set out principally in the National Heritage Act 1983. The Commission is commonly known as Historic England. Its corporate aims for the year were set out in its Corporate Plan 2016-2019. A Management Agreement with DCMS sets out the framework and resources within which Historic England operates. It is governed by its Commissioners with a view to achieving its aims in a manner that is impartial, objective, efficient, open and accountable.

Historic England's governance arrangements seek to achieve regulatory compliance, the highest standards of probity and ethics (including adherence to the 'Nolan principles') proportionate risk management and compliance with relevant government policy and guidance on managing public money, information asset management and governance generally.

In my role as Accounting Officer I have received written assurances from the directors that report to me that Historic England maintained a sound system of governance during the year, whilst managing risks and safeguarding the public funds and departmental assets in accordance with the responsibilities in *Managing Public Money*.

## Governance Framework

Governance within Historic England is exercised through:

- **Commission**, which is the governing body comprising non-executive Commissioners appointed by the Secretary of State for Culture, Media and Sport (described in the Directors' Report that starts on page 20).
- **Executive Team**, which consists of directors who report to me and other members of senior management. Each of my direct reports is personally accountable to me for the achievement of the aims of the organisation and the management of risks, where the risks are wholly or partly the responsibility of their area. I delegate authority to make decisions and incur costs, in accordance with the limits set in the Management Agreement with DCMS and our Finance Manual.
- **Audit and Risk Assurance Committee**, which reports to Commission. Its members are appointed by the Chair of Commission. The Committee met four times in 2016-17. It receives half-yearly reports on corporate performance, including the management of business and operational risks, and has oversight of the governance arrangements generally. 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 were developed and the management priorities on which they were based. The Committee also seeks contributions from others when it considers that its work may be enhanced by other specialist support. The Committee was given the opportunity to comment on and challenge the assurances made in this statement.

The membership of these boards is set out on page 23 with the attendance record for this year. Members have a broad range of experience in finance, risk management and governance generally. Details of individual experience can be found on the Historic England website.

| Commission                | Meetings Attended | Executive Team           | Meetings Attended | Audit and Risk Assurance Committee | Meetings Attended |
|---------------------------|-------------------|--------------------------|-------------------|------------------------------------|-------------------|
| Sir Laurie Magnus (Chair) | 7/7               | Duncan Wilson (Chair)    | 43/48             | Martin Moore (Chair)               | 4/4               |
| Lynda Addison             | 3/4               | Sarah Aston <sup>1</sup> | 19/30             | Nicholas Boys Smith                | 4/4               |
| Paul Baker                | 6/7               | Roger Bowdler            | 39/48             | Simon Judge                        | 4/4               |
| Sally Balcombe            | 4/7               | Mike Harlow              | 41/48             | Neil Mendoza                       | 3/4               |
| Alex Balfour              | 4/7               | Meryl Hayward            | 44/48             |                                    |                   |
| Nicholas Boys Smith       | 7/7               | Deborah Lamb             | 43/48             |                                    |                   |
| Martin Daunton            | 4/7               | Carol Pyrah              | 40/48             |                                    |                   |
| Mike Fulford              | 5/7               | Celia Richardson         | 38/48             |                                    |                   |
| Victoria Harley           | 7/7               | Chris Smith              | 35/48             |                                    |                   |
| Rosemarie MacQueen        | 7/7               | Steve Trow               | 41/48             |                                    |                   |
| Neil Mendoza              | 7/7               |                          |                   |                                    |                   |
| Martin Moore              | 4/7               |                          |                   |                                    |                   |
| Michael Morrison          | 7/7               |                          |                   |                                    |                   |
| Charles O'Brien           | 7/7               |                          |                   |                                    |                   |
| Baroness Young            | 7/7               |                          |                   |                                    |                   |

#### Notes

1 Director of Human Resources from 15 September 2015 to 20 November 2016.

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

Historic England has three non-executive committees that advise staff and the Commission on specific strategy, policy and casework matters: the Historic England Advisory Committee, the London Advisory Committee and the Designation Review Committee. There are also four committees to help manage internal business: the Historic Estate Conservation Committee, the Audit and Risk Assurance Committee (see above), the Business and Finance Committee and the Remuneration and Appointments Committee. All members of the advisory committees and a number of additional heritage specialists belong to an expert advisory group that meets once a year.

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

Accountability to ministers and Parliament was maintained in accordance with the Management Agreement with DCMS and through my role as Accounting Officer. Historic England reported twice in the year on progress against its priorities set out in the Management Agreement (see the report for 2016-17 that starts on page 13) and I met regularly with senior DCMS staff, as did other members of the Executive Team.

## The Purpose of the System of Governance

The overriding purpose of our governance system is to maximise the potential of the organisation to achieve its aims. It is designed to control risk to a reasonable level. Our approach is to identify and prioritise the risks to the achievement of our aims by evaluating the likelihood of those risks being realised and their impact, should they be realised. We then aim to manage them effectively and economically in proportion to the threat to our objectives that they pose.

## The Method of Governance

The system of governance continued in place in Historic England for the financial year ended 31 March 2017 and up to the date of approval of the Annual Report and Accounts. It accorded with HM Treasury guidance, including the Corporate Governance Code of Good Practice 2011 in so far as it is applicable to Arm's Length Bodies. Commission's Remuneration and Appointments Committee oversaw the remuneration of senior staff. Commissioner appointments are the responsibility of government.

Commission sets the aims for the organisation, which were published in the Corporate Plan 2016-19. The steps to deliver the aims are also set out in the Plan. These actions have targets and other indicators of success against which performance can be measured. Progress this year is set out in the Performance Report that starts on page four. During 2016-17, the Corporate Plan was refreshed. Some changes to the indicators to measure performance were agreed, effective from 2017-18.

Risks were monitored through a corporate risk register. The Executive Team considered the risk register four times during the year. The register is updated according to the perception of risks at the time. For commentary on our current risks and how we are managing them, see the Overview on page 4.

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

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

## Monitoring the Effectiveness of Governance

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

The Internal Audit team this year examined: IT contract renewal; the strategy for a major project at Shrewsbury Flaxmill Maltings; procurement and expenses; and, information security, amongst other areas. The Head of Internal Audit gave an 'adequate' overall assurance opinion on the adequacy and effectiveness of risk management, control and governance processes this year.

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

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

## Corporate Governance this Year

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

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

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

## Whistleblowing

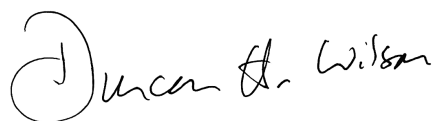
We have a whistleblowing policy that commits us to working to a high standard of integrity within a culture of openness and honesty. We remind staff regularly of the policy and the part that they play in ensuring that we operate in this way. The policy identifies various routes for concerns to be raised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

## Open Government and Freedom of Information

Historic England is subject to the public sector freedom of information regime. In 2016-17 we answered 329 requests under this legislation. As part of our ongoing commitment to transparency and accountability, much of our information is available via our website.

## Conclusion

The governance regime we have had in place provided me, as the Accounting Officer, with adequate assurance that Historic England was making the best use of its resources in achieving its aims, while controlling risks to an appropriate degree. I believe the governance regime was fit for its purpose in 2016-17 and remains so. My fellow Executive Team members and Commission support this view.



**Duncan Wilson**

Chief Executive and Accounting Officer  
29 June 2017

# Remuneration and Staff Report

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

## Remuneration Policy

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

## Remuneration and Appointments Committee

The objective of the Committee is to review and advise on the Human Resources Strategy to ensure that it is contributing effectively to the success of the organisation. It is also the objective of the Committee to review the reward and remuneration of the staff so as to:

- demonstrate that reward and remuneration is considered by a Committee which has no personal interest in the outcome of its advice and which gives due regard to the interests of the public and the financial health of the organisation; and
- ensure that staff are fairly rewarded for their individual contributions to the organisation's overall performance within DCMS and HM Treasury delegated limits.

In carrying out the above, the Committee provides advice to and oversight of management so as to maintain public accountability.

The Committee is scheduled to meet at least three times a year and is chaired by a Commissioner (but not the Chairman of the Commission). It comprises no fewer than five members, at least three of whom must be Commissioners (including the Chairman of the Commission). Members of the Committee are appointed by the Chairman of the Commission, following consultation with (and approval by) Commissioners. The Committee is chaired by Baroness Young of Hornsey OBE and met three times in 2016-17. It comprises four Commissioners (including the Committee Chair) and an external adviser.

## Executive Team Contracts

Executive Team members are employed on continuous contracts and are required to give three months' notice of termination of employment by resignation. The Chief Executive is also on a continuous contract and is required to give six months' notice of termination of employment by resignation.

Early terminations of contract by Historic England are dealt with in accordance with the rules of the Civil Service Compensation Scheme. The only employee with a contractual performance bonus arrangement is the Chief Executive. The bonus is payable for the achievement of specific performance targets and objectives and is a maximum of £17,500 per annum. Following the end of each financial year the Remuneration and Appointments Committee assesses the Chief Executive's performance against his annual targets and objectives and determines the rate of his performance related bonus.

The remaining Executive Team Directors are participants in the organisation's Performance Related Pay Scheme for senior managers which allows for awards of up to 7.5% of salary, assessed against annual targets and objectives. Following the end of the financial year, the Chief Executive will assess the performance of the other Executive Team members against their annual targets and objectives and his recommendations will be put forward to the Remuneration and Appointments Committee.

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

## Emoluments of the Commissioners

The following information has been subject to audit:

|                                    | Appointments       | Appointments ended | 2016-2017 | 2015-2016 |
|------------------------------------|--------------------|--------------------|-----------|-----------|
|                                    | Since 1 April 2015 | Since 1 April 2015 | £'000     | £'000     |
| <b>The Chair of the Commission</b> |                    |                    |           |           |
| Sir Laurie Magnus                  |                    |                    | 40        | 40        |
| <b>Current Commissioners</b>       |                    |                    |           |           |
| Mr Martin Moore                    |                    |                    | 4         | 4         |
| Baroness Young of Hornsey OBE      |                    |                    | 4         | 4         |
| Mr Alex Balfour                    |                    |                    | 4         | 4         |
| Ms Sally Balcombe                  |                    |                    | -         | -         |
| Professor Martin Daunton           |                    |                    | 4         | 4         |
| Mrs Victoria Harley                |                    |                    | 4         | 4         |
| Professor Mike Fulford             |                    |                    | 8         | 8         |
| Mr Michael Morrison                |                    |                    | 4         | 4         |
| Mr Paul Baker                      | 1 Jan 2016         |                    | 4         | 1         |
| Mr Nicholas Boys Smith             | 1 Jan 2016         |                    | 4         | 1         |
| Mrs Rosemarie MacQueen MBE         | 1 Jan 2016         |                    | 4         | 1         |
| Mr Neil Mendoza                    | 1 Jan 2016         |                    | 4         | 1         |
| Mr Charles O'Brien                 | 1 Jan 2016         |                    | 6         | 1         |
| <b>Former Commissioners</b>        |                    |                    |           |           |
| Ms Lynda Addison OBE               |                    | 19 Oct 2016        | 4         | 8         |
| Mr Peter Draper                    |                    | 31 Aug 2015        | -         | 2         |
| Mr Graham Morrison                 |                    | 31 Aug 2015        | -         | 2         |

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

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

## Advisory Committee and Panel Members

Historic England has a number of advisory committees and panels. Mr Charles Wilson, chair of the Urban Panel, who was not a Commissioner, received an emolument of £4,000 in total during the year (2016: £4,000). No other non-Commissioners received emoluments during the year.

## Single Total Figure of Remuneration for Executive Team

The following information has been subject to audit:

|  | Salary        |               | Performance Award |               | Pension Benefits <sup>1</sup> |               | Total         |               |
|--|---------------|---------------|-------------------|---------------|-------------------------------|---------------|---------------|---------------|
|  | 2017<br>£'000 | 2016<br>£'000 | 2017<br>£'000     | 2016<br>£'000 | 2017<br>£'000                 | 2016<br>£'000 | 2017<br>£'000 | 2016<br>£'000 |
| <b>Duncan Wilson</b> <sup>2</sup><br>Chief Executive                     | 120-125       | 105-110       | 15-20             | -             | 48                            | 42            | 185-190       | 150-155       |
| <b>Simon Thurley</b> <sup>3</sup><br>Former Chief Executive              | -             | 30-35         | -                 | 25-30         | -                             | 7             | -             | 65-70         |
| <b>Deborah Lamb</b><br>Director of Engagement                            | 100-105       | 100-105       | -                 | -             | 20                            | 43            | 120-125       | 145-150       |
| <b>Chris Smith</b><br>Director of Planning                               | 80-85         | 80-85         | -                 | -             | 17                            | 23            | 95-100        | 100-105       |
| <b>Meryl Hayward</b><br>Director of Finance, HR and IMT                  | 85-90         | 80-85         | 5-10              | -             | 32                            | 58            | 125-130       | 140-145       |
| <b>Michael Harlow</b> <sup>4</sup><br>Corporate Secretary                | 85-90         | 5-10          | 0-5               | -             | 31                            | 39            | 120-125       | 45-50         |
| <b>Sarah Aston</b> <sup>5</sup><br>Former Director of<br>Human Resources | 50-55         | 40-45         | 0-5               | -             | 21                            | 10            | 75-80         | 50-55         |
| <b>Celia Richardson</b> <sup>6</sup><br>Director of Communications       | 75-80         | 5-10          | 5-10              | -             | 31                            | 3             | 115-120       | 10-15         |
| <b>Roger Bowdler</b><br>Director of Listing                              | 75-80         | 75-80         | 0-5               | -             | 30                            | 35            | 110-115       | 110-115       |
| <b>Stephen Trow</b><br>Director of Research                              | 75-80         | 75-80         | 0-5               | -             | 14                            | 28            | 90-95         | 100-105       |
| <b>Carol Pyrah</b> <sup>7</sup><br>Assistant Director of Planning        | 70-75         | 5-10          | 0-5               | -             | 8                             | 4             | 80-85         | 10-15         |

### Notes

- 1 The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. This figure is provided by MyCSP, the pension scheme administrator.
- 2 Chief Executive, contract of employment commenced on 5 May 2015.
- 3 Former Chief Executive, contract of employment terminated on 30 June 2015. A payment of £153,000 was made upon termination of employment.
- 4 Corporate Secretary from 26 February 2016.
- 5 Director of Human Resources from 15 September 2015 to 20 November 2016. Agreed costs upon termination of employment amount to £82,000. This includes £2,000 of outplacement costs which have already been paid and £21,000 of compensation paid in lieu of notice which is due to be paid in the Financial Year 2017-18.
- 6 Director of Communications from 26 February 2016.
- 7 Assistant Director of Planning from 26 February 2016.

## Pension Benefits for Executive Team

The following information has been subject to audit:

|   | Accrued pension at pension age <sup>1</sup> | Total lump sum at pension age <sup>1</sup> | Real annual increase in pension at pension age | Real annual increase in lump sum at pension age | CETV <sup>2</sup> |       | Real annual increase in CETV |
|---|---|--|--|---|-------------------|-------|------------------------------|
|   | 2017  | 2017                                       | 2017   | 2017  | 2017              | 2016  | 2017                         |
|   | £'000                                       | £'000                                      | £'000  | £'000   | £'000             | £'000 | £'000                        |
| <b>Duncan Wilson</b> <sup>3</sup><br>Chief Executive                  | 60-65                                       | –  | 2.5-5  | –   | 974               | 896   | 37                           |
| <b>Simon Thurley</b> <sup>4</sup><br>Former Chief Executive           | –   | –  | –  | –   | –                 | 878   | –                            |
| <b>Deborah Lamb</b><br>Director of Engagement                         | 55-60                                       | –  | 0-2.5  | –   | 961               | 900   | 16                           |
| <b>Chris Smith</b><br>Director of Planning                            | 25-30                                       | 25-30                                      | 0-2.5  | –   | 536               | 524   | 14                           |
| <b>Meryl Hayward</b><br>Director of Finance, HR and IMT               | 15-20                                       | 50-55                                      | 0-2.5  | 5-7.5   | 356               | 311   | 27                           |
| <b>Stephen Trow</b> <sup>5</sup><br>Director of Research              | 30-35                                       | 40-45                                      | 0-2.5  | –   | 716               | 670   | 13                           |
| <b>Roger Bowdler</b><br>Director of Listing                           | 25-30                                       | 70-75                                      | 0-2.5  | –   | 548               | 507   | 16                           |
| <b>Michael Harlow</b> <sup>6</sup><br>Corporate Secretary             | 15-20                                       | –  | 0-2.5  | –   | 235               | 208   | 13                           |
| <b>Sarah Aston</b> <sup>7</sup><br>Former Director of Human Resources | 15-20                                       | –  | 0-2.5  | –   | 304               | 271   | 17                           |
| <b>Celia Richardson</b> <sup>8</sup><br>Director of Communications    | 0-5   | –  | 0-2.5  | –   | 38                | 20    | 11                           |
| <b>Carol Pyrah</b> <sup>9</sup><br>Assistant Director of Planning     | 15-20                                       | 45-50                                      | 0-2.5  | –   | 287               | 274   | –2                           |

### Notes

All figures are provided by MyCSP, the pension scheme administrator. 2016 CETV figures have been restated due to revised information being received from MyCSP.

- Balances as at 31 March 2017.
- Cash Equivalent Transfer Value as at 31 March. 2016 figure stated is the latest of 31 March 2016 or date of joining the executive team.
- Chief Executive, contract of employment commenced on 5 May 2015. 2016 CETV figure restated.
- Former Chief Executive, contract of employment terminated on 30 June 2015.
- 2016 CETV figure restated.
- Corporate Secretary from 26 February 2016. 2016 CETV figure restated.
- Director of Human Resources from 15 September 2015 until 20 November 2016.
- Director of Communications from 26 February 2016. 2016 CETV figure restated.
- Assistant Director of Planning from 26 February 2016. 2016 CETV figure restated.

## Cash Equivalent Transfer Value

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.



## Real increase in the value of the CETV

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

## Emoluments

The following information has been subject to audit. Emoluments include gross salary, performance related awards and any other allowance to the extent that they are subject to UK taxation. This report is based on payments made by Historic England and thus recorded in these accounts. No benefits-in-kind were paid during the year (2016: nil).

The Chief Executive was the highest paid employee. His total emoluments for the year of £137,000 comprise basic salary of £121,000 and a performance related award of £16,000 relating to 2015-16 financial year.

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

## Pay Multiples

The following information has been subject to audit. The banded remuneration of the highest paid director in Historic England in the financial year 2016-17 was £135,000-£140,000 (2015-16: £120,000-£125,000). This was 3.98 times (2015-16: 3.46) the median remuneration of the workforce, which was £33,900 (2015-16: £34,000).

The increase in the basic salary of the highest paid director from 2015-16 to 2016-17 is due to the change in appointment of the Chief Executive in the previous year.

In 2016-17, no (2015-16: nil) employees received remuneration in excess of the highest paid director.

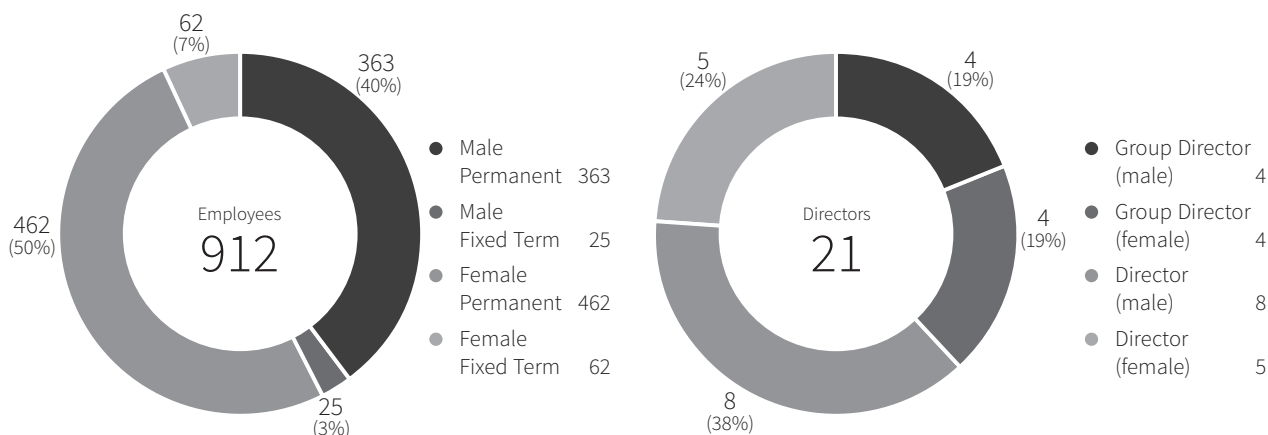
Remuneration ranged from £15,000 to £137,000 (2015-16: £14,000-£125,000).

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

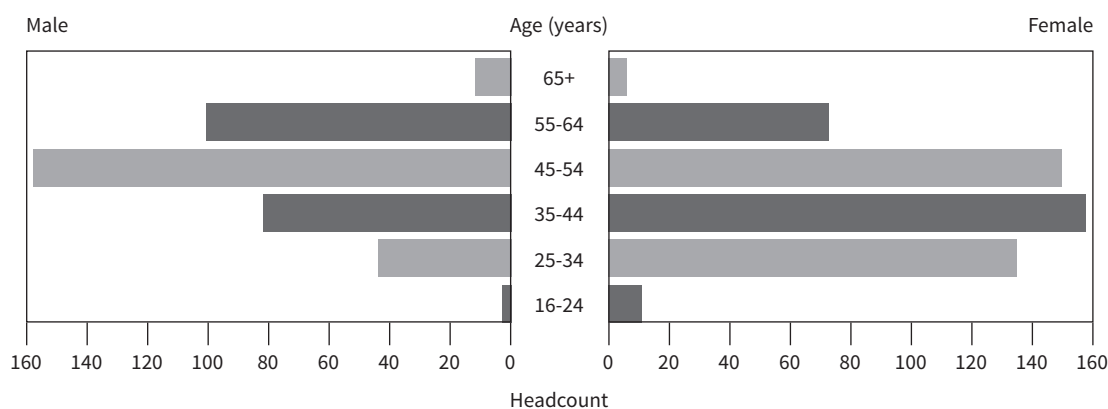
## Staff Report

### Organisational Headcount and Demographic Profile (as at 31 March 2017)

The current employee headcount stands at 933 employees. Fixed term contracts account for 9.5% of the general population with the remaining 90.5% employed on a permanent basis. The gender split of the organisation remains more strongly represented by females at 57.1%.



## Age



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

- **Ethnicity** – BAME (Black, Asian and Minority Ethnic) employees remain particularly under-represented at Historic England at 4.3% of the population (38 employees). The under-representation is particularly acute in our heritage specialist roles and we have published an action plan to address this and other areas of under-representation.
- **Age** – Employees under the age of 25 are significantly under-represented at 1.5% of the population.
- **Gender** – Although the gender balance at Executive Team level has significantly improved over the last year, further work is required to improve the representation of women in senior roles and men in roles up to Band D.
- **Sexual Orientation** – We only hold sexual orientation monitoring data on around 54% of our workforce. We are encouraging more employees to complete confidentially their equal opportunities monitoring data so that we can better measure our performance in these areas. Of those where data is held, 6% (29 employees) have identified as Gay/Lesbian/Bisexual/Other.
- **Disability** – 2.8% of the population (25 employees) have declared a disability. We believe that there is significant under-reporting in disability status, borne out by the larger number of people (5.5%) identifying as disabled in our anonymous staff survey in October 2015.

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

## Disability

Historic England aims to increase participation in its work by disabled people. Full and fair consideration is given to applications for employment from disabled people where they have appropriate skills to perform the job. We will be participating in the new Disability Confident scheme, which is replacing the Two Ticks scheme. If an employee develops a disability during their employment, then Historic England makes extensive efforts to maintain employment and to ensure the availability of adequate training and career development facilities. We operate a Disability & Employment policy that describes this. We also have a disability network group, which provides expert feedback and advice to Historic England on disability-related matters.

## Employee Numbers

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

|                                | Permanently<br>Employed | Fixed Term<br>Contracts | Total<br>2016-2017 | Total<br>2015-2016 |
|--------------------------------|-------------------------|-------------------------|--------------------|--------------------|
| Research                       | 130                     | 9                       | 139                | 147                |
| Listing                        | 81                      | 5                       | 86                 | 84                 |
| Planning                       | 295                     | 21                      | 316                | 313                |
| Engagement                     | 87                      | 16                      | 103                | 134                |
| Communications                 | 27                      | 3                       | 30                 | -                  |
| Corporate and Support Services | 162                     | 24                      | 187                | 200                |
| <b>Total Employee Numbers</b>  | <b>782</b>              | <b>78</b>               | <b>860</b>         | <b>878</b>         |

Included within the above numbers are four staff who have been engaged on capital projects (2016: three) the costs of which have been capitalised.

Employee numbers include eight agency staff (2016: 11), including one who has been engaged on capital projects (2016: two).

The total number of persons employed by The English Heritage Trust was 1,109, giving a comparable total employee number for the Group of 1,941.

## Employee Costs

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

|   | Historic England<br>2016-2017<br>£'000 | Group<br>2016-2017<br>£'000 | Group<br>2015-2016<br>£'000 |
|---|--|-----------------------------|-----------------------------|
| Wages and Salaries                                | 30,569                                 | 60,464                      | 59,037                      |
| Social Security Costs                             | 3,027                                  | 5,290                       | 4,030                       |
| Pension Costs                                     | 6,217                                  | 10,425                      | 10,671                      |
| Redundancy and Severance Costs                    | 963                                    | 988                         | 2,689                       |
| Agency Staff Costs                                | 396                                    | 1,348                       | 1,542                       |
| <b>Sub Total</b>                                  | <b>41,172</b>                          | <b>78,515</b>               | <b>77,969</b>               |
| Less Recoveries in Respect of Outward Secondments | (292)                                  | (292)                       | (262)                       |
| <b>Total Employee Costs</b>                       | <b>40,880</b>                          | <b>78,223</b>               | <b>77,707</b>               |

Included within the above costs for Historic England are £267,000 wages and salaries costs (2016: £99,000), £25,000 social security costs (2016: £7,000) and £54,000 pension costs (2016: £20,000) that have been capitalised within Non-Current Assets (notes 18 to 20). There are nil redundancy and severance costs (2016: nil) and £43,000 agency staff costs (2016: £72,000) that have been capitalised.

Included within the above costs for the Historic England Group are £922,000 wages and salaries costs (2016: £402,000), £86,000 social security costs (2016: £33,000) and £124,000 pension costs (2016: £55,000) that have been capitalised within Non-Current Assets.

During the year, 103 consultants were employed (2016: 65) to whom £77,627 was paid in the year (2016: £90,978).

## Sickness Absence

The average working days lost per person for Historic England employees is 4.56 for the financial year 2016-17. This is an increase of 1.31 days on the previous year. The Chartered Institute of Personnel and Development's Annual Absence Management Survey (2016) reports the public sector average as 8.5 days and the private sector average as 5.2 days.

## Tax Arrangements of Public Sector Appointees

All of Historic England's senior staff and Board members are paid through the payroll and arrangements are in place to provide assurance to DCMS that appropriate tax arrangements are in place to cover other appointees.

In 2016-17 Historic England had no 'off payroll' engagements that fall within the criteria set out in the Alexander Review of 2012, with regards to tax arrangements of senior public appointees.

Historic England is in compliance with the recommendations in HM Treasury's 'Review of the Tax Findings of Public Sector Appointees'.

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

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

| Exit Package Cost Band               | Number of Compulsory Redundancies |           | Number of Other Agreed Departures |              | Total Number of Exit Packages |              |
|--------------------------------------|-----------------------------------|-----------|-----------------------------------|--------------|-------------------------------|--------------|
|                                      | 2016-2017                         | 2015-2016 | 2016-2017                         | 2015-2016    | 2016-2017                     | 2015-2016    |
| Less than £10,000                    | -                                 | 4         | 1                                 | 5            | 1                             | 9            |
| £10,000 to £25,000                   | 1                                 | -         | 9                                 | 24           | 10                            | 24           |
| £25,000 to £50,000                   | -                                 | -         | 7                                 | 21           | 7                             | 21           |
| £50,000 to £100,000                  | -                                 | -         | 5                                 | 22           | 5                             | 22           |
| £100,000 to £150,000                 | -                                 | -         | -                                 | -            | -                             | -            |
| Greater than £150,000                | -                                 | -         | -                                 | -            | -                             | -            |
| <b>Total Number of Exit Packages</b> | <b>1</b>                          | <b>4</b>  | <b>22</b>                         | <b>72</b>    | <b>23</b>                     | <b>76</b>    |
| <b>Total Resource Cost (£'000)</b>   | <b>13</b>                         | <b>23</b> | <b>807</b>                        | <b>2,775</b> | <b>820</b>                    | <b>2,798</b> |

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

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme, known as Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three

years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill-health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

Employer's contributions into the PCSPS in respect of the Executive Team totalled £211,000 (2016: £144,000). The increase from the prior year was due to members of the Executive Team joining part way through the year in 2016.

# Parliamentary Accountability

## Regularity of Expenditure

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

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

|  | 2017<br>Historic England |                              |                | 2017<br>Group   |                              |                | 2016<br>Historic England |                              |                | 2016<br>Group   |                              |                |
|--|--------------------------|------------------------------|----------------|-----------------|------------------------------|----------------|--------------------------|------------------------------|----------------|-----------------|------------------------------|----------------|
|  | Losses<br>£'000          | Special<br>payments<br>£'000 | Total<br>£'000 | Losses<br>£'000 | Special<br>payments<br>£'000 | Total<br>£'000 | Losses<br>£'000          | Special<br>payments<br>£'000 | Total<br>£'000 | Losses<br>£'000 | Special<br>payments<br>£'000 | Total<br>£'000 |
| Amounts accrued                                      | 16                       | 46                           | 62             | 195             | 96                           | 291            | 20                       | 72                           | 92             | 211             | 109                          | 320            |
| Amounts written<br>back                              | -                        | (2)                          | (2)            | (43)            | (4)                          | (47)           | (28)                     | (5)                          | (33)           | (28)            | (5)                          | (33)           |
| <b>Total Net<br/>Losses and<br/>Special Payments</b> | <b>16</b>                | <b>44</b>                    | <b>60</b>      | <b>152</b>      | <b>92</b>                    | <b>244</b>     | <b>(8)</b>               | <b>67</b>                    | <b>59</b>      | <b>183</b>      | <b>104</b>                   | <b>287</b>     |

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

Special payments relate to compensation, largely in respect of personal injury claims.

## Fees and Charges

£306,000 has been raised in the year as a result of the Enhanced Advisory Services (2016: £54,000). The target for this year was £480,000 (2016: £1.141 million). The volume of EAS cases and also our average case price was lower than anticipated. We have been seeking approval to limit further our free pre-application advice service, and have recently received this from HM Treasury. This will be implemented from July and will result in a fairer free service as well as a higher number of charged-for cases in 2017-18. The prior year target was based on the service being launched 18 months earlier and therefore being more established.

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

Unit costs are charged as per the invoice amount. Income raised this year relates to 92 complete (2016: 12) and 77 partial cases (2016: 17).

No other material income from fees and charges was received during the financial year (2016: £nil). This information has been subject to audit.

## Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of International Accounting Standard 37, Historic England also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There is nothing to report in this regard for either 2016-17 or 2015-16. This information has been subject to audit.



**Duncan Wilson**  
Chief Executive  
29 June 2017

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

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I certify that I have audited the financial statements of the Historic Buildings and Monuments Commission for England (HBMCE) for the year ended 31 March 2017 under the National Heritage Act 1983. The financial statements comprise: the group and Historic England Statements of Comprehensive Net Expenditure; the group and Historic England Statements of Financial Position; the group and Historic England Statements of Cash Flows; the Consolidated and Historic England Statements of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the financial information in the Remuneration and Staff Report and the Parliamentary Accountability disclosures that is described in the report as having been audited.

## Respective Responsibilities of the Commissioners, Accounting Officer and Auditor

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

## Scope of the Audit of the Financial Statements

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

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

## Opinion on Regularity

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

## Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of HBMCE's affairs as at 31 March 2017 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

## Opinion on Other Matters

In my opinion:

- the parts of the Remuneration and Staff Report and Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I Report by Exception

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

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

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**

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

6 July 2017



# 3

## Financial Statements

# 3 Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

|  | Note | 2016-2017<br>Historic |                 | 2015-2016 <i>Restated</i><br>Historic |                  |
|--|------|-----------------------|-----------------|---------------------------------------|------------------|
|  |      | England<br>£'000      | Group<br>£'000  | England<br>£'000                      | Group<br>£'000   |
| <b>Income</b>  |      |                       |                 |                                       |                  |
| Earned Income  | 2    | 1,263                 | 85,223          | 1,072                                 | 77,297           |
| Other Operating Income   | 3    | 12,469                | 5,441           | 12,367                                | 4,083            |
| Investment Income  | 4    | -                     | 48              | -                                     | 136              |
| <b>Total Income</b>  |      | <b>13,732</b>         | <b>90,712</b>   | <b>13,439</b>                         | <b>81,516</b>    |
| <b>Expenditure</b>   |      |                       |                 |                                       |                  |
| Grants   | 5    | 19,893                | 20,115          | 19,402                                | 19,386           |
| Research Group   | 6    | 8,599                 | 8,599           | 8,546                                 | 8,546            |
| Listing Group  | 7    | 4,030                 | 4,030           | 3,988                                 | 3,988            |
| Planning Group   | 8    | 18,841                | 18,841          | 19,997                                | 19,997           |
| Engagement Group   | 9    | 6,423                 | 6,423           | 6,930                                 | 6,930            |
| Communications Group   | 10   | 2,378                 | 2,378           | 2,138                                 | 2,138            |
| Corporate and Support Services                                 | 11   | 24,863                | 24,863          | 22,742                                | 22,627           |
| Restructuring  |      | -                     | -               | 2,437                                 | 2,437            |
| Depreciation, Amortisation and Impairment                      |      | 6,909                 | 8,091           | 8,965                                 | 10,045           |
| (Gain)/Loss on Disposal of Non-Current Assets                  |      | (16)                  | (19)            | 39                                    | 29               |
| English Heritage Trust   | 12   | -                     | 96,592          | -                                     | 88,421           |
| Subsidy Expenditure  | 12   | 14,669                | -               | 15,755                                | -                |
| <b>Total Expenditure</b>                                       |      | <b>106,589</b>        | <b>189,913</b>  | <b>110,939</b>                        | <b>184,544</b>   |
| <b>Net Expenditure for the Financial Year Before Transfers</b> |      | <b>(92,857)</b>       | <b>(99,201)</b> | <b>(97,500)</b>                       | <b>(103,028)</b> |
| Profit/Loss on Net Assets Transferred by Absorption            | 13   | 1                     | -               | 5,918                                 | -                |
| <b>Net Expenditure for the Financial Year</b>                  |      | <b>(92,856)</b>       | <b>(99,201)</b> | <b>(91,582)</b>                       | <b>(103,028)</b> |
| <b>Other Comprehensive Expenditure</b>                         |      |                       |                 |                                       |                  |
| Net Expenditure for the Year                                   |      | (92,856)              | (99,201)        | (91,582)                              | (103,028)        |
| Net Gain/(Loss) on Revaluation of Non-Current Assets           |      | 18,834                | 19,003          | 17,511                                | 17,629           |
| <b>Total Comprehensive Expenditure for the Financial Year</b>  |      | <b>(74,022)</b>       | <b>(80,198)</b> | <b>(74,071)</b>                       | <b>(85,399)</b>  |

Income and expenditure relates to continuing activities. The notes on pages 45 to 70 form part of the financial statements.

## Statement of Financial Position as at 31 March 2017

|  | Note | 2017                         |                | 2016                         |                |
|--|------|------------------------------|----------------|------------------------------|----------------|
|  |      | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| <b>Non-Current Assets</b>                    |      |                              |                |                              |                |
| Intangible Assets                            | 18   | 1,873                        | 3,030          | 1,800                        | 2,963          |
| Property, Plant and Equipment                | 19   | 95,115                       | 108,051        | 96,357                       | 103,260        |
| Heritage Assets                              | 20   | 46,673                       | 46,754         | 32,042                       | 32,123         |
| Investments                                  | 36   | 66,246                       | -              | 72,307                       | -              |
| <b>Total Non-Current Assets</b>              |      | <b>209,907</b>               | <b>157,835</b> | <b>202,506</b>               | <b>138,346</b> |
| <b>Current Assets</b>                        |      |                              |                |                              |                |
| Investments                                  | 23   | -                            | 1,240          | -                            | 1,217          |
| Inventories                                  | 24   | 169                          | 6,585          | 216                          | 6,732          |
| Trade and Other Receivables                  | 25   | 5,361                        | 11,528         | 4,361                        | 9,517          |
| Assets Held For Sale                         | 26   | 40                           | 40             | 40                           | 40             |
| Cash and Cash Equivalents                    | 27   | 65                           | 67,033         | 761                          | 80,219         |
| <b>Total Current Assets</b>                  |      | <b>5,635</b>                 | <b>86,426</b>  | <b>5,378</b>                 | <b>97,725</b>  |
| <b>Total Assets</b>                          |      | <b>215,542</b>               | <b>244,261</b> | <b>207,884</b>               | <b>236,071</b> |
| <b>Current Liabilities</b>                   |      |                              |                |                              |                |
| Trade and Other Payables                     | 30   | 14,616                       | 42,702         | 14,518                       | 41,779         |
| Provisions                                   | 32   | 102                          | 112            | 202                          | 214            |
| Obligations Under Finance Leases             | 29   | 566                          | 566            | 566                          | 566            |
| <b>Total Current Liabilities</b>             |      | <b>15,284</b>                | <b>43,380</b>  | <b>15,286</b>                | <b>42,559</b>  |
| <b>Total Assets Less Current Liabilities</b> |      | <b>200,258</b>               | <b>200,881</b> | <b>192,598</b>               | <b>193,512</b> |
| <b>Non-Current Liabilities</b>               |      |                              |                |                              |                |
| Trade and Other Payables                     | 31   | 246                          | 2,109          | 221                          | 2,305          |
| Provisions                                   | 32   | 71                           | 71             | 152                          | 152            |
| Obligations Under Finance Leases             | 29   | 6,781                        | 6,781          | 6,806                        | 6,806          |
| <b>Total Non-Current Liabilities</b>         |      | <b>7,098</b>                 | <b>8,961</b>   | <b>7,179</b>                 | <b>9,263</b>   |
| <b>Total Assets Less Liabilities</b>         |      | <b>193,160</b>               | <b>191,920</b> | <b>185,419</b>               | <b>184,249</b> |
| <b>Taxpayers' Equity</b>                     |      |                              |                |                              |                |
| Financial Asset Reserve                      | 36   | 66,246                       | -              | 72,307                       | -              |
| Revaluation Reserve                          |      | 66,145                       | 66,383         | 47,367                       | 47,485         |
| General Reserve                              |      | 60,743                       | 125,511        | 65,745                       | 136,764        |
| Restricted Funds                             |      | 26                           | 26             | -                            | -              |
| <b>Total Taxpayers' Equity</b>               |      | <b>193,160</b>               | <b>191,920</b> | <b>185,419</b>               | <b>184,249</b> |

The notes on pages 45 to 70 form part of the financial statements.

The financial statements, which comprise the Consolidated and Historic England Statements of Comprehensive Net Expenditure, the Consolidated and Historic England Statements of Financial Position, the Consolidated and Historic England Statements of Cash Flows, the Consolidated and Historic England Statements of Changes in Taxpayers' Equity and the related notes 1 to 37, were approved by the Commissioners and signed on their behalf on 29 June 2017 by:



Duncan Wilson  
Chief Executive



Sir Laurie Magnus  
Chairman

# Statement of Cash Flows for the Year Ended 31 March 2017

|   | Note       | 2016-2017                    |                 | 2015-2016                    |                 |
|---|------------|------------------------------|-----------------|------------------------------|-----------------|
|   |            | Historic<br>England<br>£'000 | Group<br>£'000  | Historic<br>England<br>£'000 | Group<br>£'000  |
| <b>Cash Flows From Operating Activities</b>                                 |            |                              |                 |                              |                 |
| Net Income/(Expenditure) Before Transfers                                   |            | (92,857)                     | (99,201)        | (97,500)                     | (103,028)       |
| <i>Less Non-cash Items</i>  |            |                              |                 |                              |                 |
| Depreciation, Amortisation and Impairment Charges                           | 18, 19, 20 | 6,909                        | 8,091           | 8,965                        | 10,045          |
| (Profit)/Losses on Disposal of Non-Current Assets                           | 18, 19, 20 | (16)                         | (19)            | 39                           | 29              |
| (Increase)/Decrease in Inventories  | 24         | 47                           | 147             | (216)                        | (893)           |
| (Increase)/Decrease in Trade and Other Receivables                          | 25         | (1,000)                      | (2,011)         | 10,139                       | 1,028           |
| Increase/(Decrease) in Trade and Other Payables                             | 30, 31     | 123                          | 727             | (24,849)                     | 3,893           |
| Increase/(Decrease) in Provisions   | 32         | (181)                        | (183)           | (272)                        | (260)           |
| Profit/(Loss) on Net Assets Transferred by Absorption                       | 13         | -                            | -               | 11,179                       | -               |
| <i>Less Investing &amp; Financing Activities</i>                            |            |                              |                 |                              |                 |
| Investment Income   | 4          | -                            | (48)            | -                            | (136)           |
| Finance Lease Payable   | 29         | (25)                         | (25)            | (23)                         | (23)            |
| <b>Net Cash Outflow from Operating Activities</b>                           |            | <b>(87,000)</b>              | <b>(92,522)</b> | <b>(92,538)</b>              | <b>(89,345)</b> |
| <b>Cash Flows from Investing Activities:</b>                                |            |                              |                 |                              |                 |
| Interest Received   | 4          | -                            | 48              | -                            | 136             |
| Purchase of Investments   | 23         | -                            | (23)            | -                            | (1,217)         |
| Purchase of Property, Plant and Equipment and Heritage Assets               | 19, 20     | (905)                        | (7,734)         | (487)                        | (6,368)         |
| Purchase of Intangible Assets   | 18         | (669)                        | (836)           | (266)                        | (502)           |
| Proceeds on Disposal of Property, Plant and Equipment and Intangible Assets | 18,19      | 72                           | 75              | 24                           | 52              |
| English Heritage Trust Cash Transferred                                     | 13         | -                            | -               | (221)                        | -               |
| <b>Net Cash Outflow from Investing Activities:</b>                          |            | <b>(1,502)</b>               | <b>(8,470)</b>  | <b>(950)</b>                 | <b>(7,899)</b>  |
| <b>Cash Flows from Financing Activities:</b>                                |            |                              |                 |                              |                 |
| Government Grant In Aid   |            | 87,806                       | 87,806          | 90,191                       | 90,191          |
| <b>Net Cash Inflow from Financing Activities:</b>                           |            | <b>87,806</b>                | <b>87,806</b>   | <b>90,191</b>                | <b>90,191</b>   |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                 |            | <b>(696)</b>                 | <b>(13,186)</b> | <b>(3,297)</b>               | <b>(7,053)</b>  |
| Cash and Cash Equivalents at the Beginning of the Year                      | 27         | 761                          | 80,219          | 4,058                        | 87,272          |
| <b>Cash and Cash Equivalents at the End of the Year</b>                     | 27         | <b>65</b>                    | <b>67,033</b>   | <b>761</b>                   | <b>80,219</b>   |

The notes on pages 45 to 70 form part of the financial statements.

## Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2017

|  | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Development<br>and<br>Restricted<br>Funds<br>£'000 | Total<br>Reserves<br>£'000 |
|--|--------------------------|---------------------------------|--|----------------------------|
| <b>Balance at 1 April 2015</b>                         | <b>149,014</b>           | <b>29,856</b>                   | <b>556</b>   | <b>179,426</b>             |
| <b>Changes in Taxpayers' Equity for 2015-16</b>        |                          |                                 |  |                            |
| Transfers In   |                          |                                 |  |                            |
| Net Gain on Revaluation of Non-Current Assets          | -                        | 17,629                          | -  | 17,629                     |
| Income/(Expenditure) for the Year                      | (103,028)                | -                               | -  | (103,028)                  |
| Transfer Between Reserves                              | 556                      | -                               | (556)  | -                          |
| <b>Total Recognised Income and Expense for 2015-16</b> | <b>(102,472)</b>         | <b>17,629</b>                   | <b>(556)</b>                                       | <b>(85,399)</b>            |
| Grant in Aid Received                                  | 90,191                   | -                               | -  | 90,191                     |
| Other Income/(Expenditure)                             | 31                       | -                               | -  | 31                         |
| <b>Balance at 31 March 2016</b>                        | <b>136,764</b>           | <b>47,485</b>                   | <b>-</b>   | <b>184,249</b>             |
| <b>Changes in Taxpayers' Equity for 2016-17</b>        |                          |                                 |  |                            |
| Transfers In   |                          |                                 |  |                            |
| Net Gain on Revaluation of Non-Current Assets          | -                        | 19,003                          | -  | 19,003                     |
| Income/(Expenditure) for the Year                      | (99,201)                 | -                               | -  | (99,201)                   |
| Transfer Between Reserves                              | 96                       | (122)                           | 26   | -                          |
| <b>Total Recognised Income and Expense for 2016-17</b> | <b>(99,105)</b>          | <b>18,881</b>                   | <b>26</b>  | <b>(80,198)</b>            |
| Grant in Aid Received                                  | 87,806                   | -                               | -  | 87,806                     |
| Other Income/(Expenditure)                             | 46                       | 17                              | -  | 63                         |
| <b>Balance at 31 March 2017</b>                        | <b>125,511</b>           | <b>66,383</b>                   | <b>26</b>  | <b>191,920</b>             |

The notes on pages 45 to 70 form part of the financial statements.

## Historic England Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2017

|  | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Development<br>and<br>Restricted<br>Funds<br>£'000 | Financial<br>Asset<br>Reserve<br>£'000 | Total<br>Reserves<br>£'000 |
|--|--------------------------|---------------------------------|--|--|----------------------------|
| <b>Balance at 1 April 2015</b>                             | 66,547                   | 29,856                          | 556  | 82,467                                 | 179,426                    |
| <b>Changes in Taxpayers' Equity for 2015-16</b>            |                          |                                 |  |  |                            |
| Transfers In   |                          |                                 |  |  |                            |
| Net Gain on Revaluation of<br>Non-Current Assets           | -                        | 17,615                          | -  | -                                      | 17,615                     |
| Income/(Expenditure) for the Year                          | (97,500)                 | -                               | -  | -                                      | (97,500)                   |
| Transfer Between Reserves                                  | -                        | -                               | -  | -                                      | -                          |
| <b>Total Recognised Income and<br/>Expense for 2015-16</b> | <b>(97,500)</b>          | <b>17,615</b>                   | <b>-</b>   | <b>-</b>                               | <b>(79,885)</b>            |
| Grant in Aid Received                                      | 90,191                   | -                               | -  | -                                      | 90,191                     |
| Other Income/(Expenditure)                                 | (71)                     | -                               | -  | (10,160)                               | (10,231)                   |
| Transfer by Absorption                                     | 6,578                    | (104)                           | (556)  | -                                      | 5,918                      |
| <b>Balance at 31 March 2016</b>                            | <b>65,745</b>            | <b>47,367</b>                   | <b>-</b>   | <b>72,307</b>                          | <b>185,419</b>             |
| <b>Changes in Taxpayers' Equity for 2016-17</b>            |                          |                                 |  |  |                            |
| Transfers In   |                          |                                 |  |  |                            |
| Net Gain on Revaluation of<br>Non-Current Assets           | -                        | 18,834                          | -  | -                                      | 18,834                     |
| Income/Expenditure for the Year                            | (92,856)                 | -                               | -  | -                                      | (92,856)                   |
| Transfer Between Reserves                                  | 47                       | (73)                            | 26   | -                                      | -                          |
| <b>Total Recognised Income and<br/>Expense for 2016-17</b> | <b>(92,809)</b>          | <b>18,761</b>                   | <b>26</b>  | <b>-</b>                               | <b>(74,022)</b>            |
| Grant in Aid Received                                      | 87,806                   | -                               | -  | -                                      | 87,806                     |
| Other Income/(Expenditure)                                 | 1                        | 17                              | -  | (6,061)                                | (6,043)                    |
| <b>Balance at 31 March 2017</b>                            | <b>60,743</b>            | <b>66,145</b>                   | <b>26</b>  | <b>66,246</b>                          | <b>193,160</b>             |

The notes on pages 45 to 70 form part of the financial statements.

# 4

## Notes to the Financial Statements

# 4 Notes to the Financial Statements

## 1 Statement of Accounting Policies

### a) Accounting Convention

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The financial statements have been prepared in accordance with the 2016-2017 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS), as adapted or interpreted for the public sector context.

Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Historic England group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Historic England group are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

HBMCE (trading as Historic England) is the sole member of The English Heritage Trust (trading as English Heritage), which has been consolidated from 12 December 2014, when it became part of the Historic England group. English Heritage Trading Limited, a subsidiary undertaking of English Heritage, continued trading throughout the year ended 31 March 2017. The Historic England Foundation was incorporated on 16th January 2017 and is a charitable subsidiary of Historic England.

Historic England Limited is a dormant subsidiary of Historic England and English Heritage Limited is a dormant subsidiary of English Heritage.

Historic England is the Administrative Trustee of the Iveagh Bequest, which is now dormant. Hence, the financial statements include a consolidation of Historic England, English Heritage, English Heritage Trading Limited, The Historic England Foundation, Historic England Limited, English Heritage Limited and the Iveagh Bequest.

### b) Value Added Tax

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Income is shown net of Value Added Tax. Expenditure (both revenue and capital) for Historic England and the group is shown inclusive of any non-recoverable VAT incurred.

English Heritage and English Heritage Trading Limited are both members of the Historic England VAT group.

### c) Membership Income

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

Life membership income is released to the Statement of Comprehensive Net Expenditure over 10 years.

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

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

### e) Government Grant in Aid Receivable

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

Historic England accounts for its expenditure on an accruals basis, thus incurring liabilities during a year which may not need to be satisfied by cash payments until future financial years. Government Grant in Aid receivable is credited to the General Reserve.

The 2015 Spending Review confirmed the government grant funding for Historic England until at least 31 March 2020.



#### f) Other Grants Receivable

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

#### g) Grants Payable

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

Where grants have been formally offered but not paid, an accrual of grant owing is calculated based on the stage of completion of the works.

For grant schemes where grants are payable in advance, an estimate of the prepayment made is calculated based on works not yet complete.

#### h) Intangible Assets

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Licences to use software purchased from third parties with a life of more than one year are shown on the Statement of Financial Position as non-current intangible assets and amortised over the life of the licence or the life of the related asset where there is no licence expiry date. Annual licences to use software are charged to the Statement of Comprehensive Net Expenditure as they are incurred.

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

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

#### i) Property, Plant and Equipment

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

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

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

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

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

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

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

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

Assets with a value of less than £50,000 are revalued with reference to relevant indices published by the Building Cost Information Service as at 31 March. A full quinquennial revaluation was undertaken as at 31 December 2015 by the following professionally qualified external valuers: Bilfinger GVA, Turner & Holman, RNJ Partnership, Mildred Howells, Bare Leaning and Bare, and Press & Starkey. All valuations have been performed in accordance with Royal Institute of Chartered Surveyors 'Red Book principles'.

The values of the land and buildings held as property, plant and equipment are reviewed annually using relevant indices published by the Building Cost Information Service as at 31 March. Any material change in value is reflected in the relevant reserve.

Where possible, assets are valued at fair value. Where there is no available market information due to the specialised nature of the asset, depreciated replacement cost valuation is used. Subsequent expenditure of more than £5,000 is recorded on the Statement of Financial Position if the expenditure enhances the economic benefits of the asset.

Any unrealised gain on revaluation at the Statement of Financial Position date is taken directly to the Revaluation Reserve unless the revaluation gain reverses an impairment on the same asset previously recognised as an expense. In such a case, gains are first credited to the Statement of Comprehensive Net Expenditure to the extent that the gain reverses a loss previously recognised.

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

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

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

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

#### *Assets Under Construction*

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

### **j) Heritage Assets**

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

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

English Heritage maintains over 550 pure heritage land and building assets at over 400 sites throughout England.

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

All operational heritage assets are capitalised on the Statement of Financial Position in accordance with note 1i.

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

#### *Heritage Artefacts and Archives*

Historic England maintains over 500,000 heritage artefacts in its collection and almost 12 million archive records in its archive. Historic England does not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the artefacts collection and archives and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by Historic England and the users of the accounts. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. Historic England therefore does not recognise these assets on its Statement of Financial Position, other than those additions to collections and archives acquired after 1 April 2001 and recognised as per previous requirements of the FReM. These items are recognised at cost or, where donated, at current market value.

Expenditure which, in Historic England's view, is required to preserve or clearly prevent further deterioration of individual collection and archive items is recognised in the Statement of Comprehensive Net Expenditure as it is incurred.

Further information on the acquisition, disposal, management and preservation of Historic England's heritage assets is given in notes 20 to 22.

**k) Donated Assets**

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

**l) Depreciation and Amortisation**

Depreciation is provided on property, plant and equipment (note 19) (excluding land and assets under construction), and amortisation is provided on intangible assets (note 18), in equal amounts each year in order to write down their cost to their estimated residual value over their anticipated useful economic lives. These are as follows:

*Intangible Assets*

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

*Property, Plant and Equipment*

|                                    |             |
|------------------------------------|-------------|
| Non-heritage buildings and gardens |             |
| – Dwellings                        | 50 years    |
| – Other brick/stone buildings      | 50 years    |
| – Non brick/stone buildings        | 20-40 years |
| – Paths, car parks, playgrounds    | 20-25 years |
| – Gardens                          | 20-50 years |

*Refurbishments*

|   |             |
|---|-------------|
| – Shop/café/holiday cottage refurbishment, infrastructure | 10-20 years |
| – Exhibitions and interpretations                         | 5-20 years  |
| Plant and machinery                                       | 5-25 years  |
| IT, furniture and fittings                                | 4-20 years  |

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

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

Operational heritage and pure heritage buildings and historic artefacts and archives are not depreciated, as they are deemed to have indefinite lives.

**m) Financial Assets**

Non-Current Financial Assets are held at fair value. Any unrealised gain at the Statement of Financial Position date is taken directly to reserves.

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

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

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

**o) Inventories**

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

**p) Leases***Finance Leases*

Assets held under finance leases are recognised as assets of Historic England at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The

corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a consistent rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

#### *Operating Leases*

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

#### q) **Cash and Cash Equivalents**

Cash comprises cash on hand and on-demand deposits. Cash equivalents are investments with a short-term maturity of less than three months from the date of acquisition. Within English Heritage, cash which is surplus to immediate cash flow requirements is placed on deposit with a term of less than one year. Historic England does not hold any cash on deposit.

#### r) **Pension Costs**

Historic England is a member of the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer defined benefit scheme, for which Historic England is unable to identify its share of the underlying assets and liabilities.

Under the New Fair Deal policy, those employees who transferred to English Heritage are eligible to remain members of the Civil Service Pension Schemes under the terms of the Transfer of Undertakings (Protection of Employment) Regulations 2006. The scheme is closed to new members. Employees who have joined English Heritage since its launch on 1 April 2015 are entitled to join the English Heritage Group Personal Pension Plan ('the Plan') operated by Legal and General. This is a contract based, defined contribution (money purchase) scheme.

Membership of the Plan had been voluntary until English Heritage underwent automatic enrolment on 1 April 2016.

Historic England also operates a by-analogy scheme to the PCSPS for the previous Chairmen. Both schemes satisfy the requirements of applicable accounting standards (see Remuneration and Staff Report on page 26).

#### s) **Restricted Funds**

Funds held by Historic England or English Heritage that can only be applied for particular purposes imposed by donors are held as restricted funds. Investments to cover the amounts held in restricted funds are placed on deposit at fixed rates of interest for periods of up to one year in accordance with English Heritage's treasury policy and are treated as Cash and Cash Equivalents or Current Financial Assets in line with the accounting policies noted in notes 1m and 1q.

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

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

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

#### t) **Segmental Reporting**

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

The segments reported reflect the management structure reported internally within Historic England on a monthly basis, and have been amended during the 2016-17 financial year so as to better reflect the organisational structure.

Research Group works to improve care, understanding and public enjoyment of the historic environment, undertaking and sponsoring authoritative research and providing high quality expert advice and training. Listing Group is responsible for identifying the most important aspects of England's tangible heritage, communicating their significance and making recommendations to government on whether assets should

be added to the National Heritage List for England. Planning Group provides leadership, expertise and funding to care for England's heritage and to promote its value to society. Engagement Group encourage others to value England's historic environment and is responsible for advising government and other bodies. Communications Group promotes the policies, work and people of Historic England. Corporate and Support Services provide a range of services to the organisation including finance, human resources, information systems and procurement.

#### u) Provisions

Provisions are made where the conditions for such a liability exist at the Statement of Financial Position date which can be reliably estimated.

Balances that are not payable within one year are discounted to reflect future cash flows in current year prices where the time value of money is material. The discount rate is set by HM Treasury and is currently 0.24% for pension provisions. Other provisions are not discounted on grounds of materiality.

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

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

#### w) Significant Accounting Estimates and Judgements

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

#### x) Preparation of the Accounts on a Going Concern Basis

In adopting the going concern basis for preparing the financial statements, the Commissioners have considered the activities and principal risks set out in the Governance Statement on page 22. The Commissioners have reviewed the latest financial forecasts and are satisfied that Historic England continues to adopt the going concern basis in preparing its financial statements.

## 2 Earned Income

|                            | 2016-2017                    |                | 2015-2016                    |                |
|----------------------------|------------------------------|----------------|------------------------------|----------------|
|                            | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Admission Income           | -                            | 25,939         | -                            | 24,144         |
| Retail and Catering Income | 156                          | 21,220         | 246                          | 19,678         |
| Membership Income          | 91                           | 31,156         | 134                          | 27,698         |
| Other Earned Income        | 1,016                        | 6,908          | 692                          | 5,777          |
| <b>Total Earned Income</b> | <b>1,263</b>                 | <b>85,223</b>  | <b>1,072</b>                 | <b>77,297</b>  |

## 3 Other Operating Income

|                                     | 2016-2017                    |                | 2015-2016                    |                |
|-------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                     | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| <b>Grants Receivable</b>            |                              |                |                              |                |
| European Union                      | 127                          | 127            | 683                          | 704            |
| Heritage Lottery Fund               | 5                            | 781            | 155                          | 373            |
| Other                               | 77                           | 626            | 596                          | 798            |
| <b>Total Grants Receivable</b>      | <b>209</b>                   | <b>1,534</b>   | <b>1,434</b>                 | <b>1,875</b>   |
| Transfer (to)/from Capital Reserves | -                            | -              | -                            | 41             |
| <b>Total Grants</b>                 | <b>209</b>                   | <b>1,534</b>   | <b>1,434</b>                 | <b>1,916</b>   |
| Donations                           | 51                           | 2,379          | -                            | 2,062          |
| Shared Service Income               | 11,811                       | 646            | 10,924                       | -              |
| Other Operating Income              | 398                          | 882            | 9                            | 105            |
| <b>Total Other Operating Income</b> | <b>12,469</b>                | <b>5,441</b>   | <b>12,367</b>                | <b>4,083</b>   |

## 4 Investment Income

|                                | 2016-2017                    |                | 2015-2016                    |                |
|--------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Interest Receivable            | -                            | 48             | -                            | 136            |
| <b>Total Investment Income</b> | <b>-</b>                     | <b>48</b>      | <b>-</b>                     | <b>136</b>     |

## 5 Grants

|                             | 2016-2017                    |                | 2015-2016                    |                |
|-----------------------------|------------------------------|----------------|------------------------------|----------------|
|                             | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Buildings and Monuments     | 10,208                       | 10,165         | 9,976                        | 9,976          |
| Conservation Areas          | 226                          | 226            | 545                          | 545            |
| Other Places of Worship     | -                            | -              | 162                          | 162            |
| Historic Environment        | 4,860                        | 4,861          | 4,732                        | 4,734          |
| Other                       | 4,599                        | 4,863          | 3,987                        | 3,969          |
| <b>Total Grants Payable</b> | <b>19,893</b>                | <b>20,115</b>  | <b>19,402</b>                | <b>19,386</b>  |

## 6 Research Group

|                                   | 2016-2017                    |                | 2015-2016                    |                |
|-----------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                   | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Investigation and Analysis        | 5,734                        | 5,734          | 5,947                        | 5,947          |
| Strategic Planning and Management | 2,865                        | 2,865          | 2,599                        | 2,599          |
| <b>Total Research Group</b>       | <b>8,599</b>                 | <b>8,599</b>   | <b>8,546</b>                 | <b>8,546</b>   |

## 7 Listing Group

|                              | 2016-2017                    |                | 2015-2016                    |                |
|------------------------------|------------------------------|----------------|------------------------------|----------------|
|                              | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Listing                      | 2,850                        | 2,850          | 2,873                        | 2,873          |
| Listing Information Services | 1,180                        | 1,180          | 1,115                        | 1,115          |
| <b>Total Listing Group</b>   | <b>4,030</b>                 | <b>4,030</b>   | <b>3,988</b>                 | <b>3,988</b>   |

## 8 Planning Group

|                             | 2016-2017                    |                | 2015-2016                    |                |
|-----------------------------|------------------------------|----------------|------------------------------|----------------|
|                             | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Conservation                | 2,687                        | 2,687          | 2,764                        | 2,764          |
| Planning                    | 16,154                       | 16,154         | 17,233                       | 17,233         |
| <b>Total Planning Group</b> | <b>18,841</b>                | <b>18,841</b>  | <b>19,997</b>                | <b>19,997</b>  |

## 9 Engagement Group

|                               | 2016-2017                    |                | 2015-2016 <i>Restated</i>    |                |
|-------------------------------|------------------------------|----------------|------------------------------|----------------|
|                               | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Archive                       | 1,716                        | 1,716          | 1,930                        | 1,930          |
| Government Advice             | 2,034                        | 2,034          | 2,173                        | 2,173          |
| Governance and Legal          | 1,771                        | 1,771          | 1,808                        | 1,808          |
| Publishing and Other          | 902                          | 902            | 1,019                        | 1,019          |
| <b>Total Engagement Group</b> | <b>6,423</b>                 | <b>6,423</b>   | <b>6,930</b>                 | <b>6,930</b>   |

The 2015-2016 figure has been restated to reflect amendments to the composition of the organisational structure during the year.

## 10 Communications Group

|                                   | 2016-2017                    |                | 2015-2016 <i>Restated</i>    |                |
|-----------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                   | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Communications and Marketing      | 1,506                        | 1,506          | 1,440                        | 1,440          |
| Digital                           | 568                          | 568            | 410                          | 410            |
| Internal Communications           | 174                          | 174            | 288                          | 288            |
| Fundraising                       | 130                          | 130            | -                            | -              |
| <b>Total Communications Group</b> | <b>2,378</b>                 | <b>2,378</b>   | <b>2,138</b>                 | <b>2,138</b>   |

The 2015-2016 figure has been restated to reflect amendments to the composition of the organisational structure during the year.

## 11 Corporate and Support Services

|   | 2016-2017                    |                | 2015-2016 <i>Restated</i>    |                |
|---|------------------------------|----------------|------------------------------|----------------|
|   | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Finance                                     | 3,013                        | 3,013          | 2,429                        | 2,409          |
| Information Systems                         | 10,403                       | 10,403         | 10,833                       | 10,683         |
| Human Resources                             | 1,793                        | 1,793          | 1,808                        | 1,808          |
| Office Costs                                | 8,320                        | 8,320          | 7,620                        | 7,620          |
| Other Corporate                             | 1,334                        | 1,334          | 52                           | 107            |
| <b>Total Corporate and Support Services</b> | <b>24,863</b>                | <b>24,863</b>  | <b>22,742</b>                | <b>22,627</b>  |

The 2015-2016 figure has been restated to reflect amendments to the composition of the organisational structure during the year.

## 12 The English Heritage Trust

|                                     | 2016-2017                    |                | 2015-2016                    |                |
|-------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                     | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| The English Heritage Trust          | -                            | 96,592         | -                            | 88,421         |
| Subsidy and Service Level Agreement | 14,669                       | -              | 15,755                       | -              |
| <b>Total English Heritage Trust</b> | <b>14,669</b>                | <b>96,592</b>  | <b>15,755</b>                | <b>88,421</b>  |

The English Heritage Trust expenditure represents the costs incurred by English Heritage which have been consolidated into the group accounts. The Subsidy and Service Level Agreement expenditure represents the costs incurred by Historic England in respect of payments made to English Heritage for these two purposes.

## 13 Exceptional Non-Operating Gain/(Loss)

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

This transaction was completed via means of a 'Transfer by Absorption'. This is an accounting mechanism dictated by the Government FRoM which Historic England is obliged to follow.

The effect of this transaction is to create a balancing entry in the Statement of Comprehensive Net Expenditure to represent the net impact of the transfer of assets and liabilities. The effect of this transaction on the 2015-16 accounts of Historic England are shown below.

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

## 14 Taxation

Historic England enjoys the status of a charity for taxation purposes. No taxation liability is expected on its operations for the year ended 31 March 2017 (2016: nil). The English Heritage Trust, as a registered charity, is entitled to certain tax exemptions on income and surpluses on any trading activities carried out in furtherance of the Charity's primary objectives.

English Heritage Trading Limited transferred all of its distributable profits for the year ended 31 March 2017 (2016: all) to The English Heritage Trust under the Gift Aid rules. Hence, it suffered nil taxation charge (2016: nil) as it had no taxable profits.



## 15 Auditor's Fees

|   | 2016-2017<br>£'000 | 2015-2016<br>£'000 |
|---|--------------------|--------------------|
| Auditor's remuneration and expenses for statutory audit work: |                    |                    |
| Historic England  | 62                 | 68                 |
| The English Heritage Trust                                    | 63                 | 72                 |
| English Heritage Trading Limited                              | 11                 | 12                 |
| <b>Total Auditor's Fees</b>                                   | <b>136</b>         | <b>152</b>         |

During the year Historic England has not purchased any non-audit services from its auditor, the National Audit Office (2016: nil).

## 16 Related Party Transactions and Connected Bodies

### Connected Bodies

Historic England is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. There were material transactions with DCMS in respect of the receipt of Grant in Aid, staff secondments and finance shared service provision.

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

|                             |                    |
|-----------------------------|--------------------|
| Churches Conservation Trust | VisitBritain       |
| Imperial War Museum         | The Theatres Trust |

During the year Historic England had material transactions with the following government departments and central government bodies:

|  |                         |
|--|-------------------------|
| Cabinet Office                                     | Natural England         |
| Department for Environment, Food and Rural Affairs | Valuation Office Agency |
| Department for Transport                           | The Forestry Commission |

### Material Transactions with Related Party Interests

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

#### Commissioners

- Sir Laurie Magnus, Chair of Historic England, is a member of the Investment Panel of the National Heritage Memorial Fund which made payments of £3,465 for advice.
- Mr Michael Morrison is a Partner at Purcell which made payments of £144 for reproduction fees. They were also in receipt of £46,290 for architects' services.
- Professor Mike Fulford is Vice President of The Society for the Promotion of Roman Studies which was in receipt of £14,730 in respect of grants.
- Ms Sally Balcombe is the Chief Executive of VisitBritain which was in receipt of payments of £12,000 for research services. Ms Balcombe is also a governor at the Museum of London, which made payments totalling £1,010 for educational services. It was also in receipt of £6,000 in respect of grants, £220 for speaker fees and £900 for reproduction services.
- Ms Rosemarie MacQueen is a trustee of the Georgian Group which received £42,749 in grant payments and £40 in subscriptions.
- Mr Neil Mendoza is Chairman of The Landmark Trust which received grant payments totalling £3,500.
- Baroness Young of Hornsey is a trustee of Somerset House which made payments of £91,990 for refund of exhibition fees. It was also in receipt of £940 in respect of conference fees.

#### Senior Staff

- Mr Duncan Wilson is a trustee of The Churches Conservation Trust which was in receipt of £53,649 in respect of grants. It also made payments of £4,670 in respect of rent.
- Mr Andrew Brown, Planning and Conservation Director, is a Cultural Transformation Board Member for Kent County Council which received £41,970 in grant payments.

- The partner of Mr Chris Smith, Director of Planning, is the Honorary Chair of the Chartered Institute for Archaeologists (CIfA), which received £11,885 in subscription fees and also £129,150 in respect of grant payments.
- Mrs Meryl Hayward, Director of Finance, HR & IMT, is a Non-Executive Audit Committee Member of the Economic & Social Research Council which received payments of £20,144 for programme contributions.

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

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

## 17 Employees

### a) Employee Numbers

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

|                                | Historic England     |                      |            | Group        | Historic England | Group        |
|--------------------------------|----------------------|----------------------|------------|--------------|------------------|--------------|
|                                | 2016-2017            |                      |            | 2016-2017    | 2015-2016        | 2015-2016    |
|                                | Permanently Employed | Fixed Term Contracts | Total      | Total        | Total            | Total        |
| The English Heritage Trust     | –                    | –                    | –          | 1,109        | –                | 1,165        |
| Research                       | 130                  | 9                    | 139        | 139          | 147              | 147          |
| Listing                        | 81                   | 5                    | 86         | 86           | 84               | 84           |
| Planning                       | 295                  | 21                   | 316        | 316          | 313              | 313          |
| Engagement                     | 87                   | 16                   | 103        | 103          | 134              | 134          |
| Communications                 | 27                   | 3                    | 30         | 30           | –                | –            |
| Corporate and Support Services | 162                  | 24                   | 187        | 187          | 200              | 200          |
| <b>Total Employee Numbers</b>  | <b>782</b>           | <b>78</b>            | <b>860</b> | <b>1,969</b> | <b>878</b>       | <b>2,043</b> |

Included within the Historic England permanently employed figures above are four staff who have been engaged on capital projects (2016: three).

During the year, Historic England employed eight agency staff (2016: 11), including one who has been engaged on capital projects (2016: two).

### b) Employee Costs

|   | 2016-2017                 |                | 2015-2016                 |                |
|---|---------------------------|----------------|---------------------------|----------------|
|   | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| Wages and Salaries                                | 30,569                    | 60,675         | 31,645                    | 59,037         |
| Social Security Costs                             | 3,027                     | 5,290          | 2,423                     | 4,030          |
| Pension Costs                                     | 6,217                     | 10,425         | 6,450                     | 10,671         |
| Redundancy and Severance Costs                    | 963                       | 988            | 2,654                     | 2,689          |
| Agency Staff Costs                                | 396                       | 1,348          | 562                       | 1,542          |
| <b>Sub Total</b>                                  | <b>41,172</b>             | <b>78,726</b>  | <b>43,734</b>             | <b>77,969</b>  |
| Less Recoveries in Respect of Outward Secondments | (292)                     | (292)          | (262)                     | (262)          |
| <b>Total Employee Costs</b>                       | <b>40,880</b>             | <b>78,434</b>  | <b>43,472</b>             | <b>77,707</b>  |

Included within the above costs for Historic England are £267,000 wages and salaries costs (2016: £99,000), £25,000 social security costs (2016: £7,000) and £54,000 pension costs (2016: £20,000) that have been capitalised within Non-Current Assets (notes 18 to 20). There are nil redundancy and severance costs (2015: £nil) and £43,000 agency staff costs (2016: £72,000) that have been capitalised.

Included within the above costs for the Historic England Group are £922,000 wages and salaries costs (2016: £402,000), £86,000 social security costs (2016: £33,000) and £124,000 pension costs (2016: £55,000) that have been capitalised within Non-Current Assets.

## 18 Intangibles

|   | Software<br>Licences<br>£'000 | Systems<br>Development<br>£'000 | Goodwill<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---|-------------------------------|---------------------------------|-------------------|---------------------------------------|----------------|
| <b>Group</b>                            |                               |                                 |                   |                                       |                |
| <b>Cost or Valuation</b>                |                               |                                 |                   |                                       |                |
| At 1 April 2016                         | 2,318                         | 10,262                          | -                 | 214                                   | 12,794         |
| Additions                               | 74                            | 251                             | -                 | 511                                   | 836            |
| Disposals                               | (23)                          | (46)                            | -                 | -                                     | (69)           |
| Reclassifications                       | -                             | 180                             | -                 | (180)                                 | -              |
| Revaluations                            | 139                           | 617                             | -                 | 21                                    | 777            |
| <b>At 31 March 2017</b>                 | <b>2,508</b>                  | <b>11,264</b>                   | <b>-</b>          | <b>566</b>                            | <b>14,338</b>  |
| <b>Amortisation</b>                     |                               |                                 |                   |                                       |                |
| At 1 April 2016                         | 1,679                         | 8,152                           | -                 | -                                     | 9,831          |
| Charged in Year                         | 223                           | 686                             | -                 | -                                     | 909            |
| Disposals                               | (23)                          | (46)                            | -                 | -                                     | (69)           |
| Revaluations                            | 111                           | 526                             | -                 | -                                     | 637            |
| <b>At 31 March 2017</b>                 | <b>1,990</b>                  | <b>9,318</b>                    | <b>-</b>          | <b>-</b>                              | <b>11,308</b>  |
| Carrying Amount at 31 March 2016        | 639                           | 2,110                           | -                 | 214                                   | 2,963          |
| <b>Carrying Amount at 31 March 2017</b> | <b>518</b>                    | <b>1,946</b>                    | <b>-</b>          | <b>566</b>                            | <b>3,030</b>   |

All intangible assets are owned outright (2016: all).

|   | Software<br>Licences<br>£'000 | Systems<br>Development<br>£'000 | Goodwill<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---|-------------------------------|---------------------------------|-------------------|---------------------------------------|----------------|
| <b>Historic England</b>                 |                               |                                 |                   |                                       |                |
| <b>Cost or Valuation</b>                |                               |                                 |                   |                                       |                |
| At 1 April 2016                         | 1,150                         | 9,056                           | -                 | 126                                   | 10,332         |
| Additions                               | 42                            | 251                             | -                 | 377                                   | 670            |
| Disposals                               | (23)                          | (46)                            | -                 | -                                     | (69)           |
| Reclassifications                       | -                             | 25                              | -                 | (25)                                  | -              |
| Revaluations                            | 68                            | 545                             | -                 | -                                     | 613            |
| <b>At 31 March 2017</b>                 | <b>1,237</b>                  | <b>9,831</b>                    | <b>-</b>          | <b>478</b>                            | <b>11,546</b>  |
| <b>Amortisation</b>                     |                               |                                 |                   |                                       |                |
| At 1 April 2016                         | 1,060                         | 7,472                           | -                 | -                                     | 8,532          |
| Charged in Year                         | 65                            | 600                             | -                 | -                                     | 665            |
| Disposals                               | (23)                          | (46)                            | -                 | -                                     | (69)           |
| Revaluations                            | 65                            | 480                             | -                 | -                                     | 545            |
| <b>At 31 March 2017</b>                 | <b>1,167</b>                  | <b>8,506</b>                    | <b>-</b>          | <b>-</b>                              | <b>9,673</b>   |
| Carrying Amount at 31 March 2016        | 90                            | 1,584                           | -                 | 126                                   | 1,800          |
| <b>Carrying Amount at 31 March 2017</b> | <b>70</b>                     | <b>1,325</b>                    | <b>-</b>          | <b>478</b>                            | <b>1,873</b>   |

All intangible assets are owned outright (2016: all).

18 Intangibles *continued*

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

All intangible assets are owned outright (2016: all).

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

All intangible assets are owned outright (2016: all).

## 19 Property, Plant & Equipment

| Group                                       | Operational<br>Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Plant &<br>Machinery<br>£'000 | Information<br>Systems<br>£'000 | Furniture &<br>Fittings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---|---|--------------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|
| <b>Cost or Valuation</b>                    |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2016                             | 109,548                                     | 2,437              | 17,927                        | 7,033                           | 7,082                            | 3,272                                 | <b>147,299</b> |
| Additions                                   | 514   | -                  | 391                           | -                               | 32                               | 6,858                                 | <b>7,795</b>   |
| Disposals                                   | (157)                                       | -                  | (243)                         | (642)                           | (693)                            | -                                     | <b>(1,735)</b> |
| Impairments                                 | (131)                                       | -                  | (66)                          | -                               | -                                | -                                     | <b>(197)</b>   |
| Reclassifications                           | 3,743                                       | 217                | 66                            | -                               | 427                              | (4,453)                               | <b>-</b>       |
| Revaluations                                | 4,957                                       | 120                | 108                           | 390                             | (2)                              | 31                                    | <b>5,604</b>   |
| <b>At 31 March 2017</b>                     | <b>118,474</b>                              | <b>2,774</b>       | <b>18,183</b>                 | <b>6,781</b>                    | <b>6,846</b>                     | <b>5,708</b>                          | <b>158,766</b> |
| <b>Depreciation</b>                         |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2016                             | 23,900                                      | 301                | 10,404                        | 4,856                           | 4,578                            | -                                     | <b>44,039</b>  |
| Charged in Year                             | 4,198                                       | 171                | 1,328                         | 808                             | 486                              | -                                     | <b>6,991</b>   |
| Disposals                                   | (116)                                       | -                  | (228)                         | (642)                           | (693)                            | -                                     | <b>(1,679)</b> |
| Impairments                                 | -   | -                  | (8)                           | -                               | -                                | -                                     | <b>(8)</b>     |
| Revaluations                                | 1,011                                       | 18                 | 54                            | 293                             | (4)                              | -                                     | <b>1,372</b>   |
| <b>At 31 March 2017</b>                     | <b>28,993</b>                               | <b>490</b>         | <b>11,550</b>                 | <b>5,315</b>                    | <b>4,367</b>                     | <b>-</b>                              | <b>50,715</b>  |
| Carrying Amount<br>at 31 March 2016         | 85,648                                      | 2,136              | 7,523                         | 2,177                           | 2,504                            | 3,272                                 | <b>103,260</b> |
| <b>Carrying Amount<br/>at 31 March 2017</b> | <b>89,481</b>                               | <b>2,284</b>       | <b>6,633</b>                  | <b>1,466</b>                    | <b>2,479</b>                     | <b>5,708</b>                          | <b>108,051</b> |

19 Property, Plant & Equipment *continued*

|   | Operational<br>Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Plant &<br>Machinery<br>£'000 | Information<br>Systems<br>£'000 | Furniture &<br>Fittings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---|---|--------------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|
| <b>Historic England</b>                     |   |                    |                               |                                 |                                  |                                       |                |
| <b>Cost or Valuation</b>                    |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2016                             | 107,348                                     | 2,437              | 15,077                        | 6,732                           | 6,372                            | 254                                   | 138,220        |
| Additions                                   | -   | -                  | 179                           | -                               | -                                | 727                                   | 906            |
| Disposals                                   | (157)                                       | -                  | (217)                         | (642)                           | (693)                            | -                                     | (1,709)        |
| Transferred by<br>Absorption                | -   | -                  | 65                            | -                               | -                                | -                                     | 65             |
| Impairments                                 | (131)                                       | -                  | (45)                          | -                               | -                                | -                                     | (176)          |
| Reclassifications                           | 283   | 5                  | -                             | -                               | (2)                              | (286)                                 | -              |
| Revaluations                                | 4,868                                       | 120                | 93                            | 365                             | 5                                | 31                                    | 5,482          |
| <b>At 31 March 2017</b>                     | <b>112,211</b>                              | <b>2,562</b>       | <b>15,152</b>                 | <b>6,455</b>                    | <b>5,682</b>                     | <b>726</b>                            | <b>142,788</b> |
| <b>Depreciation</b>                         |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2016                             | 23,748                                      | 301                | 9,034                         | 4,683                           | 4,097                            | -                                     | 41,863         |
| Charged in Year                             | 3,866                                       | 165                | 868                           | 774                             | 395                              | -                                     | 6,068          |
| Disposals                                   | (116)                                       | -                  | (202)                         | (642)                           | (693)                            | -                                     | (1,653)        |
| Transferred by<br>Absorption                | -   | -                  | 48                            | -                               | -                                | -                                     | 48             |
| Revaluations                                | 1,004                                       | 18                 | 44                            | 281                             | -                                | -                                     | 1,347          |
| <b>At 31 March 2017</b>                     | <b>28,502</b>                               | <b>484</b>         | <b>9,792</b>                  | <b>5,096</b>                    | <b>3,799</b>                     | <b>-</b>                              | <b>47,673</b>  |
| Carrying Amount<br>at 31 March 2016         | 83,600                                      | 2,136              | 6,043                         | 2,049                           | 2,275                            | 254                                   | 96,357         |
| <b>Carrying Amount<br/>at 31 March 2017</b> | <b>83,709</b>                               | <b>2,078</b>       | <b>5,360</b>                  | <b>1,359</b>                    | <b>1,883</b>                     | <b>726</b>                            | <b>95,115</b>  |

Capital expenditure contracted for as at 31 March 2017 but not provided for in the financial statements amounted to £1,266,000 for Historic England (2016: £106,000) and £4,349,000 for the group (2016: £1,521,000). Those commitments relating to tangible non-current assets amounted to £1,060,000 for Historic England (2016: £10,000) and £4,113,000 for the group (2016: £1,420,000) and those relating to intangible non-current assets amounted to £206,000 for Historic England (2016: £96,000) and £235,000 for the group (2016: £101,000).

Total Non-Current Asset acquisitions in the year to the fair value of £812,000 were funded by government grant (2016: £3,332,000), £nil by non-government grant (2016: £57,000), £nil by donations (2016: £nil), £29,000 by asset sale proceeds (2016: £9,000), £nil by lottery funding (2016: £13,000) and £65,000 transferred from English Heritage (2016: £nil).

In accordance with the 'Property Licence and Operating Agreement', operating assets with a total net book value of £3,067,000 were disposed of and transferred to English Heritage's ownership on 1 April 2015.

The transfers from Assets Under Construction to other Non-Current Asset categories represent Assets Under Construction which were started in previous years and have been completed in the year. These include the Tintagel Visitor Improvement Project.

Historic England's obligations under finance leases (note 29) are secured by the lessors' title to the leased assets, which have a carrying value of £7,835,000 (2016: £7,637,000) within land and buildings excluding dwellings. All other property, plant & equipment is either under guardianship of or owned outright by Historic England (2016: all).

|   | Operational<br>Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Plant &<br>Machinery<br>£'000 | Information<br>Systems<br>£'000 | Furniture &<br>Fittings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---|---|--------------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|
| <b>Group</b>                                |   |                    |                               |                                 |                                  |                                       |                |
| <b>Cost or Valuation</b>                    |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 114,858                                     | 3,365              | 16,655                        | 5,791                           | 5,601                            | 2,820                                 | 149,090        |
| Additions                                   | 2,271                                       | –                  | 760                           | –                               | 193                              | 3,023                                 | 6,247          |
| Disposals                                   | (474)                                       | –                  | (321)                         | (409)                           | –                                | –                                     | (1,204)        |
| Impairments                                 | (1,569)                                     | –                  | (734)                         | –                               | –                                | –                                     | (2,303)        |
| Reclassifications                           | (728)                                       | (717)              | 1,440                         | 1,604                           | 1,234                            | (2,571)                               | 262            |
| Revaluations                                | (4,810)                                     | (211)              | 127                           | 47                              | 54                               | –                                     | (4,793)        |
| <b>At 31 March 2016</b>                     | <b>109,548</b>                              | <b>2,437</b>       | <b>17,927</b>                 | <b>7,033</b>                    | <b>7,082</b>                     | <b>3,272</b>                          | <b>147,299</b> |
| <b>Depreciation</b>                         |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 33,967                                      | 1,531              | 9,548                         | 4,426                           | 3,845                            | –                                     | 53,317         |
| Charged in Year                             | 4,442                                       | 47                 | 1,412                         | 798                             | 414                              | –                                     | 7,113          |
| Disposals                                   | (408)                                       | –                  | (311)                         | (409)                           | –                                | –                                     | (1,128)        |
| Impairments                                 | (129)                                       | –                  | (593)                         | –                               | –                                | –                                     | (722)          |
| Reclassifications                           | (91)  | (476)              | 264                           | 1                               | 302                              | –                                     | –              |
| Revaluations                                | (13,881)                                    | (801)              | 84                            | 40                              | 17                               | –                                     | (14,541)       |
| <b>At 31 March 2016</b>                     | <b>23,900</b>                               | <b>301</b>         | <b>10,404</b>                 | <b>4,856</b>                    | <b>4,578</b>                     | <b>–</b>                              | <b>44,039</b>  |
| Carrying Amount<br>at 31 March 2015         | 80,891                                      | 1,834              | 7,107                         | 1,365                           | 1,756                            | 2,820                                 | 95,773         |
| <b>Carrying Amount<br/>at 31 March 2016</b> | <b>85,648</b>                               | <b>2,136</b>       | <b>7,523</b>                  | <b>2,177</b>                    | <b>2,504</b>                     | <b>3,272</b>                          | <b>103,260</b> |
| <b>Historic England</b>                     |   |                    |                               |                                 |                                  |                                       |                |
| <b>Cost or Valuation</b>                    |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 114,858                                     | 3,365              | 16,655                        | 5,791                           | 5,601                            | 2,820                                 | 149,090        |
| Additions                                   | 167   | –                  | 292                           | 6                               | –                                | –                                     | 465            |
| Disposals                                   | (434)                                       | –                  | (275)                         | (188)                           | –                                | –                                     | (897)          |
| Transferred by<br>Absorption                | (88)  | –                  | (3,087)                       | (526)                           | (514)                            | –                                     | (4,215)        |
| Impairments                                 | (1,569)                                     | –                  | (7)                           | –                               | –                                | –                                     | (1,576)        |
| Reclassifications                           | (773)                                       | (717)              | 1,440                         | 1,604                           | 1,234                            | (2,566)                               | 222            |
| Revaluations                                | (4,813)                                     | (211)              | 59                            | 45                              | 51                               | –                                     | (4,869)        |
| <b>At 31 March 2016</b>                     | <b>107,348</b>                              | <b>2,437</b>       | <b>15,077</b>                 | <b>6,732</b>                    | <b>6,372</b>                     | <b>254</b>                            | <b>138,220</b> |
| <b>Depreciation</b>                         |   |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 33,967                                      | 1,531              | 9,548                         | 4,426                           | 3,845                            | –                                     | 53,317         |
| Charged in Year                             | 4,330                                       | 47                 | 883                           | 769                             | 363                              | –                                     | 6,392          |
| Disposals                                   | (408)                                       | –                  | (281)                         | (183)                           | –                                | –                                     | (872)          |
| Transferred by<br>Absorption                | (33)  | –                  | (1,446)                       | (364)                           | (423)                            | –                                     | (2,266)        |
| Impairments                                 | (129)                                       | –                  | –                             | –                               | –                                | –                                     | (129)          |
| Reclassifications                           | (91)  | (476)              | 264                           | 1                               | 302                              | –                                     | –              |
| Revaluations                                | (13,888)                                    | (801)              | 66                            | 34                              | 10                               | –                                     | (14,579)       |
| <b>At 31 March 2016</b>                     | <b>23,748</b>                               | <b>301</b>         | <b>9,034</b>                  | <b>4,683</b>                    | <b>4,097</b>                     | <b>–</b>                              | <b>41,863</b>  |
| Carrying Amount<br>at 31 March 2015         | 80,891                                      | 1,834              | 7,107                         | 1,365                           | 1,756                            | 2,820                                 | 95,773         |
| <b>Carrying Amount<br/>at 31 March 2016</b> | <b>83,600</b>                               | <b>2,136</b>       | <b>6,043</b>                  | <b>2,049</b>                    | <b>2,275</b>                     | <b>254</b>                            | <b>96,357</b>  |

## 20 Heritage Assets

|   | Land & Buildings<br>£'000 | Dwellings<br>£'000 | Artefacts & Archives<br>£'000 | Assets Under Construction<br>£'000 | Total<br>£'000 |
|---|---------------------------|--------------------|-------------------------------|------------------------------------|----------------|
| <b>Group</b>                            |                           |                    |                               |                                    |                |
| <b>Cost or Valuation</b>                |                           |                    |                               |                                    |                |
| At 1 April 2016                         | 11,609                    | 6,257              | 8,165                         | 6,092                              | 32,123         |
| Revaluations                            | 6,019                     | 319                | –                             | 8,293                              | 14,631         |
| <b>Carrying Amount at 31 March 2017</b> | <b>17,628</b>             | <b>6,576</b>       | <b>8,165</b>                  | <b>14,385</b>                      | <b>46,754</b>  |
| At 1 April 2015                         | 16,955                    | –                  | 8,084                         | –                                  | 25,039         |
| Additions                               | –                         | –                  | 81                            | –                                  | 81             |
| Impairments                             | (315)                     | (97)               | –                             | –                                  | (412)          |
| Reclassifications                       | (5,888)                   | 5,381              | –                             | –                                  | (507)          |
| Revaluations                            | 857                       | 973                | –                             | 6,092                              | 7,922          |
| <b>Carrying Amount at 31 March 2016</b> | <b>11,609</b>             | <b>6,257</b>       | <b>8,165</b>                  | <b>6,092</b>                       | <b>32,123</b>  |
| <b>Historic England</b>                 |                           |                    |                               |                                    |                |
| <b>Cost or Valuation</b>                |                           |                    |                               |                                    |                |
| At 1 April 2016                         | 11,609                    | 6,257              | 8,084                         | 6,092                              | 32,042         |
| Revaluations                            | 6,019                     | 319                | –                             | 8,293                              | 14,631         |
| <b>Carrying Amount at 31 March 2017</b> | <b>17,628</b>             | <b>6,576</b>       | <b>8,084</b>                  | <b>14,385</b>                      | <b>46,673</b>  |
| At 1 April 2015                         | 16,955                    | –                  | 8,084                         | –                                  | 25,039         |
| Impairments                             | (315)                     | (97)               | –                             | –                                  | (412)          |
| Reclassifications                       | (5,888)                   | 5,381              | –                             | –                                  | (507)          |
| Revaluations                            | 857                       | 973                | –                             | 6,092                              | 7,922          |
| <b>Carrying Amount at 31 March 2016</b> | <b>11,609</b>             | <b>6,257</b>       | <b>8,084</b>                  | <b>6,092</b>                       | <b>32,042</b>  |

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

|  | 2017<br>£'000 | 2016<br>£'000 | 2015<br>£'000 | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Cost of Acquisition                            | –             | 71            | 640           | 1,006         | 969           |
| Value Acquired by Donation                     | –             | 10            | 15            | –             | –             |
| Revaluations/(Impairments) Recognised          | 8,293         | 6,092         | –             | (111)         | –             |
| Heritage Assets Charged to Expenditure in Year | 3             | 23            | 35            | 14            | –             |

Total expenditure of £3,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2017 (2016: £94,000). None of this expenditure was charged to the Statement of Financial Position (2016: £71,000) and £3,000 was charged to the Statement of Comprehensive Net Expenditure (2016: £23,000).

The group has recognised £8.293 million (2016: £6.092 million) of revaluations of heritage assets. This is part of the £80 million capital grant from government given to English Heritage.

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

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

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



## 21 Further Information on Heritage Assets

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

English Heritage manages the National Heritage Collection of over 400 historic properties throughout England providing a diverse portfolio that includes World Heritage Sites, industrial monuments, castles, historic houses, abbeys, forts, stone circles and a large part of Hadrian's Wall. They range from prehistoric ruins to the lavishly furnished Osborne House. In age they range from Neolithic burial chambers dating from 3500-2600BC to 20th century houses.

The National Heritage Collection is managed by English Heritage under the 'Property Licence and Operating Agreement' which forms the arrangement under which English Heritage will care for and operate the National Heritage Collection.

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

### *Historic Artefacts*

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

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

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

Donated artefacts received during the year had a value of £nil (2016: £nil). There were no disposals of artefacts during the year, or in the previous year.

## 22 Conservation and Management

English Heritage is responsible for the conservation and maintenance of Historic England's estate and artefacts. The Estates Teams are responsible for the historic estate, and the Curatorial Department for artefacts.

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

Total group expenditure on site maintenance of £18,156,000 was incurred during the year ended 31 March 2017 (2016: £15,285,000). Further information is provided in the separate publication Conservation Principles, Policies and Guidance, which is now located on the Historic England website. This sets out the framework within which historic estates are managed as well as the thinking that guides Historic England's advice to others. Further information in relation to the work of English Heritage can be found on the website [www.english-heritage.org.uk](http://www.english-heritage.org.uk)

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

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

## 23 Current Assets Investments

|                         | 2017                      |                | 2016                      |                |
|-------------------------|---------------------------|----------------|---------------------------|----------------|
|                         | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| At 1 April              | -                         | 1,217          | -                         | -              |
| New Investments in Year | -                         | 23             | -                         | 1,217          |
| <b>At 31 March</b>      | <b>-</b>                  | <b>1,240</b>   | <b>-</b>                  | <b>1,217</b>   |

All current asset investments were held in notice accounts in the UK.

## 24 Inventories

|             | 2017                      |                | 2016                      |                |
|-------------|---------------------------|----------------|---------------------------|----------------|
|             | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| Inventories | 169                       | 6,585          | 216                       | 6,732          |

Inventories for the Group are stated after write offs in the year of £175,000 (2016: £124,000). For Historic England, inventories are stated after write offs in the year of £5,000 (2016: £nil). Provisions for the year are £30,000 in Historic England and £92,000 in the group (2016: £188,000 and £138,000 respectively).

## 25 Trade and Other Receivables

|  | 2017                      |                | 2016                      |                |
|--|---------------------------|----------------|---------------------------|----------------|
|  | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| Trade Receivables                        | 472                       | 2,021          | 323                       | 1,585          |
| Value Added Tax                          | 1,496                     | 3,601          | 868                       | 1,992          |
| Prepayments and Accrued Income           | 3,174                     | 4,856          | 2,948                     | 4,008          |
| Other Receivables                        | 160                       | 1,050          | 222                       | 1,932          |
| Amount owed by Subsidiary Undertaking    | 59                        | -              | -                         | -              |
| <b>Total Trade and Other Receivables</b> | <b>5,361</b>              | <b>11,528</b>  | <b>4,361</b>              | <b>9,517</b>   |

## 26 Assets Classified as Held for Sale

|                      | 2017                         |                | 2016                         |                |
|----------------------|------------------------------|----------------|------------------------------|----------------|
|                      | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Assets Held for Sale | 40                           | 40             | 40                           | 40             |

The asset classified as held for sale at 31 March 2016 and 31 March 2017 is land at Birdoswald. The asset is held at the lower of the carrying amount and the fair value less costs to sell.

## 27 Cash and Cash Equivalents

|  | 2017<br>£'000 | 2016<br>£'000 |
|--|---------------|---------------|
| <b>Group</b>                                       |               |               |
| <b>Balance at 1 April</b>                          | 80,219        | 87,272        |
| Net Change in Cash and Cash Equivalents Balances   | (13,186)      | (7,053)       |
| <b>Balance at 31 March</b>                         | <b>67,033</b> | <b>80,219</b> |
| The following balances at 31 March were held with: |               |               |
| <b>Cash</b>  |               |               |
| Government Banking Service                         | 56,242        | 73,085        |
| Commercial Banks                                   | 10,791        | 7,134         |
|  | <b>67,033</b> | <b>80,219</b> |
| <b>Cash Equivalents</b>                            |               |               |
| Commercial Banks                                   | -             | -             |
| <b>Balance at 31 March</b>                         | <b>67,033</b> | <b>80,219</b> |
| <b>Historic England</b>                            |               |               |
| <b>Balance at 1 April</b>                          | <b>761</b>    | 4,058         |
| Net Change in Cash and Cash Equivalents Balances   | (696)         | (3,297)       |
| <b>Balance at 31 March</b>                         | <b>65</b>     | <b>761</b>    |
| The following balances at 31 March were held with: |               |               |
| <b>Cash</b>  |               |               |
| Government Banking Service                         | (99)          | 585           |
| Commercial Banks                                   | 164           | 176           |
|  | <b>65</b>     | <b>761</b>    |
| <b>Cash Equivalents</b>                            |               |               |
| Commercial Banks                                   | -             | -             |
| <b>Balance at 31 March</b>                         | <b>65</b>     | <b>761</b>    |

## 28 Financial Instruments

As Historic England has a Management Agreement with DCMS, it is not exposed to the degree of financial risk normally faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which International Financial Reporting Standard (IFRS) 7 mainly applies.

Historic England has no powers to borrow and held no investments as at 31 March 2017.

The Historic England group subsidiaries have greater financial freedom, enabling them to utilise financial instruments more readily than Historic England.

Surplus funds within The English Heritage Trust are held on short-term (less than one year) fixed interest rate deposit with institutions with low risk credit ratings, classified as either cash and cash equivalents or current asset investments.

At 31 March 2017, The English Heritage Trust held short-term deposits with institutions with low risk credit ratings, amounting to £6,241,000 (2016: £1,217,000).

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

### a) Liquidity Risk

Owing to the nature of its funding and pattern of expenditure, Historic England and the group do not have any significant liquidity risk.

### b) Interest Rate Risk

Historic England and the group's long-term financial liabilities relate solely to provisions (note 32), none of which are interest bearing and are mainly due within 1 year. The only disclosable financial assets are cash and cash equivalents, current and non-current asset investments which are not exposed to significant interest rate risk.

### c) Currency Risk

All financial assets and liabilities are held in sterling.

### d) Valuation

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

### e) Financial Assets

Historic England held no financial assets classified as fixed term deposits at 31 March 2017 (2016: £nil). Current asset investments held by The English Heritage Trust at 31 March were as follows:

|   | Group<br>2017<br>£'000 | Group<br>2016<br>£'000 |
|---|------------------------|------------------------|
| Value as at 1 April                     | 1,217                  | -                      |
| Transfer from Cash and Cash Equivalents | 23                     | 1,217                  |
| <b>Value as at 31 March</b>             | <b>1,240</b>           | <b>1,217</b>           |

All investments were held in notice accounts in the UK.

## 29 Obligations Under Finance Leases

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

|   | 2017<br>£'000       | 2016<br>£'000       |
|---|---------------------|---------------------|
| <b>Historic England &amp; Group</b>   |                     |                     |
| <b>Obligations under finance leases for the following periods comprise:</b> |                     |                     |
| Land and Buildings  |                     |                     |
| Not later than one year   | 566                 | 566                 |
| Later than one year and not later than five years                           | 2,266               | 2,266               |
| Later than five years   | 20,389              | 20,956              |
|   | <u>23,221</u>       | <u>23,788</u>       |
| Less interest element   | (15,874)            | (16,416)            |
| <b>Present value of obligations</b>   | <b><u>7,347</u></b> | <b><u>7,372</u></b> |

Contingent rents are calculated as the increases in rental costs as a result of rent reviews. During the year £281,000 of contingent rents have been paid (2016: £281,000).

It is Historic England's policy to lease certain of its property, plant & equipment under finance leases. The Engine House building and the Historic England Archive facility lease transfers the risks and rewards of ownership to Historic England. The assets have been capitalised and are subject to the same revaluation policies as other property, plant and equipment, and are depreciated over the shorter of useful economic life or the lease period with the outstanding lease obligations (net of interest) shown in payables. Historic England's finance lease policy is disclosed in note 1p.

Net lease liabilities repayable within one year were £566,000 (2016: £566,000), in the second to fifth years inclusive £1,878,000 (2016: £1,878,000) and after five years £4,903,000 (2016: £4,928,000).

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

## 30 Trade Payables

|  | 2017                         |                      | 2016                         |                      |
|--|------------------------------|----------------------|------------------------------|----------------------|
|  | Historic<br>England<br>£'000 | Group<br>£'000       | Historic<br>England<br>£'000 | Group<br>£'000       |
| Trade Payables                           | 3,993                        | 14,970               | 3,508                        | 7,546                |
| Pensions, Income Tax and Social Security | 1,507                        | 1,411                | 1,456                        | 2,282                |
| Deferred Income                          | 311                          | 12,311               | 362                          | 11,593               |
| Accruals                                 | 8,633                        | 13,598               | 8,838                        | 19,973               |
| Other Payables                           | 172                          | 412                  | 267                          | 385                  |
| Amount Owed to Subsidiary Undertaking    | -                            | -                    | 87                           | -                    |
| <b>Total Trade and Other Payables</b>    | <b><u>14,616</u></b>         | <b><u>42,702</u></b> | <b><u>14,518</u></b>         | <b><u>41,779</u></b> |

## 31 Other Non-Current Payables

|                                   | 2017                         |                     | 2016                         |                     |
|-----------------------------------|------------------------------|---------------------|------------------------------|---------------------|
|                                   | Historic<br>England<br>£'000 | Group<br>£'000      | Historic<br>England<br>£'000 | Group<br>£'000      |
| Pensions                          | 246                          | 246                 | 221                          | 221                 |
| Deferred Income                   | -                            | 1,863               | -                            | 2,084               |
| <b>Other Non-Current Payables</b> | <b><u>246</u></b>            | <b><u>2,109</u></b> | <b><u>221</u></b>            | <b><u>2,305</u></b> |

## 32 Provisions

|                                 | Historic England                          |   |                | Group                                     |   |                |
|---------------------------------|---|---|----------------|---|---|----------------|
|                                 | Early Retirement & Restructuring<br>£'000 | Legal & Constructive Obligations<br>£'000 | Total<br>£'000 | Early Retirement & Restructuring<br>£'000 | Legal & Constructive Obligations<br>£'000 | Total<br>£'000 |
| <b>Balance at 1 April 2016</b>  | 307                                       | 47  | 354            | 307                                       | 59  | 366            |
| Provided in the Year            | -   | 10  | 10             | -   | 20  | 20             |
| Provisions Released in the Year | -   | (5)                                       | (5)            | -   | (7)                                       | (7)            |
| Provisions Utilised in the Year | (157)                                     | (29)                                      | (186)          | (157)                                     | (39)                                      | (196)          |
| <b>Balance at 31 March 2017</b> | <b>150</b>                                | <b>23</b>                                 | <b>173</b>     | <b>150</b>                                | <b>33</b>                                 | <b>183</b>     |
| Balance at 1 April 2015         | 531                                       | 95  | 626            | 531                                       | 95  | 626            |
| Provided in the Year            | 9   | 46  | 55             | 9   | 58  | 67             |
| Provisions Released in the Year | (43)                                      | (86)                                      | (129)          | (43)                                      | (86)                                      | (129)          |
| Provisions Utilised in the Year | (190)                                     | (8)                                       | (198)          | (190)                                     | (8)                                       | (198)          |
| <b>Balance at 31 March 2016</b> | <b>307</b>                                | <b>47</b>                                 | <b>354</b>     | <b>307</b>                                | <b>59</b>                                 | <b>366</b>     |

A provision with relation to early retirement costs is payable until the relevant individuals reach a pensionable age of 60. These are payable by monthly instalments to pensioners until 2019. Provisions are calculated based on third party information provided by pension scheme administrators.

Payments due after one year amount to £71,000 (2016: £152,000). Provisions relating to personal injury and other claims have been calculated based on the claim amount and the likelihood of payment.

Payment of the amount provided is likely to be incurred in the next financial year.

## 33 Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods, split between land and buildings and other.

|   | 2017                      |                | 2016                      |                |
|---|---------------------------|----------------|---------------------------|----------------|
|   | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| <b>Land and Buildings</b>                         |                           |                |                           |                |
| Not later than one year                           | 1,672                     | 2,791          | 2,232                     | 2,937          |
| Later than one year and not later than five years | 5,564                     | 9,759          | 2,952                     | 5,562          |
| Later than five years                             | 21,399                    | 37,626         | 14,252                    | 25,969         |
|   | <b>28,635</b>             | <b>50,176</b>  | <b>19,436</b>             | <b>34,468</b>  |
| <b>Other</b>                                      |                           |                |                           |                |
| Not later than one year                           | 47                        | 125            | 30                        | 79             |
| Later than one year and not later than five years | 79                        | 154            | 5                         | 41             |
| Later than five years                             | -                         | -              | -                         | -              |
| <b>Total Operating Lease Commitments</b>          | <b>28,761</b>             | <b>50,455</b>  | <b>19,471</b>             | <b>34,588</b>  |

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2017 payments under operating leases totalled £3,910,000 for Historic England (2016: £3,356,000) and £5,323,000 for the group (2016: £4,325,000).

## 34 Contingent Liabilities

Various outstanding claims existed at 31 March 2017. Provision has been made in the accounts for the year ended 31 March 2017 for those outstanding liabilities which will probably require settlement, and where the amount of the liability can be reliably estimated (note 32). £353,000 of contingent liabilities have been identified for the group as at 31 March 2017 (2016: £340,000) of which £203,000 (2016: £274,000) have been identified for Historic England, all relating to outstanding legal claims.

## 35 Contingent Assets

The English Heritage Trust is the residual beneficiary of a large estate for which probate was granted in 2014. £0.750 million of legacy income was recognised in 2015-16 but, as significant uncertainty exists around the measurement of the remainder of the estate, no further income has been recognised during 2016-17.

## 36 Subsidiary Undertakings

### a) The English Heritage Trust

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

HBMCE (trading as Historic England) is the sole member of The English Heritage Trust.

The English Heritage Trust is the sole shareholder of English Heritage Trading Limited, which was incorporated in 1994. The results of English Heritage Trading Limited have been consolidated into the results of The English Heritage Trust. The following results of The English Heritage Trust have been included in the consolidated results:

Further details of the transfers by absorption can be found in note 13.

|   | 2017<br>£'000  | 2016<br>£'000   |
|---|----------------|-----------------|
| <b>Incoming and Expended Resources</b>                  |                |                 |
| Total Income  | 102,995        | 95,411          |
| Total Expenditure                                       | (109,056)      | (106,058)       |
| <b>Net Expenditure for the Year</b>                     | <b>(6,061)</b> | <b>(10,647)</b> |
| <b>Reconciliation of Funds</b>                          |                |                 |
| Total Funds Brought Forward                             | 72,307         | 82,954          |
| Total Funds Carried Forward                             | <b>66,246</b>  | <b>72,307</b>   |
|   | 2017<br>£'000  | 2016<br>£'000   |
| <b>Net Assets as at 31 March</b>                        |                |                 |
| Non-Current Assets                                      | 14,175         | 8,152           |
| Current Assets  | 82,347         | 93,747          |
| Creditors: Amounts Falling Due Within One Year          | (28,403)       | (27,496)        |
| Creditors: Amounts Falling Due After More Than One Year | (1,873)        | (2,096)         |
| <b>Net Assets</b>                                       | <b>66,246</b>  | <b>72,307</b>   |
| Restricted  | 55,915         | 72,030          |
| Unrestricted  | 10,331         | 277             |
| <b>Funds</b>  | <b>66,246</b>  | <b>72,307</b>   |

### b) English Heritage Limited

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

c) **Historic England Limited**

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

d) **Historic England Foundation**

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Historic England is the sole member of The Historic England Foundation, a company established in 2017. The Historic England Foundation received £5,000 in grants during 2016-17 from Historic England and is not due to produce a set of financial statements until the period ending 31 March 2018.

e) **The Iveagh Bequest**

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The Commissioners of Historic England 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 Historic England.

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

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

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

## 37 Events After the Reporting Period

There were no reportable events between 31 March 2017 and the date the accounts were authorised for issue. The financial statements were authorised for issue on the date they were certified by the Comptroller and Auditor General.



# 5

## Donors, Sponsors and Contributors

# 5 Donors, Sponsors and Contributors

## Gifts and Donations

Historic England is very grateful to the organisations that have contributed to our activities during the year ended 31st March 2017. The following have given amounts of, or worth, £1,000 or more:

The Andrew Lloyd Webber Foundation  
Aon Estates Practice  
The Arts Society (formerly NADFAS)  
Ecclesiastical Insurance Group plc  
European Regional Development Fund  
Getty Conservation Institute  
Heritage Lottery Fund  
The Telegraph

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

# Historic England/ Offices

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