

Annexe 2: Allocation letter

Department for Culture, Media and Sport
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Secretary of State

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department for
culture, media
and sport

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Dear Sandy

COMPREHENSIVE SPENDING REVIEW 2007

As you know, the outcome of the Comprehensive Spending Review was announced on Tuesday, 9 October 2007. I am very grateful for the work that English Heritage has contributed over the past year towards the case we have made in this review. It enabled me to build a strong case for investment in heritage.

I am pleased to be able to allocate to EH the following additional amounts over 2008-11.

£ million	Resource GiA	Non Cash	Capital GiA	Total
2007-08 Baseline	£123.736	£3.927	£9.400	£137.063
2008-09	£124.736	£4.825	£4.000	£133.561
2009-10	£126.736	£5.971	£4.000	£136.707
2010-11	£130.736	£7.121	£4.400	£142.257

Further details of the English Heritage settlement are attached in the annexes to this letter. At Annex A I set out some of the key priorities that I see for the coming years of which the most significant is Heritage Protection Reform. You will see I outline my hopes for the ways in which we can make progress on these priorities. I am also attaching at Annex B our Departmental Strategic Objectives. We need to discuss with you the contribution that you can make towards these objectives, taking into account both the authoritative data from *Taking Part* on participation and any data you can offer which would complement *Taking Part*.

I hope we can move quickly to a position where your funding agreement is very brief, with as few performance targets as possible. In areas where the risk to delivery is relatively high we will need to make arrangements for slightly more intensive scrutiny, but the objective will be to manage those risks effectively so that eventually we can have a much more light-touch performance management regime across the piece.



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Department for Culture, Media and Sport

This allocation is a vote of confidence in you: I want it to provide a strong base from which you can continue to be a world class centre of expertise and enable the historic environment to be enjoyed by this and future generations. I hope that you will continue to champion with passion the importance of place in building communities, and to demonstrate the highest standards of scholarly, technical, interpretative and curatorial practice in the properties you run. In short, I want you to be truly excellent at what you do.

A handwritten signature in black ink, appearing to read 'James Purnell', with a large, stylized flourish at the end.

JAMES PURNELL

My priorities for EH in 2008-11, and further details of the settlement:

Heritage Protection Reform

We intend to publish the draft Heritage Protection Bill in Spring 2008. Looking ahead, I have been able to provide additional resource to allow English Heritage to deliver the proposed new system of heritage protection. English Heritage has a key role to play, both in ensuring that the people and systems are in place to implement HPR, and by leading the essential capacity building and training programme for Local Authorities.

Funding to Places of Worship

Places of worship make up a significant proportion of our historic buildings and play a key role in communities. Your own *Inspired!* campaign has made the case for further help. I should be grateful if you would consider what additional support English Heritage can offer to places of worship.

A Cultural Offer for Children and Young People

We announced in the Children's Plan on 12 December that we will work towards a position where no matter where they live, or what their background, all children and young people have the opportunities to get involved in top quality cultural opportunities in and out of school. We are working towards a five hour offer to match that for sport, giving young people the chance to develop as both informed spectators, participants and creators. It will involve all the agencies that support young people's involvement in cultural activities collaborating to provide a coherent cultural offer.

Cultural Olympiad

This is a high priority for DCMS and I look to English Heritage to make an appropriate contribution. I would like you to work with other organisations, including Heritage Link, the Architecture Centre Network and CABE, on producing a coherent programme of activities that will truly demonstrate our welcome to the world. It will also be important to ensure that Engaging Places is linked to this work and that it complements similar activity in the wider built environment sector connected to the Cultural Olympiad.

Regional Review

I would like to reduce the cost of our common regional infrastructure and increase its effectiveness through reviewing the regional presence of DCMS' NDPBs. I know that English Heritage will have a major contribution to make to this review. Co-operating with DCMS and our other NDPBs, I want you to ensure we make efficiency savings in the regional infrastructure across the DCMS family and to ensure a more effective cultural and heritage input into LAAs, Regional Economic Strategies and other local and regional programmes and priorities.

Sustainable Development

DCMS is committed to supporting sustainable development across its sectors. I would be grateful if you could consider how this commitment can be applied to your organisation and sponsored bodies.

Joint Research

The DCMS Capability review recommended that we improve our strategic research capability, and specifically that we establish a joint research budget with our sponsored bodies. Building on the success of *Taking Part* we plan to extend our collaborative arrangements for research by establishing a programme of joint strategic research involving DCMS, ACE, SE, EH, MLA and the RCCs. As with *Taking Part*, this work will be led by DCMS and developed with our partners, with the programme signed off by the DCMS Advisory Board. *Taking Part* will continue to provide an authoritative evidence base for our understanding of those who do and do not engage across the DCMS sectors and also crucial information to manage performance against DSOs and PSAs.

To continue *Taking Part* and develop a successful strategic research programme, DCMS will contribute £1.8m p.a. towards the total funding, with the remainder coming from the NDPBs. We need your help to make this work a success and would like your contribution to be at least £137,000 p.a. The funding for the whole research package will be drawn together in the same way as we have done for *Taking Part* and follow a similar governance approach. This does not cover any research work required to support the new indicators for Sport, Libraries, Museums, and the Arts which will form part of the Local Area Performance Framework. DCMS are scoping options for collecting this data in consultation with NDPBs. We will then work with NDPBs to determine a suitable model and funding package.

Value for Money and Administration Costs

I am pleased with the contribution you have made to the current Gershon efficiency programme. As you know, all programmes will be expected to generate 3% value for money (VfM) savings annually. Moreover, in common with DCMS itself, I would like you to reduce your administration costs by 5% in real terms each year, based on your administration spending in 2007-08. This will help drive out efficiencies and ensure that gains go towards delivery priorities.

VfM savings can come both from efficiency activities, designed to achieve the same or better outcomes for less money, and from reallocating money from less efficient areas to new priorities or more successful projects. All savings must be cashable.

DCMS officials contacted NDPBs in the summer to explain that they collectively would be asked to make £48/97/148 m savings across resource and capital and to ask that they start thinking about how they might individually make their share of the savings, and I am grateful for the work you have done on this to date.

The Department will be publishing its VfM Delivery Agreement in December. This will include high-level details of how DCMS (and hence NDPBs) will make the necessary savings, how these will be monitored, and any risks to delivery. As with the Efficiency Technical Note, published as part of SR04, it will enable public scrutiny of the savings made.

Capital and Non Cash Costs

Capital funding is provided on a one-off basis and there is no presumption that it will roll forward automatically in the baseline for the next Spending Review. As with previous settlements, capital funding cannot be vired into resource but resource can be vired into capital. Please advise DCMS officials of any proposed virements of this nature. Where this happens account will have to be taken of the non cash consequences.

Asset Management Strategies

The 2004 Lyons Review on Asset Management recommended that the Government adopts a more strategic approach to the management of the public sector asset stock. As a result, the Department is currently preparing its own Asset Management Strategy which will cover the three financial years of the CSR. This will be published on the DCMS internet by December 2007. To underpin this I will expect you to demonstrate that you also have in place an effective framework for good asset management consistent with the Lyons review and the principles set out in the Office of Government Commerce's work on High Performing property.

End Year Flexibility

The government recently introduced restrictions on our access to EYF reserves. It is unlikely that this restriction will be eased. To try and mitigate the impact of this the Department will use whatever flexibility it has to assist key projects. To enable us to do this we need to be advised early in the financial year of any potential underspend you may have as a result of programme slippage. Please ensure that your monthly forecast expenditure returns submitted to DCMS officials are as accurate as possible.

Improving our Framework for Engagement

As set out in Jonathan Stephens' recent letter to Chief Executives, and as agreed with our external advisory board, we are introducing some improvements to the sponsor relationship, in response to our Capability Review and to views expressed by NDPBs.

A first step will be the roll-out to the remaining NDPBs of the risk assessment process that you kindly piloted for us, followed by discussions with you about the new funding agreements, which we intend to streamline and simplify, in line with the risk assessments. We also plan to make further reductions to the current transactional workload where possible.

PSAs, DSOs and Local Authority indicators

As part of the announcement on the CSR, the Government has published its Public Service Agreements for 2008-11 as well as 198 local authority indicators to measure performance locally. We have also published our Departmental Strategic Objectives (DSOs), attached at Annex B. Of particular relevance to you are the DSOs on promoting opportunity and excellence, both of which are already at the heart of what you do, and on which I hope we can work closely in the future.

Department for Culture, Media and Sport

DCMS is co-ordinating Government delivery of the PSA on Olympics and PE & School Sport. We also contribute to a specific culture and sport participation indicator in the PSA on cohesive, empowered and active communities. There is also a close interest in the PSAs on young people on the path to success; child health; housing and sustainable communities; and equalities. PSA Delivery Agreements are on HMT's website.

I know that you have already had discussions with officials about these PSAs. Now that they are finalised, we will need to work with you to develop detailed plans relating to your role in helping to deliver them.

DCMS Departmental Strategic Objectives

1. Encourage more widespread enjoyment of culture, media and sport

DCMS will aim to widen opportunities for all to participate in cultural and sporting activities. This will include a focus on children and young people to ensure that they have the opportunity to participate in high quality cultural and sporting activities that contribute to their wider outcomes.

2. Support talent and excellence in culture, media and sport

DCMS will aim to create the conditions for excellence to flourish among top artists and sports stars, for example, by providing funding for elite athletes to enable them to concentrate on their sport. The Department will also champion the provision of top-class facilities and services, inspiring everyone - particularly young people - and helping them to realise their talents.

3. Realise the economic benefits of the department's sectors.

DCMS will aim to maximise the economic impact of its investment, improving value for money, taking full advantage of