



Llywodraeth Cymru  
Welsh Government

# Historic Wales — Cadw Workstream: Business Case for Change

October 2017



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Welsh Government

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# **Historic Wales — Cadw Workstream: Business Case for Change**

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October 2017

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“My one piece of advice? Focus on the problem you are trying to solve, not the solution.”

*Stakeholder*

## EXECUTIVE SUMMARY

This document sets out the business case for the future of Cadw, the Welsh Government's historic environment service, and offers a unique Welsh solution to providing leadership for the historic environment in Wales. That vision builds on the strengths of a small nation and the innovative possibilities of working within the Welsh Government to embed the historic environment within the economy, the environment and society in Wales.

The business case follows a request from Cabinet to develop a robust options appraisal for the future of Cadw to consider whether it would be more appropriately constituted as an executive agency or in another form such as a Welsh Government Sponsored Body. It looks at a range of options, including the status quo, and draws on the experiences of other organisations. The business case has seven sections.

**Section One** sets out the background to the business case, including an overview of issues raised in previous reviews of Cadw.

**Section Two** reviews the functions of Cadw as a baseline for the options appraisal and developing the case for change.

**Section Three** explores the drivers for change. Based on interviews with stakeholders and staff, it identifies things that are working well within the Welsh Government and areas where there might be potential business improvements that could help deliver more efficient and effective services.

**Section Four** reviews the experiences learned from the establishment of other organisations in Wales and other parts of the UK.

**Section Five** is an options appraisal that identifies the different options for Cadw using the Treasury Five Case Model.

**Section Six** sets out a vision for the new organisation, drawing on earlier analysis. It involves retaining Cadw within the Welsh Government, but addressing some of the operating challenges through a series of business improvements

**Section Seven** revisits the initial options appraisal in the light of the preferred model.

In summary, functional analysis shows that Cadw is unusual as it is in effect a 'medium-sized enterprise' operating within the Welsh Government. This is based on the size of its workforce (249 staff), the size of its budget (£14.3m revenue and £3.26m capital including, £8.75m of procured goods and services), the size of its property portfolio (129 properties, 29 of which are staffed) and the scope of its responsibilities (1.4m visitors to staffed properties alone, and a variety of functions from income generation through to regulation). It is the only part of the Welsh



Government that undertakes retail and catering, and shares common challenges with other parts of the Welsh Government that employs specialists.

Cadw is also unusual within the Welsh Government because it provides policy advice (including developing new legislation) and public services; it has a need for expertise from commercial skills through to specialist technical heritage skills, but also requires core civil service competencies in supporting the Welsh Ministers. It generates some commercial income, but also remains dependent upon the Welsh Government to support the £18m backlog of repairs to properties in care, and also to provide support to the historic environment across Wales.

The analysis of drivers for change shows that some aspects of the status quo work well — for example, Cadw was successful in working with teams across the Welsh Government to help deliver the new Historic Environment (Wales) Act 2016 last year, and commercial income is rising. However, there are also challenges — annualised budgets, the lack of a board structure and challenges in procuring conservation services, for example, can make it more complex to deliver services from within the Welsh Government.

A review of other organisations has identified a wide range of different structures for delivering services associated with the Welsh Government, including Welsh Government Sponsored Bodies, executive agencies and Teckal companies. There are some examples of structures that might enable Cadw to deliver some services more effectively. In relation to historic environment services, both England and Scotland have put in place reforms to historic environment bodies that deliver services at greater arm's length from government than is the case in Wales.

The options appraisal uses the Treasury Five Case Model to assess different options for Cadw. In relation to a new Welsh Government Sponsored Body, there is a good **strategic case** for some Cadw services to be delivered at greater arm's length from the Welsh Government, but an equally good strategic case for policy functions to remain within it. The **economic case** suggests that the non-quantifiable benefits of operating at greater distance from the Welsh Government need to be set against the marginal quantifiable benefits of generating more income.

The **commercial and financial** cases hinge on the affordability of creating a new organisation. In 2016 PwC indicated that if Cadw was set up as a separate executive agency there would be set-up costs of £1.3 to £3m and additional operating costs of £0.7m to £1.7m; or for the Welsh Government Sponsored Body option, set-up costs of £1.3m to £3.1m and additional operating costs of £1.1m to £1.9m. These figures took into account the likely additional income generated as a result of the change in status.

The **management case** is predicated on the achievability of creating a new organisation with major legislative and HR challenges at a time when the Welsh Government is facing other legislative issues, for example, relating to Brexit.

The option of splitting the functions of Cadw was also explored, but the relatively small size of Cadw in relation to the areas of responsibility and the number of shared functions (about 25 roles) would mean that a separate properties in care organisation would need to recreate roles that would still be needed within the Welsh Government.

Therefore this business case has sought to find ways to enable Cadw to function better and to respond to the very real issues raised in recent reviews and by stakeholders, including the need to generate more income and to work more effectively within public sector governance requirements.

### **Conclusions**

The business case recommends that Cadw stays within the Welsh Government but with a series of business improvements (see Section Six and the table on page 101). There should be a period of at least five years in which to put in place those changes and review their effectiveness before revisiting the structure of Cadw again.

## SECTION ONE — BACKGROUND

In March 2017 Cabinet asked officials to provide recommendations on the future of Cadw, its historic environment service, including whether it would be more appropriately constituted as an executive agency, a charity or in another form such as a Welsh Government Sponsored Body (WGSB).

These options would need to be tested against the status quo of retaining Cadw within the Welsh Government and there would need to be clear and demonstrable benefits for proposing any change. It was also noted that the business case would need to consider any lessons learned from the experience of other organisational changes such as Natural Resources Wales, Transport for Wales and Finance Wales, and that the preferred option should offer clarity on the functions and objectives of the new body, as well as the resources required to establish and sustain it in the long run.

An internal project board was set up within the Economy, Skills and Natural Resources (ESNR) Group of the Welsh Government to drive the project forward. Chaired by the Director of Culture, Sport and Tourism it brought together representatives from across ESNR as well as trade union representatives.

The aim of the project was to develop a business case within the Welsh Government frameworks for policy development, drawing on the Treasury Five Case Model.<sup>1</sup>

The business case has been developed drawing on the extensive information collated in previous reviews, supplemented by a detailed research project involving interviews with staff, a functional analysis of the work of Cadw, data gathering and analysis, as well as interviews with external bodies.

As background to this business case, this section provides a brief history of Cadw and an overview of some of the issues arising from previous reviews, including feedback from stakeholders.

### 1.0 History

The first legislation to protect the historic environment in Wales formally was the Ancient Monuments Protection Act 1882,<sup>2</sup> which included a list of 68 protected prehistoric monuments, 3 of which were in Wales. Ancient monuments (and later historic buildings) in Wales were dealt with within various government departments, with advice from the specialist Ancient Monuments Board for Wales and the later Historic Buildings Council for

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<sup>1</sup> 'Public Sector Business Cases — Using the Five Case Model. Green Book Supplementary Guidance on delivering Public Value from spending proposals', HM Treasury, 2013. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/469317/green\\_book\\_guidance\\_public\\_sector\\_business\\_cases\\_2015\\_update.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469317/green_book_guidance_public_sector_business_cases_2015_update.pdf)

<sup>2</sup> Ancient Monuments Protection Act 1882 <https://www.legislation.gov.uk/ukpga/Vict/45-46/73/contents/enacted>

Wales. In 1984 Cadw: Welsh Historic Monuments was established to carry out the complete range of responsibilities for the protection, conservation and promotion of the historic environment of Wales on behalf of the Secretary of State for Wales. The specialist inspectorate staff were joined by a commercial development branch with staff seconded from the Wales Tourist Board, with the aim of giving added emphasis to public enjoyment.

Cadw became the first executive agency of the Welsh Office in 1991, with a framework document delegating some powers to a chief executive and a board.<sup>3</sup> A corporate plan agreed with Ministers set targets, and annual reports mapped progress against those targets and included published financial statements.

In 2005 Cadw was brought into government as part of the Department of Culture, Welsh Language and Sport, with functions for the historic environment set out in the Government of Wales Act 2006.<sup>4</sup> The statutory Ancient Monuments Board for Wales and Historic Buildings Council for Wales were replaced by non-statutory advisory bodies. These were subsequently disbanded in 2010. Following a historic environment review in 2003, the Historic Environment Group was established in 2004 with representatives of different heritage organisations across Wales to provide the Welsh Ministers with advice and to establish a forum for collaborative action

A more detailed timeline is set out in Annex One.

## **1.1 Earlier reviews**

Over time, but particularly in the last few years, there has been a series of reviews of Cadw, either in conjunction with other bodies, or in its own right. The most recent reviews have taken place against a background of major changes in historic environment bodies in both Scotland and England, with the creation of Historic Environment Scotland (a new non-departmental public body — NDPB) and the separation of the former English Heritage into two entities: Historic England and English Heritage (see Section 4.3).

Those reviews have repeatedly touched on the most appropriate structure for Cadw in the light of some of the challenges of delivering public and commercial services from within the Welsh Government, and against a background in which other national bodies have moved further from government.

In approaching this current review therefore, it will be important to make use of the considerable amount of data that has already been collated and also to understand the exact nature of the operational challenges that Cadw faces, in order to identify the solution that is most appropriate in a Welsh context.

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<sup>3</sup> 'Cadw: Welsh Historic Monuments Executive Agency — Framework Document', Welsh Office 1991.

<sup>4</sup> Government of Wales Act 2006 <https://www.legislation.gov.uk/ukpga/2006/32/contents>

In 1983, John Brown conducted a review of the commercial performance and presentation of ancient monuments in Wales, against a background of declining visitor numbers.<sup>5</sup> He recommended improvements in the management, presentation and interpretation of monuments, and a five-year short-term investment plan for bringing monuments into line with present-day market requirements. He also recommended focusing on the larger monuments, and a better balance between the scholarly work of conserving monuments and the enjoyment and satisfaction of users. Although many of his recommendations have been implemented, including new interpretation, shops, local community events, marketing improvements and ticketing, other issues remain pertinent.

Several reviews have focused on Cadw's work in relation to the historic environment, including protecting monuments and providing grants. The House of Commons Welsh Affairs Committee took evidence from Cadw for their reports in 1993 on 'The Preservation of Historic Buildings and Ancient Monuments', and in 1997 on 'The Preservation of Historic Buildings and Ancient Monuments: Follow Up'.<sup>6</sup> In 1999, the Auditor General for Wales reported to the National Assembly for Wales on 'Protecting and Conserving the Built Heritage in Wales'.<sup>7</sup>

The 2002 quinquennial review of Cadw questioned whether Cadw was most appropriately constituted as an executive agency rather than an Assembly Sponsored Public Body (ASPB) or a 'conventional' line division within government (or a combination of these models).<sup>8</sup> It concluded that the status quo should remain and that ASPB status be ruled out for the short and medium term. The review also looked at potential merger with the Royal Commission on the Ancient and Historical Monuments of Wales (RCAHMW), the Countryside Council for Wales (CCW) or the National Museums and Galleries of Wales (NMGW).

The review did not recommend merger with the latter two bodies but suggested that potential merger with the RCAHMW be deferred until after their quinquennial review.

The principal recommendations were that the Welsh Assembly Government produce a new long-term mission statement for Cadw and a three-year

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<sup>5</sup> 'Henebion Cyrmy — Historic Monuments of Wales: Ways of making them more enjoyable, more enlightening, more profitable', John Brown Tourism Services for the Welsh Office, 1983.

<sup>6</sup> 'The Preservation of Historic Buildings and Ancient Monuments', House of Commons Welsh Affairs Committee, London: HMSO, 1993.

<sup>7</sup> 'The Preservation of Historic Buildings and Ancient Monuments: Follow up', House of Commons Welsh Affairs Committee, London: HMSO, 1997.

<sup>8</sup> 'Protecting and Conserving the Built Heritage in Wales', Auditor General for Wales, 1999.

<sup>8</sup> 'Quinquennial Review of Cadw', Submitted to the Minister for Environment and the Minister for Finance, Local Government and Communities, Welsh Assembly Government, 2002.

corporate plan, with a new mix of performance indicators that included outcomes for the historic environment.

## **1.2 Review of functions 2011**

In 2009/10 a governance review of the RCAHMW was undertaken as part of the Welsh Assembly Government's round of citizen-centred governance reviews of all Welsh Government Sponsored Bodies (WGSBs), driven by the 'One Wales' commitment to review the governance arrangement of public service bodies. The review identified a 'significant risk of duplication in the heritage sector or muddying of roles as duplicate work is done by several bodies', including the RCAHMW, Cadw and the Welsh archaeological trusts.

Cadw was asked to coordinate an exercise to assess the key areas of potential overlap or confusion and opportunities for collaborative delivery in the activities. In its report, 'Welsh Historic Environment Assessment Exercise', the Council for British Archaeology (CBA) reviewed the functions of the organisations.<sup>9</sup>

The CBA report noted that the roles of the different organisations were generally well understood in the professional sector and that there was value in separation, but that there was value in a coherent, shared, outward-facing identity (Historic Wales) and benefits in more collaborative working.

Although considerations of radical change were not part of the options, the consultants did identify some more radical options that might be looked at in future, including:

Scenario A: Centralised Historic Wales model as a WGSB/charity that brought together non-statutory functions of Cadw and the RCAHMW

Scenario B: Distributed Historic Wales model with a centralised National Monuments Record for Wales

Scenario C: Merged Assembly Government model

Scenario D: Integrated partnership model.

## **1.3 Potential merger between Cadw and RCAHMW 2014**

In July 2013 the Minister for Culture and Sport published 'The Future of Our Past', a consultation on proposals for the historic environment of Wales.<sup>10</sup>

This included a range of proposals, one of which was a potential merger between Cadw and the RCAHMW. The Royal Commission on the Historical Monuments of England (RCHME) had merged with English Heritage in 1999, and the Scottish Government was considering a similar merger between the Royal Commission on the Ancient and Historical Monuments of Scotland

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<sup>9</sup> 'Welsh Historic Environment Assessment Exercise — Final Report', Council for British Archaeology, 2011.

<sup>10</sup> 'The future of our past: a consultation on proposals for the historic environment of Wales,' Welsh Government, 2013.

(RCAHMS) with Historic Scotland.<sup>11</sup> There were also consultations underway for a new model for historic environment services in England.<sup>12</sup>

On 14 January 2014, the Minister for Culture and Sport, John Griffiths, issued an oral statement accompanied by a detailed analysis of two options: merger between Cadw and the RCHAMW inside the Welsh Government and merger outside the Welsh Government.<sup>13</sup>

The Minister for Culture and Sport acknowledged the important work that had been done as part of the analysis of options, but noted that pressing ahead with merger would be difficult for the time being. He noted that changes were underway in both Scotland and England, but that it was important to evolve solutions suitable for Wales' needs and circumstances. One of his concerns related to income generation and costs. He also acknowledged that the Communities, Equality and Local Government Committee (CELG) had asked about the timing of the proposal, which many people felt should not proceed before the introduction of the legislation for the historic environment that was then in preparation.

#### **1.4 Commercial review 2015**

In May 2015 the Minister for Economy, Science and Transport established an independent commercial advisory panel which reported in July 2015. The report identified the potential for Cadw to generate more revenue by adopting a more commercial approach to its activities and management of heritage sites.

Against the background to changes to historic environment structures in Scotland and England, the panel suggested that a new organisation be created at arm's length from the Welsh Government to manage the properties in care, which might be a charity or not-for-profit community interest company.

#### **1.5 Randerson review and PwC report 2016<sup>14</sup>**

In 2016 the Deputy Minister for Culture, Sport and Tourism established a task and finish group to deliver an implementation plan for the potential creation of a new arm's-length heritage organisation in Wales. The group was chaired by Baroness Randerson with representation from the National Trust (NT),

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<sup>11</sup> 'Outline Business Case for the merger of Historic Scotland and the Royal Commission on the Ancient and Historical Monuments of Scotland', The Scottish Government, 2013. <http://www.gov.scot/Publications/2013/05/1373/18>

<sup>12</sup> 'English Heritage New Model Consultation', Department for Culture, Media and Sport, 2013. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/263943/1291-B\\_English\\_Heritage\\_Accessible\\_1\\_.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/263943/1291-B_English_Heritage_Accessible_1_.pdf)

<sup>13</sup> Oral statement by the Minister for Culture and Sport, John Griffiths, on historic environment services in Wales. <http://www.assembly.wales/en/bus-home/pages/rop.aspx?meetingid=193#121681>

<sup>14</sup> 'Investing in the future to protect the past — a feasibility study into options for creating a stronger unified identity for the Welsh Heritage Sector', Price Waterhouse Cooper (PwC) report for Welsh Government, 2016. <http://gov.wales/topics/culture-tourism-sport/historic-environment/heritage-services-review/?lang=en>

Amgueddfa Cymru/National Museum Wales (AC/NMW), the National Library of Wales (NLW), the RCAHMW and representatives of the Trades Union Side (TUS), Cadw, Museums Archives and Libraries (MALD) and the Department for Culture, Tourism and Sport.

In 2016 PwC was commissioned to undertake a feasibility study to explore options for a future organisational structure that would enable Cadw to realise the commercial potential from the properties in its care and to create a stronger, unified identity for the Welsh heritage sector. The report focused on options for property operations and income generation taking into account the potential impact on wider functions. PwC identified four options:

- Option 1: improve commercial skills and joint working of national heritage organisations
- Option 2: creation of a new charity
- Option 3: creation of a new executive agency
- Option 4: merger of the national heritage organisations.

PwC recommended that Option 1 be pursued in order to build on the momentum underway whilst further consideration was given to developing the new charity or executive agency option.

Within the executive agency option, PwC identified three sub-options

- 3a) responsible for the commercial and property functions
- 3b) responsible for commercial and property functions of Cadw and of other national heritage organisations and
- 3c) responsible for property and historic environment functions.

## **1.6 Heritage Services in Wales Steering Group 2016**

On 28 September 2016 the Cabinet Secretary for Economy and Infrastructure established 'Heritage Services in Wales', a steering group to:

'Review and develop options related to the delivery of the manifesto commitment to create Historic Wales which would bring together many of the commercial functions of Cadw and Amgueddfa Cymru/National Museum Wales.'

The group was chaired by Justin Albert, Director of Wales, National Trust, with representatives from NLW, AC/NMW, RCAHMW, TUS and Cadw.

In February 2017 the group submitted a report entitled 'Historic Wales — a Roadmap towards Success, Resilience and Sustainability for the Heritage of Wales', which made a series of recommendations in relation to the future



governance of Cadw.<sup>15</sup> In relation to the future structure of Cadw, the group recommended that Cadw be established as a new national institution outside the Welsh Government as either a charitable body or an executive agency.

On 21 March 2017, Cabinet approved a recommendation to take forward the next steps of the project, including the development of a robust options appraisal for the future of Cadw which would consider whether it was more appropriately constituted as an executive agency, charity or in another form such as a WGSB. These options would need to be tested against the status quo of retaining Cadw within the Welsh Government. There would need to be clear and demonstrable benefits for proposing any change.

The business case would need to consider lessons learned from the experience of other organisational changes such as Natural Resources Wales, Transport for Wales and Finance Wales and that the preferred option should offer clarity on the functions and objectives of any new body, as well as the resources required to establish and sustain it in the long run.

In addition to the recommendations for the future of Cadw, the steering group also made a recommendation for the establishment of a Strategic Partnership to provide a vision for a stronger more unified Welsh heritage sector. It was proposed that the partnership would take forward collaboration on commercial and back office functions as well as initiatives to build on cultural tourism, development of the Blaenavon Industrial Landscape World Heritage Site and a cultural sector skills strategy. This initiative is being taken forward separately and is already making some progress.

## **1.7 Stakeholder feedback**

The views of a range of stakeholders were gathered during the 2002, 2011, 2015 and 2016 reviews. The common issues were around trading off the potential benefits of an independent voice for the historic environment and commercial and operating freedoms against the costs of setting up a new organisation and the drawbacks of being further from the Welsh Government.

A more comprehensive public consultation was undertaken during the 2014 Merger Project,<sup>16</sup> which sought views on a range of historic environment issues including the proposal:

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<sup>15</sup> 'Historic Wales — a Roadmap towards Success, Resilience and Sustainability for the Heritage of Wales' <http://gov.wales/topics/culture-tourism-sport/historic-environment/heritage-services-review/?lang=en>

<sup>16</sup> 'The future of our past: a consultation on proposals for the historic environment of Wales — Report on Responses,' Welsh Government, 2014. <http://cadw.gov.wales/historicenvironment/policy/historicenvironmentbill/thedevelopmentoftheact/?lang=en>

‘To bring together the functions of the RCAHMMW and Cadw into a single integrated national historic environment service either within or outside the Welsh Government.’

and respondents were asked:

‘What do you believe would be the most effective operating model for the delivery of an integrated national historic environment service? Please elaborate?’

One hundred and three individuals and organisations expressed a view, of which 24 made comments but expressed no preference, 63 preferred merger outside the Welsh Government and 15 inside the Welsh Government. Comments in support of merger outside the Welsh Government included the ability to operate with a greater level of independence and impartiality, and the ability to achieve charitable status. The arguments for remaining inside the Welsh Government included the potential for a stronger voice for the historic environment within the Welsh Government and building links to other agendas, as well as the cost of establishing a new organisation. Some suggested that the establishment of an executive agency might be an acceptable compromise.

In other feedback, the issue of independence in terms of decisions about how the historic environment is designated, protected, recorded and promoted was raised, drawing comparisons with arts and broadcasting in Wales where the Welsh Government remains at arm’s length from individual decisions, and a strong argument made for maintaining independence from the Welsh Government.

In 2016 Cadw also sought the views of its members about the recommendations on ‘Historic Wales’ and a potential change to the Cadw brand as part of a wider survey relating to communications and quality of visitor experiences; 8.2 per cent of Cadw’s 18,000 members responded.<sup>17</sup> There was strong support for the existing Cadw name. When asked how people would feel about Cadw changing its name, 140 people were positive, 494 had no opinion and 803 were negative. No Welsh speakers were in support of a name change.

<b>Date</b>	<b>Action</b>	<b>Recommendation</b>
1984	Cadw established as part of the Welsh Office	
1991	Cadw becomes an executive agency of the Welsh Office	

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<sup>17</sup> Membership questionnaire analysis, report for Cadw, 2016.

2002	Quinquennial review of options including mergers	Retain status quo, rule out ASPB for short and medium term
2005	Cadw becomes a department of the Welsh Assembly Government	
2011	CBA reviews functions in relation to RCAHMW and Welsh archaeological trusts	Value in separation but identified options for future
2014	RCAHMW Merger Project reviews options	No change
2015	Commercial panel	New arm's-length body
2016	Randerson review and PwC report	Give further consideration to executive agency or new charity
April 2016	Election manifesto commitment	Create Historic Wales, bringing together commercial functions of Cadw and AC/NMW
2016	Heritage Services in Wales	New body at arm's length
2017	Cabinet recommendation	Robust options appraisal tested against status quo

*Historic Wales timeline*

**1.8 Conclusions**

The question of the most appropriate structure for Cadw is a very real one, which has been raised consistently since Cadw first became an executive agency in 1991. The 2002, 2011, 2014, 2015 and 2016 reviews have all raised valid issues about the ability of Cadw to function within the Welsh Government and the potential benefits of other structures.

These questions have become more prominent in the light of the changes in England and Scotland, where comparable historic environment organisations have moved further from government.

However, in setting out to develop the business case for change it is important to be mindful of the Cabinet request to measure options against the status quo, and to learn from the experiences of other organisations.

Therefore this business case has set out to analyse the status quo in more detail. The intention is to better understand the issues raised by earlier reviews including whether, if and how Cadw is different from other parts of the Welsh Government, and what some of the specific business challenges are. It is also important not to lose sight of what has worked well inside the Welsh Government. At the same time, it is important to understand the wider context

— changes such as Brexit, funding challenges and the experience of other organisations.

The aim then is to find a specific solution that addresses these issues — one that works for Wales and works for the historic environment in Wales.

In doing so, the iterative approach of the Treasury Five Case Model has been used throughout. This seeks to understand the strategic, economic, financial and commercial, and operational cases for change and moves from the high-level problem to understanding issues in more depth.

## SECTION TWO — FUNCTIONAL ANALYSIS OF CADW

In order to develop an options appraisal and business case for change, it is important first to understand the functions undertaken by Cadw (the status quo). This functional analysis provides a baseline for understanding the impact of different options and helps to inform the drivers for change.

### 2.1 Role of the Welsh Ministers in relation to the historic environment

Cadw operates within the context of the legislation relating to the historic environment and the powers of the Welsh Ministers.

The Government of Wales Act 2006<sup>18</sup> sets out the functions of the National Assembly for Wales and the Welsh Government in relation to culture and heritage. Under section 61 the Welsh Ministers may do anything which they consider appropriate to support archaeological remains, ancient monuments, buildings and places of historical or architectural interest and historic wrecks in Wales, and arts and crafts, museums and galleries, libraries, archives and historical records, cultural activities and projects relating to Wales, and the Welsh language.

The Well-being of Future Generations (Wales) Act 2015<sup>19</sup> (the Future Generations Act) provides the framework within which the Welsh Government delivers improved social, economic, environmental and cultural well-being in Wales. It provides a legally binding common purpose in the form of the seven well-being goals.

One of the seven goals is ‘a Wales of vibrant culture and thriving Welsh language’, which advocates a society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in arts, sports and recreation, but heritage can also contribute to the other goals.

The Future Generations Act also puts in place ‘Five Ways of Working’ — long term, prevention, integration, collaboration and involvement.

Cadw undertakes a range of statutory functions on behalf of the Welsh Ministers in relation to the historic environment set out in the Ancient Monuments and Archaeological Areas Act 1979,<sup>20</sup> the Planning (Listed Buildings and Conservation Areas) Act 1990<sup>21</sup> and the Historic Environment (Wales) Act 2016.<sup>22</sup> These include broad powers in relation to:

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<sup>18</sup> Government of Wales Act 2006 <https://www.legislation.gov.uk/ukpga/2006/32/contents>

<sup>19</sup> Well-being of Future Generations (Wales) Act 2015  
<http://www.legislation.gov.uk/anaw/2015/2/contents/enacted>

<sup>20</sup> Ancient Monuments and Archaeological Areas Act 1979  
<https://www.legislation.gov.uk/ukpga/1979/46/contents>

<sup>21</sup> Planning (Listed Buildings and Conservation Areas) Act 1990  
<https://www.legislation.gov.uk/ukpga/1990/9>

<sup>22</sup> Historic Environment (Wales) Act 2016 <https://www.legislation.gov.uk/anaw/2016/4/contents>

- grants for the repair and maintenance of buildings of special architectural or historic interest, conservation areas, town schemes, or for the acquisition of buildings
- the acquisition of monuments or properties
- opening properties, setting opening times, providing facilities or charging for facilities at ancient monuments
- protection of monuments including compiling a schedule, controlling works, granting consent
- compiling registers of landscapes, parks and gardens of historic interest
- protection of historic buildings, including compiling lists, directing local authorities to refer applications to the Welsh Ministers, purchasing, managing or disposing of buildings, designating conservation areas and executing works to preserve listed buildings.

As a division of the Welsh Government, Cadw has no legal identity separate from the Welsh Ministers. Therefore the manner in which its officials can engage with interested parties is principally controlled by an overarching requirement not to prejudice or predetermine the final decision of the Welsh Ministers on any matter within their jurisdiction. Under the Government of Wales Act 2006 officials have authority generally to exercise functions on behalf of, and in the name of the Welsh Ministers (the Carltona Principle). However, cases that are considered to be novel, contentious, politically sensitive or likely to attract significant media attention are referred to the Welsh Ministers for decision.

## 2.2 Welsh Government priorities for culture and the historic environment

As part of the Welsh Government, Cadw operates in the context of Welsh Government priorities. The overall priorities for the current term are set out in 'Taking Wales Forward', the 2016–21 Programme for Government,<sup>23</sup> the overall aim of which is to

‘drive improvement in the Welsh economy and public services, delivering a Wales which is prosperous and secure, healthy and active, ambitious and learning, united and connected.’

The place of culture and the historic environment in this strategy is set out in 'Light Springs through the Dark: A Vision for Culture in Wales' (December 2016).<sup>24</sup> This shows how culture and the historic environment can contribute to the four core goals:

**Prosperous and Secure:** As well as the economic importance of historic sites, culture and the historic environment can contribute to

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<sup>23</sup> 'Taking Wales Forward' — the 2016–21 Programme for Government, Welsh Government, 2016 <http://gov.wales/about/programme-for-government/?lang=en>

<sup>24</sup> 'Light Springs through the Dark: A vision for Culture in Wales', Welsh Government, 2016. <http://gov.wales/docs/drah/publications/161213-a-vision-for-culture-in-wales-en.pdf>

regenerating towns and city centres, and they are critical to identity and distinctiveness. The potential for culture in major regeneration projects such as the Cardiff Capital and Swansea Bay city regions is highlighted, but this can only be achieved if all citizens feel they have a stake. The international contribution that culture makes to soft power is also important — building links with organisations such as the British Council to better promote the culture of Wales and contributing to an international outlook.

**Healthy and Active:** Culture can contribute to shifting the emphasis in health from focusing on ill-health to well-being and prevention. This is as true for heritage as it is for the arts.

**Ambitious and Learning:** The strategy makes recommendations on the role of culture in the new national curriculum, supporting teachers to enhance their own skills, improving digital skills and helping people not in education. It also highlights traditional skills and the use of historic buildings grant to lever in skills.

**United and Connected:** This involves encouraging people to participate, finding new ways of focusing investment on those most in need — including strengthening the Fusion programme<sup>25</sup> and volunteering, and exploring opportunities to build confidence and employability through heritage.

‘Prosperity for All’<sup>26</sup> sets out the Welsh Government’s vision for each of these themes and five priority areas — early years, housing, mental health, social care, skills and employability.

Again, culture and the historic environment can make a direct contribution to each of these areas as well as being important to Welsh identity in its own right.

### 2.3 Governance of Cadw

Cadw sits in Culture, Sport and Tourism, reporting to the Director of Culture, Sport and Tourism, within the Economy, Skills and Natural Resources (ESNR) Group of the Welsh Government and is accountable to the Cabinet Secretary for Economy and Infrastructure (the Cabinet Secretary). Cadw combines regulatory, advisory, grant-making and policy functions with external operational service delivery and property operations.

Cadw has a staff complement of 249. Staff are based at Nantgarw, Llandudno Junction and Caernarfon as well as at 29 different historic sites across Wales.

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<sup>25</sup> <http://gov.wales/topics/culture-tourism-sport/tackling-poverty-through-culture/?lang=en>

<sup>26</sup> ‘Prosperity for All: The National Strategy’, Welsh Government, 2017  
<http://gov.wales/docs/strategies/170919-prosperity-for-all-en.pdf>

Cadw is currently funded on programme rather than divisional running costs (DRC) to take account of its revenue element. Cadw has a total annual budget of £17.56m, comprising:

Revenue	£6,024,000
Staff	£8,244,000
Capital	£3,260,000

Cadw currently budgets to earn around £6.7m from commercial activities, including admissions, retail, membership commercial hire, estate income and other sources.

The Cabinet Secretary agrees the annual budget for Cadw and also signs off the annual business plan, which forms part of the ESNR business plan. The Cabinet Secretary is regularly updated on progress against the business plan. There are no formal delegations currently in place but heads of branch are provided with budget allocation letters that set out the budgets for which they are responsible, though the deputy directors retain overall accountability.

The Director of Culture, Sport and Tourism represents Cadw at ESNR Senior Management Group, and Cadw is on the six-monthly departmental H&S Group. Otherwise Cadw's Senior Management Team (SMT) is the principal internal mechanism for decision-making and scrutiny of financial and business performance. SMT meets monthly and is attended by heads of branch, the HR business advisor and other senior staff as required. Standing items include financial reports, risk register, health and safety, HR reports and updates on the business plan.

Until 2015 Cadw operated as a single division, led by one deputy director. Currently, functions are shared between two deputy directors, one responsible for historic environment functions (and MALD) and one responsible for property and commercial functions. There are shared business support, marketing, public programmes, IT and lifelong learning functions.

Cadw completes an internal control questionnaire which requires a comprehensive self assessment of the processes that support the Welsh Government assurance framework and also embeds the Future Generations Act goals into the overall accountability framework.

## **2.4 Property management**

One of the principal functions of Cadw is managing and opening to the public the portfolio of properties in the care of the Welsh Ministers.

That portfolio comprises 129 of the most significant historic sites across Wales ranging from prehistoric sites through to castles, abbeys and more recent industrial sites. All of the sites are scheduled monuments. The castles of Beaumaris, Caernarfon, Conwy and Harlech, and the town walls at



Caernarfon and Conwy are inscribed as the Castles and Town Walls of King Edward in Gwynedd World Heritage Site. Blaenavon Ironworks is part of the Blaenavon Industrial Landscape World Heritage Site. The portfolio also includes ancillary properties such as buildings, car parks and other facilities associated with these sites. Cadw holds some artefact collections and has responsibility for biodiversity and natural heritage at its sites.

Of the 129 sites, 20 are owned by the Welsh Ministers, 90 are in guardianship and 19 have multiple arrangements, including leasehold.

Under guardianship arrangements, the owner retains freehold interest, but full responsibility for management and maintenance falls to the Welsh Ministers. Arrangements vary depending on when properties came into guardianship; after 1979 Cadw has full management control but prior to that most deeds are silent on responsibilities. The Welsh Ministers can acquire and dispose of sites. Guardianship exists in perpetuity though it is possible to revoke a deed providing satisfactory arrangements have been made to ensure preservation after termination.

#### **2.4.1 Visitor experiences**

All of the properties in care are open to the public. Twenty-nine sites are staffed and the remainder are open, or open with a keyholder arrangement. There are joint management arrangements at three sites.

In 2015/16 some 1.4m people visited the staffed sites and around one million visited a sample of 38 unstaffed sites at which Cadw has installed footfall counters. Around 250,000 people visited the unstaffed Conwy Town Walls.

Cadw recognises the paramount importance of visitor experiences at the properties in care. A workforce of around 100 custodians staff these sites and undertake day-to-day functions welcoming visitors, selling tickets, ensuring visitors are safe, providing tours and information. They also undertake basic day-to-day operations and site management, and assist with public programmes and events as well as commercial activities. The custodians are managed by two regional managers who oversee operations, recruitment, and health and safety issues. The workforce was reviewed in 2010 and 2014, and it was determined that they should remain on civil service terms and conditions.

Customer service is important and custodians have developed a customer service handbook which sets out what the public might expect. Cadw has also achieved and renewed Customer Service Excellence accreditation from the Cabinet Office. Custodians play an active role in generating income, selling membership and acting as local ambassadors.

#### **2.4.2 Property and facilities management**

Cadw teams undertake a wide range of property management functions for the staffed and unstaffed sites, including facilities management, property maintenance, major capital works and new developments.

Cadw employs a team of 32 specialist conservation craftspeople (direct labour). The service was market tested in 1995 and retained in house as a result. Two senior conservation architect/surveyors cover north and south Wales, and three conservation teams report to those roles..

Cadw properties are all either roofless or not in economic use. Regular reviews of the state of the monuments were undertaken in 1989, 1994, 2002 and 2007 as a basis for prioritising annual works programmes.

Cadw conducted quinquennial inspections of the whole estate until 2007 in order to target programmes of repair, against a background of reduced direct labour. The most recent of those surveys has estimated an overall backlog of around £18m in repairs across the estate.

In 2016 Cadw put in place more detailed quinquennial inspections for individual properties in care using drone technology. Despite Crown Exemption, it is expected that the Welsh Government will maintain them to the same high standards as expected of any other historic property owner in Wales. Cadw also has a duty of care in relation to the 2m or more visitors each year who visit both the staffed and unstaffed sites. Making sure that properties and their facilities are safe and well maintained is critical to ensure the safety of visitors.

The annual business plan identifies capital priorities on the basis of condition surveys and commercial priorities, including critical works, visitor facilities, masonry repairs and major interpretation. Expenditure in 2016/17 was £2,606,671. Cadw has been successful in attracting funding from the EU and other sources for capital investments, including the recent works to Harlech Castle and Caernarfon, including Porth Mawr.

As well as historic fabric maintenance, Cadw needs to maintain facilities including fire, electrical, security and other equipment, landscaping, testing of buildings services, waste removal and pest control. Recently, facilities management was consolidated into a single tender contract let using Sell2Wales.<sup>27</sup>

### **2.4.3 Income generation**

Cadw generates income to support core costs through admissions, retail, membership, commercial hire and estate income.

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<sup>27</sup> <https://www.sell2wales.gov.wales/>

Admissions to staffed properties are the largest source of income (56 per cent). Castles and historic properties remain a major draw for visitors to Wales, though numbers are affected by external factors, including wider patterns of tourism, the value of the pound, or major issues such as foot-and-mouth disease. Cadw achieved record visitor numbers in 1980 (1.7m) and is currently achieving strong growth (1.4m), and record income levels. There is a tiered admissions fee structure which ranges from free entry to £8.95 for an adult at Conwy and Caernarfon. Around a third of visitors (550,000) qualify for free admission under various schemes.

Retail is the second largest source of income (28.3 per cent). All staffed sites have retail facilities, which are seen as a key part of the visitor offer, even where the footfall might not necessarily justify a retail presence. Cadw considers the local economy and seeks to source products that are easily differentiated from immediate competitors. Custodians are trained in stock presentation, merchandising and customer service. Goods are sourced and processed centrally. The 2014 Retail Procurement Strategy was developed to help Cadw operate more effectively within internal procurement processes.

Around 18,500 people are members of Cadw, paying an annual subscription fee to gain free access to sites as well as other benefits. Membership is at its highest level ever and has grown significantly in recent years. The scheme is administered through a contractor which is responsible for sales and renewal. Members report that contribution to the conservation of the historic environment in Wales is one of the key reasons for joining Cadw initially (92 per cent), as well as saving money when visiting several sites (89 per cent).

Other income streams include commercial hire, holiday lettings, and food and beverage sales. In terms of commercial hire, the key activities are weddings, tour operator vouchers, filming, events and functions of which weddings are the most significant. Four sites are licensed for civil ceremonies (religious ceremonies cannot technically be held at Cadw properties as they are scheduled monuments). Property lets, including the new apartments at Harlech, generate around £86,213 per annum and there is a small amount of income through donations.

Cadw has seen strong growth in admissions income, membership and spend per head but the challenge is generating income surplus to costs. Currently, one of the properties in care makes a profit when costs are taken into account. In terms of spend per head admissions spend for 2016/17 was up by 3.87 per cent in part as a result of increased admissions prices and retail spend has increased by 9.75 per cent to £1.36.

## **2.5 Historic environment and historic environment sector support**

On behalf of the Welsh Ministers, Cadw also provides a wide range of historic environment services for people across Wales.

The historic environment comprises significant places, buildings and sites across Wales, whilst the historic environment sector includes people and businesses that play a key role in helping to sustain those places.

The **historic environment** includes around 30,000 listed buildings and 4,000 scheduled monuments as well as historic parks, gardens and landscapes, conservation areas, historic wrecks and many thousands of archaeological sites.

The **historic environment sector** directly employs nearly 3,500 people in Wales and over 400 seasonal posts. At least another 10,000 people are employed in heritage tourism. In addition, more than 43 per cent of the construction industry jobs (26,340 people) work in the conservation, repair and maintenance of traditional buildings, which are largely those built before 1919. Heritage and the historic environment supports 2.9 per cent of Welsh employment and is one of the key reasons why overseas tourists visit Wales (61 per cent cite historic attractions as a reason to visit). The sector is larger than agriculture. There are also social and cultural benefits from a strong and vibrant Welsh culture and language.

### **2.5.1 Historic environment contribution to the Welsh Government's priorities**

In line with the Welsh Government's cross-cutting priorities and the Future Generations Act, Cadw collaborates with other areas of the Welsh Government to deliver the wider well-being goals through the historic environment. Cadw also supports other parts of government in delivering on the culture goal. This includes working with teams in planning, the natural environment, marine policy, transport and infrastructure in order to integrate the historic environment into wider goals, as well as working with areas such as museums, archives and libraries on joint strategies such as the commemoration in Wales of the First World War.

The historic environment can also contribute to policy goals such as education, housing, regeneration and social inclusion. Cadw teams have been working on heritage-led regeneration initiatives across Wales in collaboration with teams in housing.

### **2.5.2 Legislation, policy and strategy**

The delivery of the Historic Environment (Wales) Act 2016 was lead by teams in Cadw working closely with Legal Services and other teams across the Welsh Government. It has been accompanied by a suite of new policy and guidance, developed in collaboration with colleagues in planning. Teams are now working with planning colleagues on proposed reforms to the planning system and on potential new legislation to consolidate historic environment protection in Wales.

Historically, Cadw has also operated within the context of wider historic environment strategies, set by the Welsh Ministers for the whole of the historic

environment in Wales.<sup>28</sup> The most recent strategy prioritised historic environment protection and sustainable development, skills, public participation, understanding and enjoyment, the economy, and partnership and delivery.<sup>29</sup> Such strategies demonstrated a connection between the historic environment and wider Welsh Government priorities.

### **2.5.3 Information for developers, owners and local authorities**

Good information on the location and nature of historic assets is fundamental to the effectiveness and efficiency of the planning process. The Welsh Ministers have a statutory responsibility for compiling and keeping up to date historic environment records in order to support evidence-based decision-making. Cadw teams work with the RCAHMW and with the Welsh archaeological trusts to ensure that such records are properly compiled and made available.

### **2.5.4 Historic environment protection and casework**

Over the past two decades there has been a radical change in the way in which the historic environment is managed in Wales. This change is set out in the Welsh Government's *Conservation Principles for the Sustainable Management of the Historic Environment in Wales (Conservation Principles)*.<sup>30</sup> What was once about preserving historic sites has become more dynamic and grounded in sustainability and managing change. *Conservation Principles* also recognises that historic assets are not just important in their own right, but they are also a rich source of economic, social and environmental well-being. They also embed the idea of understanding what people value at the heart of the historic environment.

On behalf of the Welsh Ministers, Cadw undertakes a range of historic environment casework including protection and advice.

Whilst the majority of decisions relating to listed buildings in Wales are made by local planning authorities, the team in Cadw provide the Welsh Ministers with expert advice on applications to list buildings. They also review notifications from local planning authorities, as well as deal with a range of other listed building casework, including applications for certificates of immunity against listing.

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<sup>28</sup> 'Heritage Minister's Ambition for the Welsh Historic Environment', Cadw/ Welsh Assembly Government, 2009.

'The Welsh Historic Environment Strategic Statement: Headline Action Plan', Cadw/ Welsh Assembly Government, 2009.

'The Welsh Historic Environment Strategic Statement: Headline Action Plan updated 31 October 2010', Cadw/ Welsh Assembly Government, 2010.

'Historic Environment Strategy for Wales', Cadw/Welsh Government, 2012.

<sup>29</sup> 'Historic Environment Strategy for Wales', Cadw/Welsh Government, 2013.

[http://cadw.gov.wales/docs/cadw/publications/Hist\\_Env\\_Strat\\_Wales\\_John\\_Griffiths\\_EN.pdf](http://cadw.gov.wales/docs/cadw/publications/Hist_Env_Strat_Wales_John_Griffiths_EN.pdf)

<sup>30</sup> *Conservation Principles for the Sustainable Management of the Historic Environment in Wales*, Cadw, Welsh Assembly Government, 2011

<http://cadw.gov.wales/historicenvironment/conservation/conservationprinciples/?lang=en>

Cadw teams also play a role in supporting conservation area management through promoting the idea of ‘character’ and character-based assessment, which have become an important part of place-making. There are around 400 sites on the register of historic parks and gardens, as well as historic landscapes, battlefields and wrecks that are of importance in Wales. Again Cadw teams are consulted on planning applications that may affect them and provide support to owners.

The majority of scheduled monuments in Wales have little or no economic value to their owners, but they are an important part of Wales’ rich heritage. They include castles, monuments such as Offa’s Dyke, Roman remains, hillforts and other sites scattered across Wales.

Cadw teams have historically played an active role in identifying important sites for protection. Today, staff deal with applications for scheduled monument consent and also planning applications that might affect monuments.

Cadw teams meet stretching targets for historic assets and the amount of casework considered annually is significant.

<b>Casework</b>	<b>2016/17</b>
Planning applications	622
Listed building consents	529
Consultations relating to statutory planning pre-applications	60
Non-statutory planning pre-applications	34
Scheduled monument consent applications	94
Consultations from Natural Resources Wales	73
EIA scoping/screening requests	53
Miscellaneous consultations (such as commons, footpaths)	37
Infrastructure – transport/energy schemes	54
Call in requests relating to planning	4
<b>Total</b>	<b>1,560</b>

In the first quarter of 2017/18 there has been an increase in casework: 291 planning applications (in comparison with 152 in the same period of the previous year). Cadw relies on specialist planners with knowledge of archaeological issues to undertake this work.

### **2.5.5 Targeting heritage at risk**

Rather than simply responding to casework, teams have put in place proactive initiatives to identify those historic assets that are most at risk. Cadw

has in place regular buildings at risk surveys. These have shown that 8.54 per cent of listed buildings are at risk and 12.2 per cent are vulnerable.<sup>31</sup> Surveys of monuments at risk have found that around 12 per cent are at risk and 2 per cent are at immediate risk. Other initiatives include condition mapping of monuments on agricultural land and Arfordir — a programme to work with volunteers to record coastal heritage at risk.

### **2.5.6 Grant aid**

Whilst ancient monuments and historic buildings are of importance to the nation, the cost of maintaining and managing them generally falls to individual owners. Many historic buildings are in productive economic use and there is good evidence that listing or being in a conservation area can add to the value of a historic property. However, ancient monuments and protected buildings that are not in use are at risk from a lack of long-term maintenance. Over the past 70 years, UK governments have had the power to grant aid historic buildings and monuments. Cadw's capital grants scheme is well established and has assisted in the conservation of many historic assets.

In recent years, the focus has moved from support for outstanding individual buildings to recognising the benefits of heritage-led regeneration. The growth of town schemes and funding for projects that deliver community benefit, as well as conservation, has had a particular focus on areas of deprivation. Areas such as Merthyr Tydfil, Holyhead and Blaenavon have benefited from significant investment in the historic environment.

Today the Heritage Lottery Fund is the major funder of historic buildings and monuments projects in Wales. Cadw provides support for ancient monuments, historic buildings and war memorials. Field monuments wardens work with owners to assist in developing applications for funding under agricultural schemes. Cadw teams have also worked with other teams across the Welsh Government to find ways to include historic environment objectives in wider regeneration schemes.

### **2.5.7 Historic environment sector support**

The historic environment sector comprises anyone who plays an active role in caring for the historic environment in Wales, including businesses in construction and tourism, owners, the voluntary sector, public sector organisations and active citizens. As well as directly employed historic environment professionals such as architects, archaeologists and heritage managers, there are people employed in heritage tourism and in construction. The voluntary sector is a major contributor to the historic environment in

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<sup>31</sup> 'Condition and Use Survey of Listed Buildings in Wales — 2015 Update', The Handley Partnership report for Cadw.  
<http://cadw.gov.wales/docs/cadw/publications/historicenvironment/20161206conditionandusesurveyoflistedbuildings2015.pdf>

Wales, as are the 40,000 people or organisations who own, live in or care for historic assets.

### **Welsh archaeological trusts**

Cadw delivers services on a regional basis in partnership with the four Welsh archaeological trusts. The trusts provide pan-Wales curatorial services for archaeology, including planning advice to local planning authorities and national parks. Cadw grant aids the trusts to deliver core services as well as working with local communities across Wales on a regional basis.

### **Sector partnerships**

Cadw teams also partner with local authorities to deliver historic environment services across Wales. A key example is the north Wales heritage partnership with Gwynedd Council which has already generated considerable inward investment. Cadw also works with other partners, such as the RCAHMW and the Historic Environment Group, to ensure that there is a joined-up approach to delivering historic environment initiatives between different organisations across Wales.

### **Third sector capacity**

There are over 700 voluntary organisations with an interest in the historic environment in Wales, with over 100,000 members. The Welsh Government supports a small number of organisations, such as Addoldai Cymru,<sup>32</sup> to look after important historic buildings. Cadw also provides some support to the sector to develop community capacity.

### **Owners**

As noted, around 40,000 organisations and individuals in Wales own or are responsible for protected historic sites and buildings. Field monument wardens aim to visit farmers periodically and others who own scheduled monuments and provide support, including helping with applications for management funding.

Cadw also provides assistance to owners through online best-practice guidance and information about issues such as maintenance.

### **Businesses — skills**

The conservation, repair and refurbishment of existing buildings play a critical role in the economy. Over a third of buildings in Wales are more than a 100 years old. It is estimated that around 43 per cent of capital expenditure on these buildings has a direct output of £1,872m each year. This is why the historic environment sector in Wales represents around 2.6 per cent of gross value added (GVA).

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<sup>32</sup> Addoldai Cymru is a charity set up to take into ownership a selection of redundant chapels that are historically and/or architecturally significant to the story of chapel building and Nonconformity in Wales and that are valuable to their local communities.



Cadw has been working actively with the Construction Industry Training Board (CITB), the Tywi Centre and others to promote traditional building skills across Wales.<sup>33</sup> Last year, the historic environment sector as a whole provided 17,000 hours of training, including courses for women into construction, vocational qualifications and career pathways for apprentices.

## **2.6 Public engagement and marketing**

As well as sector engagement, the work of Cadw involves considerable engagement with the public. This includes over 2 million local, national and international visitors, nearly 20,000 Cadw members, education audiences, active citizens and the thousands of people across Wales who belong to local heritage groups and are passionate about Welsh culture and the historic environment. Taken together, these represent a very important audience for the historic environment.

### **2.6.1 Marketing and public relations**

Cadw operates an award-winning marketing and public relations programme. The main objectives are to widen access to and encourage greater participation in Wales' culture and historic environment. This is measured against the value of tourism spend and the number of visitors to monuments in Cadw's care. Successful campaigns have included 'Pack Your Imagination' and the recent 'Dragons'. Cadw is currently playing a key role in the wider 'Year of Legends' campaign coordinated by Visit Wales.

The impact of marketing and PR are evaluated on a quarterly basis and a full evaluation report is prepared annually. This shows a peak in visitor numbers to monuments when campaigns are running. For example, the successful 'Pack your Imagination' campaign resulted in a 39 per cent increase in paying visitors to Cadw sites.

In January 2012, Cadw consolidated its various marketing and PR activities into a single, full service contract to include membership services, publication of the members' magazine, marketing and PR.

Cadw reaches out to a wide range of people through its website, through its newsletter and through social media. The website is hosted by the Welsh Government though Cadw staff have some ability to update it. The majority of people use the site for information about visiting Cadw sites. In July there were 333,000 total page views and 116,325 users; 73 per cent were from the UK. The top ten pages were specific sites including Conwy and Caerphilly. A newsletter reaches a database of 34,000 people and the Cadw magazine is

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<sup>33</sup> A 'Material' Issue: Understanding and Responding to the Traditional Building Skills Challenge in Wales, a study by Pye Tait Consulting for Construction Industry Training Board (CITB)/CITB Cymru, 2014.

sent to around 20,000 members. Cadw maintains an English and Welsh Twitter handle with over 25,000 followers and 15 site specific Twitter feeds.

### **2.6.2 Interpretation**

A core part of the way that Cadw engages with the public is through content and narrative — sharing stories of Wales' past, both through interpretation at Cadw sites and through contributing to wider initiatives such as Cymru'n Cofio, which remembers the First World War.

There has been a major shift in site-based interpretation from simply offering expert guides to a variety of creative approaches, in part driven by a 2006 visitor survey which concluded that many people found Cadw interpretation problematic. This has inspired a new approach at sites such as Caerleon Roman Fortress Baths, which uses digital projection alongside interactive games and replica items. Since then Cadw has developed a reputation for creative interpretation, through recent initiatives such as the touring dragons and creative lighting at monuments.

Today, Cadw tries to offer visitors a choice of interpretation wherever possible — panels, introductory films, audio tours, guidebooks, dressing up, art, or simply the opportunity to explore a site in their own time. Digital innovations include new signboards, the use of projectors and digital installations as well as ibeacons at unstaffed sites. At the same time, first person interpretation remains important.

### **2.6.3 Lifelong learning**

Historic sites provide an important source of lifelong learning outside the classroom to teach subjects that range from mathematics and geography to Welsh, as well as history. And heritage learning does not just happen during school years. There are also lifelong skills to be gained through working in and with heritage, including craft skills, marketing, interpretation and customer service many of which are transferable to other areas. The skills gained in volunteering at a historic site can benefit anyone at any age.

Cadw delivers a wide variety of innovative learning activities to over 60,000 young people at its properties, including providing educational materials to enable schools to make free visits, and also facilitated education visits tailored to curriculum needs. Since 2008, Cadw has moved from worksheets to more participatory learning.

The team works in close partnership with others, facilitating events such as Take Over Days, the Weeping Window poppies display at Caernarfon Castle and contributing to the Creative Learning Action Plan, as well as projects with local schools at Flint Castle. The team also works to embed the historic environment in wider curriculum and learning initiatives; for example, Cadw sites are being used for Welsh Baccalaureate Challenges.

#### **2.6.4 Public programmes**

Public programmes are an important way of welcoming people to properties, raising profile and awareness of the historic environment of Wales and giving people who might not otherwise choose to do so, reasons to visit a historic site, and opportunities to engage with culture and the historic environment.

The value of public programmes is measured in terms of:

- visitors to properties
- the percentage of visitors or participants from under-represented groups
- the number of volunteers taking part in wider events.

Public programmes include activities led by custodians, one-off events at specific sites such as the Weeping Window poppies display at Caernarfon Castle, and programmes that target audiences and sites across Wales such as the annual Open Doors event and the Festival of Archaeology. For example, the 2016 Open Doors programme was delivered by over 100 volunteers at 320 different venues across Wales, nearly a third of which were usually closed to the public.

There are links to wider strategies such as the 'Year of Legends', the Fusion programme, the tackling poverty agenda and to working with the Strategic Partnership. There are also links to wider events such as the Welsh commemoration of the First World War.

#### **2.6.5 Culture and well-being**

In recent years, Cadw teams have recognised the importance of enabling more people and a wider range of people to engage with heritage in Wales. Baroness Andrews' 2014 report on culture and poverty emphasised the role that culture and the historic environment can play in helping people to develop new skills and new life chances.<sup>34</sup>

Cadw teams have made an active contribution to the Fusion programme working in partnership with MALD. Grants to owners were refocused on priority areas, and both public programmes and education activities targeted in areas of greatest need. Teams have been working with social providers such as Family Learning Signature in Gwynedd to use historic sites to help improve family attainment and with schools in Caerphilly and Conwy on literature and arts projects at historic sites.

Groups such as foster families are also provided with free entry to properties.

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<sup>34</sup> 'Culture and Poverty: Harnessing the power of the arts, culture and heritage to promote social justice in Wales', Baroness Kay Andrews, 2014. <http://gov.wales/topics/culture-tourism-sport/tackling-poverty-through-culture/culture-and-poverty-harnessing-the-power-of-the-arts-culture-and-heritage-to-promote-social-justice-in-wales/?lang=en>

## **2.7 Business support functions**

Cadw has a small internal business support team, but also relies heavily on teams in ESNR and teams in other Welsh Government departments to deliver its core services.

### **2.7.1 Finance and budgeting**

As noted, Cadw has a budget of £17.56m including capital. The Cabinet Secretary approves budgets and any in-year variations. The Head of Finance for Culture, Sport and Tourism oversees finance for Cadw. The small finance team provides monthly reports on the budgets and has been developing innovative tools to help better track commercial performance.

The grant schemes that Cadw administers comply with the Grants Centre of Excellence standards. Payments are made in installments and require documentation. There are requirements for technical and specialist inspections for the quality of work prior to the release of full payments. Compliance with conditions is monitored on an annual basis and bodies that receive grants are required to set targets for performance which are measured.

### **2.7.2 Procurement**

Cadw's estimated procurement spend is approximately £8.75m, which is spent on goods, services and works/capital each year. These include major and minor capital works projects, goods for resale, contracts for services including marketing services, facilities management, IT and data services, specialist historic environment surveys and projects. The work is complex both because it involves procurement across a range of different sectors and because it involves packages of non-standard works.

As an executive agency Cadw had a dedicated procurement team until 2005. Cadw now has access to a dedicated procurement resource to oversee procurement exercises over £25k, though the majority of day-to-day procurement is done by staff across Cadw including the conservation team, the retail team and the marketing team. All staff involved in procurement have undertaken or are undertaking the relevant training.

### **2.7.3 HR and training**

As noted, Cadw has a headcount of 249 based in Nantgarw, Llandudno Junction and Caernarfon, including custodians at 29 historic sites across Wales, who work at weekends and often seasonally. Cadw also has directly employed specialist craftspeople, who are regionally based, and field monument wardens, who are home based.

Day-to-day issues such as rosters are dealt with by lead custodians who instruct the pay team in the Shared Services Centre on matters such as weekend working and public holidays. Lead custodians also calculate annual leave for custodians and deal with other HR issues.

Historically, the recruitment of custodians has been challenging as work is seasonal or part time. There is a regular turnover of staff and the internal system of recruitment including background checks can take time, resulting in the risk of property closure. Cadw has therefore negotiated the use of agency staff using the NPS Agency framework.

The Welsh Government resource panel has given Cadw 'internal agency' status and the ability to manage its own structure within a staffing budget and an agreed establishment number, which means that Cadw can now recruit externally without the need to ask for resource panel approval. There is an establishment control process in place to capture resource requests. These are submitted to the deputy director and reported to SMT which holds periodic workforce planning meetings. The panel will receive quarterly reports to provide assurance that Cadw is managing effectively within its establishment number and budget. There is also an annual review of the establishment number and staffing budget.

Another HR challenge is skills. Cadw staff include those with professional skills (see section 2.8) and increasingly rare craft skills such as historic joinery and masonry. There is an ageing workforce with a looming crisis in relation to traditional craft skills, compounded by the difficulty of taking on new apprentices.

#### **2.7.4 Information technology**

As well as standard Welsh Government IT systems, Cadw operates a range of shared or bespoke systems relating to its business services, including those areas where the Welsh Ministers have statutory responsibilities.

This includes systems relating to commercial operations (online shop, EPOS and membership), marketing (the image library), the management of properties in care and the wider management of historic assets across Wales.

Some of those systems are managed in conjunction with other Welsh Government departments. The Historic Assets Database is linked to Lle, which is the geoportal for Welsh Government digital information maintained by Geography and Technology. MyCarto Cadw, the staff mapping resource that supports homeworkers, is also supported by Geography and Technology whilst the image library is hosted by Visit Wales.

Cadw uses digital mapping provided by suppliers including the Ordnance Service via the PSMA mapping agreement where the cost is borne centrally. The customised EPOS system, which links the tills and card payment, was built by a supplier as a low-cost option but is now being reviewed.

Cadw has been an early adopter of the Welsh Government cloud based systems; both Cof Cyrmu and the Historic Assets Database, for example,

have been developed on MS Azure, the Welsh Government's preferred option.

## **2.8 Professional skills**

As well as core civil service competencies and skills, Cadw staff have a range of specialist skills and expertise associated with delivering commercial, property, historic environment and customer services. Those teams include:

- professional archaeologists and members of the Chartered Institute for Archaeologists
- historic buildings professionals and members of the Institute of Historic Building Conservation
- architects, surveyors and planners who are members of the Royal Institute of British Architects, Royal Town Planning Institute and Royal Institution of Chartered Surveyors
- specialist marketing and communications professionals
- individuals with personal expertise in areas such as interpretation, castles, historic gardens, architectural history, vernacular architecture, heritage policy and management
- individuals with expertise in delivering education, public programmes and community engagement within the context of heritage sites.

In addition, there is a range of other building professionals with experience in facilities management and rare craft skills including specialist stonemasons and joiners.

Cadw offers training in areas such as costumed interpretation, health and safety on sites, and professional development in areas such as retail and commercial skills.

## **SECTION THREE — DRIVERS FOR CHANGE**

In order to measure options against the status quo it is important to understand both the benefits and the disbenefits of the current operating arrangements within the Welsh Government. This section of the review is based on interviews with both stakeholders and staff, data gathering as part of the functional analysis in Section Two and specific issues that were identified in previous reviews.

### **3.1 Things that work well**

Both staff and stakeholders have provided feedback on aspects of the work of Cadw that benefit from being within the Welsh Government.

#### **3.1.1 Delivering services to the public**

The functional analysis shows that Cadw continues to deliver services to the public successfully from within the Welsh Government. Those services include the care and maintenance of properties in care, opening them to the public and providing statutory advice on the historic environment. They also include engaging with the historic environment sector and a wide range of other people across Wales in the private and voluntary sectors, who care for and care about the historic environment in Wales.

#### **3.1.2 Generating income**

Cadw generated income has grown steadily over recent years to £6.6m. This is largely through an increase in admission fees, but also through greater success in other key areas including retail, membership, commercial hire and estate income. In 2017/18, this figure is highly likely to be exceeded, with a current forecast of £7.5m.

In terms of revenue funding, Cadw generates 47 per cent itself — an increase from 44 per cent in 2014. Eighty-five per cent of that income comes from admissions and retail, and the other 15 per cent comes from membership, commercial hire, estate income and other sources. Some of that has come from exploring new sources, including charges for car parking and most recently the new holiday lets at Harlech.

Cadw has demonstrated that it is possible to increase income generation from within the Welsh Government and to be innovative in finding new sources.

#### **3.1.3 Access to the Welsh Ministers**

Staff report that close working with the Welsh Ministers has been a huge advantage to both the historic environment and properties in care services.

This was demonstrated particularly well by the passage of the Historic Environment (Wales) Act 2016 where a range of complex and important issues emerged from Assembly Members during the scrutiny of the Bill. The team was able to work closely with the (then) Deputy Minister for Culture, Sport and Tourism to respond rapidly to the issues raised by Assembly

Members, drawing on the expertise of others from across the Welsh Government. The team cited the close working relationship with the Deputy Minister developed during the preparation of the legislation and his engagement with the issues, despite a busy workload, as one of the key reasons for success.

#### **3.1.4 Policy synergies across the Welsh Government**

There are productive working relationships with other policy areas in the Welsh Government. In terms of policy cooperation, the areas that Cadw teams work most closely with include:

- **Planning** — Cadw team members have had considerable input into planning policy and guidance.
- **Placemaking and townscape regeneration** — Cadw team members have had considerable input into the Vibrant and Viable Places policies and programmes, and worked closely with teams in housing to maximise the benefits of heritage as a driver for regeneration
- **Natural Environment** — Natural Resources Wales is a significant holder of historic assets with responsibility for many scheduled monuments and historic landscapes. Cadw sits on the sponsorship board for the organisation and has also been developing a memorandum of understanding with Natural Resources Wales.
- **Marine environment** — As a maritime nation, Wales has an important marine historic environment over and above its protected wrecks. This historic environment includes submerged prehistoric landscapes, industrial heritage such as docks and infrastructure, and a wide range of other features. Tidal lagoons, offshore windfarms and dredging all have a significant potential impact on the historic environment. Cadw has input into the All-Wales Marine Plan and into wider environmental strategies.

#### **3.1.5 Collaborative working**

The Future Generations Act includes collaborative working as one of the important new ways of working. Cadw teams work in collaboration with other teams across the Welsh Government, with the historic environment sector and with local authorities.

##### **Fusion — partnership working across the Welsh Government**

One of the most successful partnerships has been the work involving the Cadw, MALD and former Communities First teams to deliver 'Fusion' — a programme to build connections between social and heritage providers as a way to encourage people to use the historic environment as a resource. People who might not otherwise have considered it have been offered opportunities to take part in heritage activities or visit historic sites. As a result, people have gained new confidence, new friends and new skills, which in turn



can be useful in helping people back into work or encouraging young people to stay in education.

### **Cymru'n Cofio Wales Remembers 1914–18**

Cymru'n Cofio Wales Remembers 1914–18 is the First World War commemoration programme for Wales. It has been a powerful example of the way in which heritage organisations across Wales have come together to rediscover and to tell stories that are important to the nation as a whole. Cadw has been pleased to contribute to the programme through activities such as hosting the Weeping Window display of poppies at Caernarfon Castle.

### **The Caernarfon partnership**

As well as working in partnership within the Welsh Government, Cadw teams are working closely with local authorities. For example, Cadw teams based in north Wales have been working closely with Gwynedd Council to change attitudes to the historic environment. The project has included a new management plan for the World Heritage Site, developed in close conjunction with local communities, and a successful bid for Heritage Lottery Funding to regenerate parts of the townscape. Cadw has also been supporting the development of the bid for the inscription of the North Wales Slate Industry as a World Heritage site.

### **3.1.6 Ongoing support for business delivery from other departments of the Welsh Government**

There are a range of other teams across the Welsh Government who provide critical support to enable Cadw to continue to deliver direct services to the public, including financial support, policy support, support on internal audit, procurement and other areas.

### **Legal Services**

As noted, Cadw has a complex range of legal requirements arising from its diverse functions. Historically, Legal Services have provided a wide range of support for day-to-day work, from health and safety issues through to complex property issues. This has escalated during the delivery of the Historic Environment (Wales) Act 2016, which involved considerable amounts of legal work over a number of years.

Staff are in no doubt that another of the key reasons for the success of the Act was the close support from, and internal working with Legal Services. Because the team in Legal Services was able to focus on the draft legislation, they developed a specialist expertise in and understanding of a range of historic environment issues. This meant that the team could respond rapidly to complex issues that arose during the passage of the Bill.

### **Geography and Technology**

Specialist IT support from the team in Geography and Technology has been essential to enable Cadw to procure and manage IT products. This has been

particularly important in relation to specialist GIS systems that identify the location of historic assets in order to inform the planning process. This is more important than ever now that the Welsh Ministers have a duty in relation to the delivery of historic environment records. Cadw is also dependent on shared systems hosted by Geography and Technology.

#### **Visit Wales image library**

The image library that Cadw uses for much of its publications and other work is hosted by Visit Wales and delivered jointly.

#### **3.1.7 Programme flexibility**

Because Cadw generates commercial income, the staff are classified as programme rather than DRC. This provides a degree of flexibility that enables Cadw to respond to fluctuations in income levels and also to the skills requirements of the organisation. It also makes it possible to make best use of resources.

#### **3.1.8 Retaining a skilled workforce**

Cadw has been able to retain a pool of people with the generic capabilities needed to deliver Welsh Government priorities, as well as staff with the craft and professional skills to deliver historic environment services.

The most notable example is Cadwraeth. Cadw has retained its direct labour force with in-house craft skills, including stone masonry, historic joinery and the repair of traditional monuments. There is a nationwide shortage of traditional craft skills. Through retaining an in-house team, Cadw has in the past been able to take on apprenticeships and develop new skills. Historic Environment Scotland is investing in traditional skills and apprenticeships but does not have the skilled craftspeople to bring on those apprenticeships. English Heritage is seeking to recreate skills lost when direct labour was outsourced.

Cadw staff also have professional skills in building surveying, architecture, planning, architectural history, garden history, the specification and management of conservation projects, heritage interpretation, project management, construction management and community engagement. There are also staff with expert knowledge of specific areas of Welsh building traditions, archaeology, history and heritage, such as Welsh vernacular architecture, roofing styles, Welsh castles, the Second World War in Wales and other areas.

#### **3.1.9 Delivering historic environment reforms**

Perhaps the most recent major achievement of Cadw teams from within the Welsh Government has been the delivery of the Historic Environment (Wales) Act 2016, accompanied by a new suite of up-to-date policy and guidance for the historic environment.

In addition, the National Development Framework now has an objective around protecting distinctiveness and linking that to the historic environment. This is an example of building historic environment issues into mainstream development requirements in accordance with the wider goals in the Future Generations Act.

### **3.1.10 Regional working**

Regional working has long been core to Cadw service delivery. Cadw has always had a strong presence across Wales, both through the properties in care and through its historic environment services.

There are regional conservation teams and staff based across Wales at properties and working locally.

Cadw pioneered the regional delivery of archaeological services through the four Welsh archaeological trusts, which provide local archaeological services to groups of local authorities.

Cadw has also been working with the Welsh Local Government Association on a conservation services review to look at opportunities for delivering some conservation services on a regional basis.

## **3.2 Business challenges — governance and operating issues**

Although many things work well, there are also business challenges.

There is some evidence that the integration of Cadw into the Welsh Government after its executive agency status was abolished in 2005 happened at a gradual pace. The variable pace of integration applied both to systems and processes. As an agency, Cadw had in place a management framework of financial and personnel freedoms within which the chief executive ran and was accountable for the day-to-day operations and work of the agency. The framework agreement also indicated the sorts of performance measures and targets that would be set by the Minister and against which the agency would be measured. In 1991, it was intended that management freedoms would increase over time as the agency met increasingly challenging targets.

Inside the Welsh Government there was a period of adjustment as functions previously undertaken by the agency, including HR and procurement, were transferred to central teams.

Over time, teams in Cadw and in central services have worked together to better integrate systems and processes. For example, in 2010 an internal Change and Development Project Board was set up to review issues around income generation and management, and to address issues such as engaging with small suppliers, and reviewing terms and conditions. It was also charged to progress a change programme to address organisational, people,

business, structural and financial challenges. The board looked at whether or not Cadw might establish a friends' organisation and associated charitable status or a trading fund.

One of the outcomes of the process was the move from DRC to programme funding which gave Cadw greater flexibility in terms of applying funding from receipts. A new system of coding was put in place to improve business planning and financial monitoring, in the context of good audit results (see below).

In some cases, Cadw teams have also pioneered approaches that have been adopted by other parts of the Welsh Government, such as the Customer Service Charter developed by the custodians or the work Cadw teams have led on volunteering inside the Welsh Government.

### **3.2.1 Governance issues**

Concerns about corporate governance in Cadw emerged in and around 2010, including a series of Internal Audit Service (IAS) reports, three of which provided limited assurance over the controls in place on stock control, management of capital and procurement.

The Head of Governance and Compliance Management in Sustainable Futures (the department in which Cadw was then located) identified other issues including retail procurement and commercial activities more generally, inadequate commercial business planning, the inappropriate use of leased vehicles, potential tax liabilities, budget forecasting — particularly on capital expenditure — and record keeping.

Additional staffing resource, a new head of governance and a governance improvement plan were put in place; a change manager was appointed to challenge systems and processes, and a people and organisational development manager to drive learning and development. By 2012/13 the Statement of Internal Control identified that improvements to budget monitoring, and issues around vehicles and tax liabilities were resolved.

The appointment of a more senior head of governance and information management in 2013 signalled the ongoing priority given to this issue. The governance improvement plan was strengthened around the headings in the Statement of Internal Control, and more emphasis given to business planning, risk and corporate responsibilities. Actions arising from IAS reports were integrated into the governance improvement plan and the plan owned by Cadw's director. IAS reports on capital, income, stock control and procurement were all addressed, and new processes including desk instructions, fraud prevention, business planning and risk management were put in place.

The Performance and Monitoring Committee, with representation from Sustainable Futures, was put in place to scrutinise reports and performance. One of the biggest challenges was integrating a culture of good governance into the core work of Cadw and to rebuild confidence.

Cadw continues to monitor internal audit recommendations closely, with recent audits on health and safety, maintenance and retail procurement.

### **3.2.2 HR issues**

As noted in section 2.7.3, there are many features of the Cadw workforce and staffing arrangements that are relatively unusual within the Welsh Government.

Possibly the most distinctive feature is that many staff work remotely across Wales at 29 properties that are not Welsh Government offices. Other staff work from home (field monuments wardens) or are regionally based (Cadwraeth). At remote properties there may only be one member of staff there at a time. As a result, many staff do not have regular access to a computer to access information and some do not even have a GSI account. Cadw is also unusual in having an agreement with an agency to provide staffing cover, in part arising from the frequent need for short-term cover.

As a result of staff working remotely, fewer staff on site and poor communication, it is easy for HR issues to escalate. There is less support, and custom and practice can occasionally continue unchecked. There are also complexities as some staff, such as custodians and Cadwraeth staff are on different terms and conditions that arise from historic practice.

As sites are staffed by custodians using fixed rotas, there can be a lack of flexibility in terms of moving staff between sites, or providing cover at short notice due to illness or other unforeseen factors. It can also be challenging to provide cover for additional commercial events or public programmes.

Despite a diversity of issues Cadw does not have dedicated HR. Lead custodians deal with day-to-day issues such as rosters, weekend working, public holidays, annual leave and other HR matters which would normally be handled by the central HR Shared Services Centre.

There is also a regular turnover of custodial staff. Although the NPS Agency framework provides temporary staff, the internal system of recruitment for substantive posts, including background checks, can take time, resulting in the reputational risk of property closures.

Cadw now has 'internal agency' status and the ability to manage its own structure within a staffing budget and an agreed establishment number of 249. Although this means Cadw can now recruit externally without the need to ask

for resource panel approval, there can be delays in recruitment and operating challenges around the impost cap of 249 staff.

### **3.2.3 Information technology**

In addition to standard Welsh Government IT, Cadw operates at least 16 bespoke systems delivering public services, including areas for which the Welsh Ministers have statutory responsibilities, the online shop, the EPOS system, the membership database, web mapping and development planning information (though some are legacy systems).

Cadw has limited IT capacity and depends on contractors and support from Geography and Information within the Welsh Government. This is a relatively high risk area for Cadw.

The biggest challenge is that with a range of different systems, some of which are customised or developed by different contractors, it can be difficult to put in place maintenance arrangements. The cost of using the framework contract for maintenance of online services can be high, but there is a lack of internal expertise. Cadw might benefit from a central call-off resource for specialist IT procurement.

### **3.2.4 Procurement**

Cadw's procurement requirements are complex because of the range of services and goods required, and the packages of non-standard works, many of which are provided by SMEs. As noted in section 2.7.2, estimated annual procurement spend of £8.75m includes major and minor capital works, goods for resale and contracts for services (including marketing, facilities management, IT and historic environment).

Historically, procurement has represented a high governance risk for Cadw. The diverse nature of the business means that staff need to procure a high volume of capital, goods and services in a variety of areas. The task is often performed by staff in professional posts or relatively junior staff, with little procurement experience. Concerns include the need to avoid disaggregation, the use of departures from normal procurement procedures, record keeping and awarding work out of contract.

In 2013, one of the biggest issues was around retail procurement. Retail is the second biggest income source for Cadw. Cadw shops sell gifts, souvenirs etc. Like tourists everywhere visitors expect to buy items associated with the local areas. Retail is both a source of income and part of the visitor offer.

In 2014, the Retail Procurement Strategy was developed in response to audit recommendations. This enabled Cadw to look further forward in terms of forecasting spend and gain more flexibility. Although further work needs to be done, the strategy is an example of business innovation within the Welsh Government.

There have been other successes with the consolidation of the marketing services into a single framework contract, although the consolidation of facilities management services has been less straightforward (see below).

Cadw has worked closely with the Welsh Government's corporate procurement service (CPS), putting in place new procedures and training for staff and has access to professionally trained procurement staff. However, much of the day-to-day responsibility for procurement and managing contracts remains with staff for whom this may not be their primary role or area of expertise.

### **3.2.5 A constrained resource environment**

One of the biggest single issues facing Cadw over recent years has been the reductions in both capital and revenue budgets, as well as in support from central teams.

Since 2015 there has been a £1.4m reduction in capital funding for historic environment projects across Wales and a reduction in core revenue support. The reduction in core revenue support has in part been offset by raising admission prices and reducing funding to third parties. The reduction in capital grants has been offset by reducing grants budgets. Savings have also been made through not replacing roles and keeping positions vacant.

At the same time, Cadw teams depend on support from other Welsh Government teams, including Geography and Technology, Legal Services, HR and many others. These teams enable Cadw to deliver the functions of a medium- to large-sized organisation but without dedicated staff in these areas. The reductions in staff and resources in other teams can have a direct impact on the ability of Cadw to deliver core services, with particular areas of risk currently around IT provision (where the Welsh Ministers have a statutory duty) and legal services where Cadw has a wide and complex range of legal needs.

Of course Cadw is not unique in facing budget pressures across any part of the Welsh Government. However, as a frontline service provider there is a risk that the impact of those reductions will be very visible in the presentation of the monuments or the service provided to the public.

### **3.2.6 Annualised budgets**

Cadw faces a particular issue in relation to annualised budgets.

With a property portfolio comprising 129 monuments, including some of Wales' most imposing castles and sites, Cadw on behalf of the Welsh Ministers has major responsibilities in terms of maintenance, management and public health and safety. It is also important to invest in those properties

in order to maximise revenue and ensure the highest quality visitor experiences.

There is an estimated backlog of around £18m in repairs to those sites. This figure is currently being updated through a programme of targeted quinquennial inspections, designed to better understand the exact scale and nature of the investment required and the risks associated with it.

In common with other Welsh Government departments, Cadw receives an annual budget, which may not always be confirmed until the financial year is well underway.

Conservation works often cannot be done in winter. Therefore an annual accounting cycle, whereby money is found each year, can lead to problems because by the time procurement has been put in place works are done too late in the year. The winter months can be subject to rain and frost and are often entirely unsuitable times to undertake pointing and other outdoor work. Where funding cannot be spent within year, it cannot be carried over.

There are also challenges around major capital projects, including programmes of major repairs and capital investments in new visitor facilities. The annual budget cycle is too short to develop and plan for investment projects and the lack of flexibility at year end means that capital budgets can be underspent.

### **3.2.7 Potential conflicts of interest**

One of the issues that arises from Cadw operating within the Welsh Government is the potential for conflicts of interest.

Each of the properties in the care of the Welsh Ministers is a scheduled monument. The castles of Beaumaris, Caernarfon, Conwy and Harlech, and the towns walls of Caernarfon and Conwy are inscribed as a World Heritage Site. Blaenavon Ironworks is part of the Blaenavon Industrial Landscape World Heritage Site. Cadw is obliged to manage and maintain these sites to the same exacting standards expected of any owner of a scheduled monument. Although works to scheduled monuments owned by the Welsh Government are exempt from the requirement to obtain scheduled monument consent, officials obtain scheduled monument clearance regardless of Crown Exemption. The clearance process involves the same checks and balances equivalent to those for scheduled monument consent and proposals need to be of the highest standard.

There is also the potential for wider conflicts of interest in relation to other projects promoted by ESNR. To address this, officials have developed a protocol — ‘Welsh Government — avoiding conflicts of interest when managing and protecting designated historic assets.’ This provides clarity in terms of roles, processes and transparency in five key areas:



- statutory protection
- scheduled monuments or listed buildings owned by or in the guardianship of the Welsh Ministers
- historic environment considerations in large-scale infrastructure projects promoted by the Welsh Government
- Welsh Government economy, science and transport projects
- pre-application discussions.

Procedurally, Cadw maintains a clear separation of internal functions when proposing work to the Welsh Government's own sites.

### **3.2.8 Effective service delivery within standardised processes**

There have been tensions in and around standardised processes. Cadw staff report that some aspects of their duties are genuinely difficult to deliver within standard frameworks.

In areas such as the recruitment of custodians, for example, where there can be high turnover, Cadw has struggled to fill vacancies within the Welsh Government recruitment timeframes. Other areas of concern in the past have included remote working, the use of vans, and travel and subsistence.

The appointment of a head of governance and information management helped improve both compliance within Cadw and better understanding of some of the business challenges arising from the nature of the services that Cadw provides.

The core issue may simply be the variety of work undertaken by Cadw and the fact that much of it involves responding rapidly to public service requirements.

Other factors might include:

- staff undertaking work that is not their specialist area (for example, conservation practitioners undertaking procurement or custodians undertaking HR work)
- the remote nature of many Cadw workplaces with limited IT access
- the public-facing nature of much Cadw work which requires instant responses
- the reactive nature of much of what Cadw does (for example, responding to vandalism over night).

### **3.2.9 Lack of a board structure and clarity on delegations**

At present in Cadw, day-to-day decisions are taken by SMT. There is a business plan in place that forms part of the ESNR business plan which is signed off by the Cabinet Secretary. Matters for decision during the year are referred to the Cabinet Secretary. Occasionally, matters are reported to the ESNR senior team or board, but these are by exception.

As a result there is, in effect, no board in place to which to refer complex issues. In an organisation such as Cadw, it is easy for potential conflicts to emerge; for example, between commercial targets and visitor experiences, between conservation standards and procurement requirements, and between resources and public expectations. These are common to any historic environment organisation and are part of the nature of the role, but can be even more sensitive and challenging within the Welsh Government. The lack of a board with representation from ESNR and other parts of the Welsh Government or even external validation, means that the deputy director/s take on a high level of responsibility for delivery, despite not necessarily having authority over some aspects of the 'supply chain'. This represents a potential risk for the individuals, for ESNR and of course for the relevant Welsh Ministers.

### **3.3 Business challenges — visitor and commercial services**

Some of these challenges were identified in earlier reviews including the 2015 Commercial Review. As part of the Welsh Government, it is difficult for Cadw to fundraise or attract sponsorship; there is less flexibility in terms of commercial operations, and policies and practices can be difficult to adapt to the immediate needs of the public and visitors.

#### **3.3.1 The Cadw brand and visibility for the historic environment**

One of the issues that has arisen over the past six years or so is whether or not there should be a common, external-facing brand for Welsh heritage attractions in general. This was one of the recommendations of the 2011 review which resulted in the 'Historic Wales' website portal, but made further recommendations about common branding. The issue also emerged from the 2015 Commercial Review which recommended a 'Historic Wales' identity.

That work is now being taken forward through the Strategic Partnership between heritage bodies.

Allied to this is the question of the individual Cadw brand. When asked, Cadw members were overwhelmingly negative about the idea of changing the Cadw name (see Section 1). Staff report that the current Cadw brand is not a barrier for visitors. It has the advantage of being well known and is a Welsh word meaning to keep or preserve. They report that for many visitors it is the individual site or location rather than the brand or organisation that is the primary attractor.

A more significant issue is around advocacy for the wider historic environment, including opportunities to engage people in heritage, celebrating the role of Wales' many volunteers and also raising awareness of the critical role that heritage and the historic environment play in the economy and society.

With the drive to increase commercial income, the focus for much of Cadw's marketing and PR has been around increasing visits to the properties in care. There has been less focus on the wider historic environment in Wales, although festivals and public programmes can be excellent drivers for raising awareness. Given Cadw's role on behalf of the Welsh Ministers, there are also genuine limitations on the extent to which Cadw can be seen to be an independent advocate for the historic environment in Wales.

Yet there are opportunities. Many Cadw members report a strong interest in conservation and the historic environment in Wales more generally. There is a large audience in Wales with a stake or interest in the historic environment where a channel of communication might be of interest. There is also an opportunity to raise awareness of what Cadw does over and above its work in caring for properties.

### **3.3.2 Public health and safety**

With over 1.4m visitors to staffed sites, and many more visitors to unstaffed sites, Cadw has to have an effective system in place to conform with the statutory reporting requirements of the Health and Safety at Work etc. Act 1974.<sup>35</sup> Since 2005 Cadw has maintained a record of accidents which, over the years, has been expanded to be more effective, capturing information on the central Welsh Government PPPCS-HR database. The most common accidents are bumps to the head, cuts and bruises, sprains and strains, and the majority are to visitors. Cadw activity identifies accident location hot spots and works with custodians to identify the types of accidents, locations and causes to improve safety.

Cadw has reviewed its health and safety arrangements with support from the ESNR Health and Safety Coordinator to ensure compliance across the division, and a Health and Safety Committee monitors standards and compliance. Cadw was accredited with BSI OHSAS 18001 in June 2014 and follow-up audits have been completed.

### **3.3.3 Changing visitor expectations**

Teams are very conscious of rising visitor expectations. Visitors are more sophisticated — they have researched online and now expect that there will be toilets and a shop. Group travel and tour groups are growing and there is a demand for choice in interpretation — panels, room labels, guidebooks and IT. Ticket prices have risen and it is important to improve the offer. This makes it particularly important to ensure that audio-visual equipment and other interpretation is working and properly maintained. It also means that it is important to continue to innovate at sites, increase standards of service and provide new approaches to interpretation.

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<sup>35</sup> Health and Safety at Work etc. Act 1974. <https://www.legislation.gov.uk/ukpga/1974/37>

As well as staffed sites, Cadw is responsible for nearly 100 unstaffed sites, some of which have higher visitor numbers than staffed sites. Unstaffed sites are remote and highly vulnerable to antisocial behavior, vandalism and weather, and present special challenges. Recent incidents at unstaffed sites have included arson, a rave and damage to historic fabric. The real challenge is how to respond rapidly to such incidents.

Allied with changing visitor expectations is the online user experience (UX). The Cadw website is beginning to lag behind that of other historic environment organisations, as they recognise the changing nature of what their users and visitors need. The limitations of the Welsh Government platform and the ambivalence around the Cadw brand within the wider Welsh Government brand has meant that this needs further thought.

### **3.3.4 Sponsorship and fundraising**

When Cadw was an executive agency it was sponsored by organisations with similar brand values. Although Cadw is beginning once again to build relationships with sponsors, as part of the Welsh Government it can be difficult to partner with others to deliver or part-fund events.

In terms of donations, there are regular requests to donate funds, benches or make bequests. It is always explained that Cadw is part of Welsh Government; some people continue with donations and bequests, but others do not.

### **3.3.5 Balancing commercial activities with visitor experiences**

Cadw generates two types of income. Commercial income is generated through activities that are designed to make a profit to subsidise the core business of Cadw. Cadw also generates income associated with core services that are charged for to subsidise their cost, but where the intention is not to generate a profit.

Commercial activities include commercial venue hire such as weddings, commercial activity licences, properties let on an open market basis, retail and catering.

Self-generated income includes admissions, income from community and educational events, as well as donations and corporate partnering. However, Cadw also provides free admission to a wide range of groups.

Income from commercial events (private hire for functions) currently represents a very small percentage of overall income, but it is an area with the potential to grow.

Very few properties have roofs, power, water and sanitation adequate to provide for commercial activities. Only Caerphilly Castle, Tretower Court, Plas Mawr Gatehouse Gallery and Castell Coch offer meaningful covered spaces.

The busiest venue is Caerphilly, which accounts for 50 per cent of all bookings. The majority of Saturdays from April to October are booked for weddings.

The challenge is how best to manage the balance between being open to the public and providing a venue space for private hire. Private hirers and in particular weddings, have high expectations, which can conflict with public access. Finding an appropriate balance between generating income and continuing to meet public expectations can be difficult. There can also be additional costs such as security and overtime costs associated with venue hire. Cadw needs a model of commercial venue hire that delivers a genuine return on investment, recognising the additional costs associated with delivering events.

### **3.3.6 Delivering conservation works**

As noted, the procurement of conservation works can be particularly difficult and it is useful to understand why this is so. Conservation works are generally small packages of non-standard specialist works that require relatively rare skills, and often innovative solutions. Traditionally, such work has been delivered by locally based SMEs, often small contractors or individual specialists, many of whom have local knowledge. Those skills are often not available in larger firms.

Against that, there can be benefits in aggregating contracts by reducing the number of procurement exercises, the need to manage numerous contracts, the risk saving and potential monetary savings. As part of Welsh Government, Cadw does need to comply with OJEU procurement regulations.

Whilst the Welsh Government procurement processes work well corporately, staff report that the cost (expressed in staff time) can be disproportionate to the value of Cadw's contracts. An approach that involves specifying works in advance often does not allow for flexibility and innovation during delivery. Sometimes the solution to a problem such as a leaking medieval roof only emerges once opening-up works begin and projects evolve as more information comes to light. A specific example is the chimneys at Castell Coch where one solution was specified on the basis of best available information, but once on site an alternative and better solution was found.

There is also a risk of exacerbating the growing shortage of specialist heritage skills. Smaller suppliers (SMEs) can be reluctant to engage with the Sell2Wales procedures, whilst larger firms who are able to engage lack that specialist knowledge.

Cadw has been working closely with CPS to address these issues and work is progressing in this area to find solutions.

### **3.3.7 Workforce skills**

As noted above, Cadw staff currently have a range of professional skills. Cadw also employs specialist consultants and contractors, including architects and archaeologists, as part of works programmes. These skills are needed both for properties in care and historic environment services.

In 2014 an internal conservation skills review was launched. The driver for the review was a perceived loss of internal specialist architectural skills in developing and managing projects at properties in care, including major repairs or new build, such as new visitor centres. The issues examined by the review included questions such as whether Cadw could rely on external advice for developing and specifying projects or whether internal specialisms were also needed. Since then, another round of voluntary exits has resulted in the loss of some specialist skills.

Staff questioned whether Cadw still has the right skills internally, or whether it was making best use of the skills it does have, particularly where technical staff were undertaking work such as procurement, thus putting further pressure on conservation skills. They felt there was a need to review the way in which professional skills are used across Cadw, both to understand what skills are needed in house and also to understand how to make best use of those skills.

### **3.3.8 Consolidation of facilities management**

Facilities management has recently been consolidated into a single contract let using an NPS framework and the standard NEC3 term service contract in compliance with OJEU procurement regulations. Previously, services had been delivered by multiple local contractors. Although this had the benefit of reducing the number of procurement exercises and the need to manage numerous contracts, this was the first time that Cadw staff had managed a contract of this nature and on this scale. One of the biggest challenges for Cadw has been the amount of time and specialist skills needed to manage contracts on this scale. In addition, there is a need for a detailed register of assets as well as detailed record keeping to track the progress of the contract at every stage. Cadw monuments are very different to standardised office buildings; they are often isolated and located throughout Wales. Equally, Cadw as an organisation is dispersed; custodians are not always able to provide the level of oversight of facilities management that might be possible at, for example, a single major urban building.

## **3.4 Business challenges — historic environment**

### **3.4.1 The impact of Brexit**

The Welsh heritage sector benefited from 180 projects between 2007 and 2016 that were wholly or part funded by the EU. The sector received a minimum of £74m in EU funding, including funding from the European Agricultural Fund for Rural Development, the ERDF and the ESF. Welsh

universities received an additional £2.32m in research funding for 2013–17 and are anticipating another £1.88m until 2022. Major Welsh Government projects have included the new bridge and facilities at Harlech Castle.

As well as the loss of funding for cultural infrastructure such as museums, monuments and important sites, other risks include:

- the loss of skills relating to the repair and refurbishment of traditional buildings
- the scrapping or watering down of environmental protections that also protect cultural landscapes
- the loss of support for the stewardship of natural and cultural heritage undertaken by farmers across Wales
- potential import duties on construction materials used in conservation, such as stone, timber and lime.

All of this would in turn impact on tourism in Wales where cultural heritage is an important driver.

### **3.4.2 The role of heritage and the heritage sector in the Welsh economy**

The heritage sector employs nearly 3,500 people in Wales and over 400 seasonal posts. At least another 10,000 people are employed in heritage tourism. In addition, more than 43 per cent of the construction industry jobs in Wales work in conservation repair and the maintenance of traditional buildings.

Another way of assessing the value of the heritage is to measure how much of the nation's income (GVA) can be attributed to the sector. Official statistics show that heritage products and services generate an estimated £963m (1.6 per cent of Wales GVA) of revenue.<sup>36</sup> The majority of this is generated by tourism and heritage construction or maintenance.

### **3.4.3 Historic environment designation challenges**

Whilst the major focus has been on improving Cadw's ability to generate income, there are also challenges for historic environment services.

Whilst the delivery of the new legislation has been a major success, activities such as listing become increasingly challenging in Wales. Although it is relatively straightforward to keep up with requests for spot listing, there are more difficult issues arising. A comprehensive re-survey of Wales was completed 12 years ago, as a result of which the majority of older buildings that easily meet the criteria have been listed. Therefore many of the applications that are made today are complex and deal with new areas of interest, such as modern movement buildings or industrial heritage. Issues

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<sup>36</sup> 'Heritage Counts 2016', Historic Environment Group, 2016.  
<http://cadw.gov.wales/about/partnershipsandprojects/aboutpartners/histenvgroup/?lang=en>

also arise in response to wider structural changes such as educational reforms or the reorganisation of universities. Cadw is often approached to list buildings where, in practice, there may be an underlying concern about wider social change.

Equally, Cadw has developed a backlog of work in identifying those sites most worthy of scheduling, partly arising from new discoveries. There is a need for creative ways to address this backlog.

#### **3.4.4 Traditional buildings skills**

Traditional buildings skills play a critical role in the Welsh economy. One of the biggest needs is in and around the core construction skills required for the repair and refurbishment of older buildings which represent 43 per cent of construction sector jobs in Wales. However, the main focus for the majority of construction training is on new build. The result is not only trainees who lack core skills, but householders and others who are at risk through contractors with a poor understanding of how traditional buildings perform and should be cared for.

There is also a shortage of specialist traditional craft skills in Wales, including stonemasonry, carpentry and working with traditional plaster and lime mortar. Some of the techniques are very specific to Wales, such as knowledge of local roofing traditions. Whilst Cadw has some of these skills in house, there is evidence of market failure in the wider sector as a result of an ageing workforce which is not being replaced.

Cadw has worked in partnership with the Construction Industry Training Board (CITB) and other historic environment bodies in England and Scotland to develop a Strategic Skills Partnership Agreement. This will focus on knowledge and skills for working on traditional buildings and integrating them into mainstream construction training. The strategy also includes working closely with employers, promoting the need for skills and developing the evidence base further.

There are also other heritage skills requirements, including those needed to manage and maintain historic sites, welcome visitors, assess and advise on historic buildings, archaeological sites, and historic parks and gardens, engage with communities, deliver public programmes and to undertake archaeological field work.

#### **3.4.5 Tackling heritage at risk**

In Wales, industrial buildings, chapels and farmsteads are some of the categories of buildings that are most at risk, whilst run-down buildings in historic town centres can often be public symbols of a lack of confidence in local areas. Finding solutions is not easy — often the reason that buildings are at risk is because they lack a use in the modern world, and that is often related to wider social and economic changes. Cadw has been working with



partners through the Historic Places of Worship Forum, the Heritage Lottery Fund and with organisations such as the Architectural Heritage Fund to help address issues such as the need for better business skills and support for community groups. However, there remains the ongoing challenge of finding support for heritage-led regeneration programmes, or individual buildings at risk within a constrained resource environment.

#### **3.4.6 Growing the heritage sector in Wales**

The heritage sector makes a significant contribution to the Welsh economy through construction (including repair and refurbishment of Wales' stock of older buildings), tourism and hospitality, digital and historic environment services such as archaeology (see section 2.5.7). Some of the issues faced by the sector are similar to those in the wider creative industries. For example:

- there is an important private heritage sector in Wales that needs opportunities for networking
- SMEs with traditional craft skills are potentially vulnerable to wider market trends
- the heritage sector is not always visible in terms of jobs creation mechanisms
- there is little understanding that the heritage sector is a vibrant, growing creative area that could be part of the future of Wales
- there is evidence of market failure evidenced by the shortage of heritage skills.

Growing the sector requires funding, advocacy, sector development, influencing and partnering, and skills development. These are critical needs for the heritage sector which should not be overlooked.

#### **3.5 Other operating issues**

Much of the information in this section has been based on feedback from staff, gained through 1:1 interviews. All staff were invited to feedback directly, or through TUS representatives. At a staff briefing, staff were asked for feedback on the operation of Cadw at the time, including the 'two divisions' arrangement as well as on any other issues. The issues raised by staff included:

- a perception that the gap between commercial and historic environment priorities had widened
- a perception that commercial priorities were being given greater emphasis than conservation, though there was a recognition of the importance of generating income in the current climate (which is dependent on well-maintained sites)
- in relation to communications, there was a concern about a lack of understanding outside Cadw of the statutory functions and a worry that only negative aspects of casework received attention rather than the more positive achievements of the advisory/support/mentoring role that Cadw undertakes

- some anxiety that the amount and complexity of casework were not always recognised internally
- there was frustration with the increasing amount of procedural administrative work and approvals required to undertake statutory roles and provide grant support
- the lack of budget flexibility meant that conservation work was often undertaken at the wrong time of year (winter).

Also, in discussions as part of preparing the functional analysis, staff were given the opportunity to feedback on issues relating to the governance of the organisation and, in particular, on whether they felt that changing the status of the organisation to an executive agency or to a WGSB might help to resolve some of the operational challenges.

Staff were particularly concerned to retain their ongoing Welsh Government terms, conditions and flexibility. They reported a degree of anxiety about ongoing reviews of Cadw. There had been a restructure, followed by the 2014 Merger Project, the 2015 Commercial Review, the 2016 Historic Wales review and the current review. They were hoping for a period of stability. Staff were also concerned about the costs of establishing any new body.

## SECTION FOUR — THE EXPERIENCES OF OTHER ORGANISATIONS

The review has been specifically tasked with looking at the lessons learned from the establishment of other public bodies in Wales, and beyond. This section of the report provides some information on the options that were considered, and also some of the lessons learned from the experience of putting new structures in place.

### 4.1 Organisations in Wales

Public bodies are a crucial mechanism for the delivery of Welsh Government priorities in Wales. They deliver vital services in a range of areas. Their functions include:

- delivering public services
- distributing grants in an impartial way
- looking after national assets
- regulating important sectors of the Welsh economy
- upholding standards and acting as a guardian of the public interest.

They protect consumers and businesses. They provide expert advice to many organisations. Well-governed, effective and efficient public bodies help contribute to building public trust in the Welsh Government at a time when this has never been more important.

#### 4.1.1 Non-ministerial departments and executive agencies in Wales

The Welsh Government has a relationship with two UK-wide executive agencies: the Planning Inspectorate and the Animal and Plant Health Agency. The UK Co-ordinating Body is an independent executive unit that works with DEFRA, the Welsh Government, the Scottish Government and the Northern Ireland Executive to administer the Common Agricultural Policy.

In 1991, Cadw was established as the first executive agency of the Welsh Office to undertake historic environment functions on behalf of the Secretary of State for Wales, but it was brought into government as part of the Department of Culture, Welsh Language and Sport in 2005.

The Welsh Revenue Authority (WRA) will be the first non-ministerial government department created by the Welsh Government, and is due to be operational in 2018. It is being set up to manage and collect new taxes which are being devolved to Wales under the Wales Act 2014.<sup>37</sup> In addition to collecting tax, the WRA will provide information to taxpayers, resolve complaints, promote compliance, reduce evasion and support the development of Welsh Government tax policy.

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<sup>37</sup> Wales Act 2014. <http://www.legislation.gov.uk/ukpga/2014/29/contents/enacted>

#### 4.1.2 Welsh Government Sponsored Bodies

Historically, Assembly Sponsored Public Bodies (ASPBs) were the Welsh equivalent of NDPBs and fell into three categories: executive, advisory and tribunal. In 2004, there were 15 ASPBs, and 14 advisory ASPBs (including the Historic Buildings Council for Wales and the Ancient Monuments Board) and 5 tribunal ASPBs. In 2004 it was announced that 3 ASPBs — the Welsh Development Agency, the Wales Tourist Board and Education and Learning Wales, would merge with their sponsor departments in the Welsh Government.<sup>38</sup> The Qualifications, Curriculum and Assessment Authority for Wales (Awdurdod Cymwysterau, Cwricwlwm ac Asesu Cymru) merged with the Welsh Government in 2006. In 2012, the Welsh Language Board was abolished and replaced by the Welsh Language Commission.

There are currently 10 Welsh Government Sponsored Bodies (WGSBs):

- Amgueddfa Cymru/National Museum Wales (1907, Royal Charter)
- National Library of Wales (1907, Royal Charter)
- Sport Wales (1972, Royal Warrant later replaced)
- Arts Council of Wales (1994, Royal Charter)
- The Royal Commission on the Ancient and Historical Monuments of Wales (1908, Royal Warrant reissued 2000)
- Care Council for Wales (2001, Care Standards Act 200)
- Higher Education Funding Council for Wales (1992, Higher Education Act 1992)
- Local Democracy and Boundary Commission for Wales (set up in 1974 and re-named in 2013, Local Government (Democracy) (Wales) Act 2013)
- Natural Resources Wales (2013 bringing together 3 ASPBs)
- Qualifications Wales (2015, Qualifications Wales Act 2015).

Each organisation is sponsored by a department within the Welsh Government, reporting to a Welsh Minister. There is normally a framework document approved by the Welsh Ministers. This establishes the broad framework within which the organisation operates, and details the terms and conditions under which the Welsh Ministers provide grant-in-aid. An annual remit letter from the relevant Welsh Minister identifies funding and priorities for the year. The framework and principles applied by the Welsh Government, its sponsored bodies and other public bodies in Wales is set out in Managing Welsh Public Money.<sup>39</sup>

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<sup>38</sup> 'Assembly Sponsored Public Bodies', Members' Research Service, 2004  
<http://www.assembly.wales/Research%20Documents/Assembly%20Sponsored%20Public%20Bodies%20-%20Research%20paper-27092004-43768/04-019-English.pdf>

<sup>39</sup> Managing Welsh Public Money, Welsh Government, 2016  
<http://gov.wales/docs/caecd/publications/160201-managing-money-en.pdf>

## Natural Resources Wales

Natural Resources Wales was established in 2013 bringing together the Countryside Council for Wales, Forestry Commission Wales and the Environment Agency in Wales as well as some Welsh Government functions. It is the largest WGSB with 1,900 staff across Wales and a budget of £180m. The annual remit letter sets out the Welsh Government's requirements.

The Welsh Government has documented the process to establish Natural Resources Wales. Much of the work was undertaken by the Living Wales Programme, made up of 60 individuals seconded from the three legacy bodies.

After Wales missed national and international biodiversity targets in 2010, an inquiry looked into how issues might be addressed. A new Natural Environment Framework focused on managing the environment as a whole rather than in separate parts. As part of the work to take this forward, a Delivery Bodies Review looked at the option of a single environmental body for Wales. The initial report was published in September 2011 and the Welsh Ministers asked officials to take forward a more detailed business case. The full business case was published, and the Welsh Ministers set a target date for vesting as 1 April 2013.

The business case looked at three options, including creating a new body from Forestry Commission Wales and the Countryside Council for Wales; creating a new body from Countryside Council for Wales and Environment Agency for Wales, and creating a new body from all three organisations. There was a range of complex issues to be resolved including agreement with DEFRA and the Public Bodies Act 2011.<sup>40</sup> Equalities issues were a particular concern and this was picked up by a workstream that looked at issues linked to terms and conditions. There were two consultations during the process — one on broad principles and the second on functions for the new body.

Legislation<sup>41</sup> was required to establish the body, given that the merger involved three different bodies, with a wide range of functions.

## Qualifications Wales

Qualifications Wales<sup>42</sup> is an independent organisation responsible for regulating general and vocational qualifications in Wales. It was established through the Qualifications Wales Act 2015.<sup>43</sup> The Qualifications Wales Board oversees activities, and comprises a chair, chief executive and eight to ten ordinary board members appointed by the Cabinet Secretary for Education.

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<sup>40</sup> Public Bodies Act 2011. <https://www.legislation.gov.uk/ukpga/2011/24/contents>

<sup>41</sup> The Natural Resources Body for Wales (Establishment) Order 2012. <http://www.legislation.gov.uk/wsi/2012/1903/made>

<sup>42</sup> 'Qualification Wales Framework Document' <http://qualificationswales.org/media/1640/150806-qualifications-wales-framework-document-signed-by-wg-and-qw-e.pdf>

<sup>43</sup> Qualifications Wales Act 2015. <http://www.legislation.gov.uk/anaw/2015/5/contents/enacted>

The establishment of Qualifications Wales followed an independent review by the Welsh Government to look at qualifications in Wales, focusing on those taken by young people aged 14–19. One of the recommendations was that there should be an independent regulator (as there had been prior to 2006). Three options were explored and the decision made to set up a WGSB reporting directly to the National Assembly for Wales. Although the most expensive option, it provided greatest independence.

The regulatory impact assessment was set out in the Explanatory Memorandum that accompanied the Qualifications Wales Act 2015. A project was established to set up the new organisation, working beside the team dealing with the legislation required. It took around two years from the acceptance of the recommendation to the first staff in the office.

Payroll is outsourced to the Welsh Government. Staff are not civil servants but remain eligible for the civil service pension scheme. There is a small HR function and IT capability, although the team is exploring options for shared services. The new organisation is based in Newport. It was originally assumed that most staff would transfer from the Welsh Government to the new organisation, but in practice many remained with the Welsh Government.

In discussing lessons learned, the project team point to the importance of an effective project leader with experience in the private sector and an understanding of what was required to set up a business, including IT, pay and finance systems. They also note the importance of undertaking functional analysis to ensure that there is no danger of overlooking residual functions that may need to remain with the Welsh Government, when establishing a framework document or resourcing.

#### **4.1.3 Welsh Government wholly owned subsidiaries**

The Welsh Government delivers its functions through a range of other bodies including four wholly owned subsidiaries:

- **Gyrfa Cymru/Careers Wales** was formed in 2013 as a wholly owned subsidiary of the Welsh Government, providing independent and impartial careers information for Wales. The remit is set by the Minister for Skills and Science who appoints the chair and 13 directors.
- **Cardiff Airport**<sup>44</sup> has been operating under the ownership of the Welsh Government since 2013 as a commercial business. A holding company was established to own the equity investment. A management agreement is in place to regulate the relationship between the holding company and the

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<sup>44</sup> 'Cardiff Airport: Annual Update 2016' <https://www.cardiff-airport.com/uploads/Annual%20update%202016%20-%20ENGLISH%20final.pdf>

airport to ensure that it operates as a commercial enterprise at arm's length from the Welsh Government.

- **Transport for Wales** was established in 2015 by the Welsh Government as a wholly owned, not-for-profit company limited by guarantee to provide support and expertise to the Welsh Government in connection with transport projects in Wales. There is a contract between Transport for Wales and the Welsh Government comprising Articles of Association, an approved management agreement, annual remit letter and business plan. Transport for Wales undertakes the functions of the Welsh Ministers under section 60 of the Government of Wales Act 2006 including advice, consultancy, compliance, project management and other activities. The company structure has been designed to provide a flexible resource with the ability to scale resources up or down to meet project needs and to improve the Welsh Government's ability to recruit skills from the market more quickly.<sup>45</sup> This is explored further in section 4.1.4.
- **Finance Wales**<sup>46</sup> is a public limited company owned by the Welsh Government, which provides finance for Welsh SMEs from the Welsh Government, the EU and the private sector. Set up in 2001, it receives grant in aid from the Welsh Government and holding fund fees. Profits from investment are not distributed to shareholders but set aside to accumulate for future funds.

#### 4.1.4 Transport for Wales

Historically, the Welsh Government has delivered and built roads and other transport infrastructure, as well as undertaking transport policy and strategy.

Transport for Wales has been set up as a company in order to undertake procurement and manage projects on behalf of the Welsh Government. Given that the Welsh Government undertakes a considerable amount of direct procurement and construction work, one of the critical benefits may be the potential savings through directly employing the required specialist staff.

The company has been set up under the Teckal exemption.<sup>47</sup> This judgment established that where contracting authorities award contracts for providing services or works to an 'in-house' provider, the relationship falls outside the scope of EU public procurement law. In order to be regarded as an in-house provider, it must:

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<sup>45</sup> 'Transport for Wales Business Plan 2016/17' <http://gov.wales/docs/det/publications/161012-tfw-business-plan-16-17-en.pdf>

<sup>46</sup> 'Finance Wales Group: Annual Report and Financial Statements year ended 31 March 2016' <http://view.vcab.com/?vcabid=ghaSeprpeScnrchlp>

<sup>47</sup> The exemption was established by the *Court of Justice of the European Union (ECJ)* ruling in *Teckal Srl v Comune de Viano and Azienda Gas-Acqua Consorziale (AGAC) di Reggio Emilia (C-107/98)* [1999] ECR I-8121.

- i. be subject to a level of control by the contracting authority which is similar to that which the contracting authority exercises over its own departments ('the control test'); and
- ii. carry out the essential part of its activities for the contracting authority that controls it ('the functions test').

There is no requirement on how a Teckal company needs to be structured but there can be no private participation in the company and at least 80 per cent of the activities of the company must be carried out for its public sector owner.

The advantage of a Teckal company is that a contracting authority can avoid the procurement regime to provide services, but if that company needs to procure external goods or services to deliver its objectives then it will be subject to the public procurement regime. In this case the duty to procure passes from the Welsh Government to the Teckal company.

In relation to the functions of Cadw, it may be possible to set up such a structure to deliver or to manage some aspects of work such as the conservation services or property operations. The critical issue would be whether or not the benefits of the cost savings achieved through employment flexibility would outweigh other risks.

#### **4.1.5 Review of arm's-length bodies in Wales**

How well arm's-length bodies work with the Welsh Government has major impact on the effectiveness with which the Welsh Ministers can deliver their Programme for Government. The balance between the Welsh Ministers' accountability and a body's duty to deliver a service at arm's length is challenging to get right.

Key to successful arrangements are establishing proportionate governance arrangements, and the appropriate senior relationships on both sides to ensure they are delivered. This is not a parent-child relationship, but one between delivery partners sharing common goals.

#### **4.2 Cultural heritage institutions in Wales**

As part of the background to the review, it is useful to have a brief note on the other cultural institutions in Wales.

The **Royal Commission on the Ancient and Historical Monuments of Wales** was one of three such commissions set up in Scotland, Wales and England in 1908 to make inventories of monuments and constructions worthy of preservation. Now based in Aberystwyth, the RCAHMW is a WGSB with an expanded role. The sponsoring department is Cadw. The English and Scottish commissions have now been merged with the national historic environment bodies, but the RCAHMW remains separate.



**The National Library of Wales** was established by Royal Charter in 1907 (updated 2006) and the building in Aberystwyth completed in 1915. The library was granted the privilege of legal deposit relating to Welsh and Celtic material in 1911 and extended to all UK material in 1987. Today, it is the biggest library in Wales holding over 6.5m books and periodicals, as well as archives, paintings, maps and photographic images. It also houses the national screen and sound archive for Wales and major collections of manuscripts.

**Amgueddfa Cymru/National Museum Wales** holds the archaeological collections for over 50 per cent of the historic environment of Wales, and operates seven museums across Wales which form important elements of each historic landscape: National Museum Cardiff; St Fagans National History Museum (with historic garden); National Roman Legion Museum, Caerleon; Big Pit National Coal Museum, Blaenavon; National Wool Museum, Drefach Felindre; National Slate Museum, Llanberis and the National Waterfront Museum, Swansea.

Today, the RCAHMW, Amgueddfa Cymru/National Museum Wales and the National Library of Wales are WGSBs. A framework document defines the relationship between the Welsh Ministers and each sponsored body, whilst an annual remit letter sets out the Welsh Ministers' priorities for the year. Bodies submit an operational plan to the Welsh Ministers each year for approval. The chair and board members are appointed by the Cabinet Secretary. Cadw is the sponsoring body for RCAHMW, whilst MALD sponsors the library and museum.

**The Welsh archaeological trusts** The Welsh Government also provides support for the four Welsh archaeological trusts, set up in the 1970s: Clwyd-Powys, Dyfed, Gwynedd and Glamorgan-Gwent. These services provide pan-Wales curatorial services for archaeology including planning advice to all local planning authorities and national parks, historic environment management services and historic environment records. This enables local authority planning services to comply with relevant archaeological and historic environment legislation. The trusts also have a role in public outreach — proactive work to promote public understanding and engagement with the historic environment. Cadw provides grant aid to the trusts, 70 per cent of which funds core curatorial work and 30 per cent of which is directed to specific projects.

### **4.3 Other UK historic environment bodies**

#### **4.3.1 English Heritage and Historic England**

In England, responsibility for the historic environment at a national level falls between two organisations — Historic England and English Heritage.

Until 2015, historic environment functions were delivered by English Heritage, set up in 1984 under the National Heritage Act 1983 as the Historic Buildings and Monuments Commission (HBMC), an NDPB, looking after properties in the care of the State and delivering wider statutory historic environment functions. English Heritage merged with the Royal Commission on the Historical Monuments of England (RCHME) in 1999. In 2013 DCMS issued a consultation document on a new model for managing the National Heritage Collection (properties in State care) based on a new charity.

The benefits were that this would enable English Heritage to:

- address a large conservation backlog
- plan capital investment over longer periods
- provide greater clarity on the role of the organisation
- better connect with members, volunteers and visitors
- greater stability for the collection.

English Heritage is now the name given to the charity that looks after properties in the care of the State, under a licence from Historic England. Operating from 1 April 2015, its strategic aim is to be self sufficient by 2023. Given new freedom to operate outside of government it operates under a financial model known as the 'New Model'. This provides an £80m grant to be invested in the portfolio: £52m to be used over eight years to address urgent conservation defects and £28m to invest in new facilities and capital investments. This is supplemented by tapering annual subsidies to support the organisation as it becomes more self sufficient

With their new freedom as a charity independent of government, English Heritage's key priorities are inspiration, conservation, involvement and financial sustainability. Historic England provides shared services.

As the public body which looks after England's wider historic environment, Historic England champions historic places, helping people to understand, value and care for them. They offer advice and services including grants, planning, education and research as well as training and development. As an NDPB, Historic England makes public statements on where they stand in relation to historic environment issues that become the subject of public discussions, and help explain sometimes complex situations. There is an online blog and debates about historic environment topics.

The result of the split is that one organisation is no longer acting as both a regulator and delivering public services, including developing properties. As a result, both organisations have a stronger individual brand and a clearer public identity. English Heritage as a charity has been strengthening its fund raising and succeeding in delivering in areas that can be difficult when close to government.

### **4.3.2 Historic Environment Scotland**

The lead body for the historic environment in Scotland is Historic Environment Scotland. Historic Environment Scotland cares for 336 monuments in the care of the state, delivers statutory functions in relation to the historic environment as well as information functions. Policy functions relating to the historic environment in Scotland remain within the Scottish Government.

Established under the Historic Environment Scotland Act 2014, this new body brings together the responsibilities of the former Historic Scotland (an executive agency of the Scottish Government established in 1991) and the Royal Commission on the Ancient and Historical Monuments of Scotland (established in 1908).

Historic Environment Scotland is an NDPB sponsored by the Directorate for Culture, Tourism and Major Events in the Scottish Government. The organisation also registered as a Scottish Charity in 2015 under Scottish charity law (this is different to charity law in Wales). The Historic Scotland Foundation was set up in 2001 as an independent charitable trust to accept donations, funds and legacies on behalf of Historic Scotland or its successor bodies. Historic Environment Scotland wholly owns two subsidiaries, SCRAN Ltd and Historic Environment Scotland Enterprises Ltd which commenced trading on 1 April 2016 to operate commercial services. The chief executive officer is the accountable officer, personally answerable to the Scottish Parliament in accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000, and operates in accordance with the Scottish Public Finance Manual. The Historic Environment Scotland Act 2014 sets out the statutory functions and the role of the board of trustees, who ensure appropriate standards of corporate governance. There is a framework document.

In Scotland, the benefits of moving from executive agency to NDPB status were seen as:

- providing a greater degree of independence than an executive agency and a better position to provide leadership and champion the sector
- bringing the organisation closer in line with partners who were also NDPBs including the National Library of Scotland, Scottish Natural Heritage and Creative Scotland
- allowing more formalised governance arrangements with a board and functions set out in law and a properly defined relationship with the Scottish Ministers

Since being established the new body continues to receive core funding from the Scottish Government.

At the time Historic Environment Scotland was established it was envisaged that a small policy unit, consisting of approximately 15 officials, would be retained within the Scottish Government to continue to provide core

government historic environment functions. It is understood that these are no longer dedicated historic environment functions but shared across other areas.

#### 4.3.3 Northern Ireland

In Northern Ireland, responsibility for the historic environment falls to the Heritage Division of the Department for Communities. This includes historic monuments in State care, historic buildings, parks and gardens, maritime heritage, industrial heritage, defence heritage and archaeology. A Historic Monuments Council was established in 1971 and provides advice to the department on the exercise of its power. Prior to 2016 the historic environment fell within the Department of Environment, Northern Ireland. There are 190 monuments in State care, the most popular of which are staffed, including Carrickfergus Castle and Dunluce Castle.

#### 4.3.4 Comparisons

Since the creation of new organisations in England (separating English Heritage and Historic England) and Scotland (merging with RCAHMS) it is difficult to make direct comparisons between those structures and Cadw.

The following table has been drawn up using historic data from 2014. Note that it is broadly indicative and the figures are not up to date. At the time, the Royal Commissions were separate in Scotland and Wales, but merged in England, whilst both Cadw and Historic Scotland undertook functions delivered separately in England by DCMS.

	<b>Cadw</b>	<b>Former English Heritage</b>	<b>Former Historic Scotland</b>
<b>Properties in Care (staffed)</b>	129 (29)	Over 400 (150)	345 (75)
<b>Staff (commercial and tourism)</b>	249	1,846	1,169 (439)
<b>Visitors (staffed sites)</b>	2.28m (1.2m)	About 6m (5.1m)	3.45m
<b>Grant in aid</b>	£18.5m	£101m	£45.3
<b>Earned income</b>	£5.278m	£57m	£38.194m

Given these limitations, it is nevertheless apparent that Cadw remains a relatively small organisation in relation to its counterparts.

The other contrast lies in admission for the top three sites, which is a key factor in earned income. Edinburgh Castle, Stonehenge and Hadrian's Wall all

attract more visitors than the top three Welsh sites together, which presents a challenge for issues such as retail profitability.

<b>Scottish top 3 sites by visitor numbers</b>	
Edinburgh Castle	1,480,676
Stirling Castle	440,819
Urquhart Castle	330,489

<b>Welsh top 3 sites by visitor numbers</b>	
Conwy Castle	186,486
Caernarfon Castle	176,609
Caerphilly Castle	108,576

<b>English top 3 sites by visitor numbers</b>	
Stonehenge	1,043,756
Hadrian's Wall	750,000
Dover Castle	325,325

#### **4.3.5 Royal Parks**

London has eight royal parks, including Hyde Park, Richmond Park, Greenwich Park, St James' Park and Bushy Park. The royal parks are owned by the Crown and responsibility for them rests with the Secretary of State for Digital, Culture, Media and Sport.

They were previously managed by the Royal Parks Agency, an executive agency of DCMS. The parks generated significant amounts of income through commercial and other activities, but faced a number of limitations as an executive agency, including issues of annualisation — the process of setting annual budgets and requiring expenditure within a single financial year, despite significant income towards the end of the financial year — and limitations on building up reserves.

In March 2017 a new organisation was established to manage and fundraise for the 5,000 acres of royal parkland across London. The new organisation was originally established as a company limited by guarantee, but has also been successful in achieving charitable status. A contract between DCMS and the new organisation provides details of the relationship between the two bodies, including the services provided by the new organisation.

It is anticipated that the Royal Parks Foundation, which currently fundraises for the parks and provides educational opportunities, will join the new charity. Initial feedback is that the reforms have been transformative. The organisation

is beginning to build up reserves which will enable it to plan properly for the future, and to invest in both new facilities and care for existing ones.

## SECTION FIVE — OPTIONS APPRAISAL

### 5.1 Identifying options for public bodies

The critical factor in determining the most appropriate options for Cadw is the Cabinet Office guidance on the classification of public bodies.<sup>48</sup> The guiding principle underlying the framework is that the classification of an arm's-length body should be determined by the degree of freedom that body needs from Ministerial control to perform its function. Devolved administrations fall within this central classification, though the ultimate form and governance structures may be determined by the devolved administrations themselves.

The Office of National Statistics classifies entities as public or private in accordance with the level of government control over the general corporate policy of the entity, including factors such as the ability to appoint those in control, the provision of funding and a general right to control the day-to-day running of the body. New public bodies should only be created if there is a clear and pressing requirement, a clear need for the State to provide the function or service through a public body and no viable alternative. The principal options for arm's-length bodies are as follows.

**Executive Agency** — a public body that acts as an arm of its home department. Executive agencies are clearly designated business units within departments which are responsible for undertaking the executive functions of that department, as distinct from giving policy advice. They have a clear focus on delivering specified outputs within a framework of accountability to Ministers. Whilst they are managerially separate, they are independently accountable within their home department which also reports to Parliament (or the National Assembly for Wales) on their agency-specific targets. Due to this close working relationship, executive agencies are part of their department and do not have the same level of legal separation from their home departments that other categories of public bodies often possess. They are staffed by civil servants.

Note that Trading Funds are no longer an option for executive agencies.

**Non-Departmental Public Body (Welsh Government Sponsored Body)** — a public body that operates separately from its sponsoring department. NDPBs have a role in the process of national government but are not part of a government department. They operate at arm's length from Ministers, though a minister will be responsible to Parliament/National Assembly for Wales for the NDPBs. The category includes NDPBs with advisory functions. Their source of income is usually delivered as grant in aid and other sources can

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<sup>48</sup> 'Classification of Public Bodies: Information and Guidance', Cabinet Office, 2016.  
<https://www.gov.uk/government/publications/classification-of-public-bodies-information-and-guidance>

include charitable donations. They have a separate legal personality outside the Crown and are staffed by public servants.

**Non-Ministerial Department** — a public body that shares characteristics with a full department but without a Minister, such as HM Revenue and Customs and the Serious Fraud Office, where there is a requirement for technical expertise and impartiality, but the service should be delivered by government.

**Public Corporations** — any public entity that is at least 50 per cent funded through commercial activities. A public corporation is a market body that derives more than 50 per cent of its income from the sale of goods or services at economically significant prices. Some charge for regulatory activities that provide a significant benefit to the person paying the fee. It mainly covers trading bodies that recover some or all of their costs from fees charged to customers.

Each of the three categories have consistent characteristics in terms of services of funding, relationship to home department, set up and position in government, duration, appointments and management, status of staff and financial accounts.

The key factors in the choice of model include whether the service should be delivered or administered internally within a Ministerial department and what degree of freedom from the department is required to fulfil the body's function.

Arm's-length bodies and public bodies signify that government controls the general policy of the organisation. There are also options for companies under the Companies Act 2006.<sup>49</sup> HM Treasury guidance on Managing Public Money provides guidance on establishing and working with companies.<sup>50</sup>

There is also the option to establish a Teckal company to deliver services on behalf of the Welsh Government, as has been done for Transport for Wales. This is where a contracting authority performs a public task by using its own resources in such a way that no contract for pecuniary interest is concluded.

The initial options for Cadw that have been considered in the business case are:

Option 1: Cadw remains within the Welsh Government

Option 2: Cadw becomes an executive agency

Option 3: Cadw becomes a WGSB.

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<sup>49</sup> Companies Act 2006. <https://www.legislation.gov.uk/ukpga/2006/46/contents>

<sup>50</sup> Managing Public Money, HM Treasury. <https://www.gov.uk/government/publications/managing-public-money>



## 5.2 Criteria for assessment

An initial assessment of these options has been done using the Treasury Five Case Model for delivering public value from spending proposals. It provides a framework for thinking and a process for approval which is flexible and scalable alongside a range of tools that can be applied proportionally to provide clarity in the decision support process. The approach also provides a clear audit trail for the purposes of public accountability. It brings together the Green Book<sup>51</sup> approach to public value with the Treasury spending scrutiny and approval processes and Cabinet Office project assurance and procurement methodologies. Whilst the approach was developed primarily for capital spending decisions, it can be developed for policy decisions. The model is based on five business cases:

1. The 'strategic case' — that the intervention is supported by a compelling **case for change** that provides holistic fit with other parts of the organisation and public sector
2. The 'economic case' — that the intervention represents best **public value**
3. The 'commercial case' — that the proposed deal is attractive to the market place, can be procured and is **commercially viable**
4. The 'financial case' — that the proposed spend is **affordable**
5. The 'management case' — that what is required from all parties is **achievable**.

As this is a policy decision, the exercise focuses on 1, 2, 4 and 5 — the strategic, economic, financial and management cases for change. The commercial and financial cases have been combined in that the potential amount of commercial income has been set against the likely costs of any new structure.

The following criteria have been developed in order to assess the strategic, economic, financial and management cases.

### Strategic Case

- meets established government criteria for public bodies (see below)
- contributes to the wider Welsh Government delivery of the Future Generations Act, including objective on culture
- contributes to 'Taking Wales Forward' — the whole of Welsh Government priorities, as well as to the Welsh Government priorities for culture and the historic environment
- enables the Welsh Ministers to continue to meet their statutory responsibilities for the historic environment in Wales and in relation to properties in their care.

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<sup>51</sup> The Green Book: appraisal and evaluation in central government, HM Treasury.  
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

### **Economic Case**

Deliver greater public value for people in Wales, defined as:

- better public service delivery through operational improvements and greater accountability and transparency
- delivering better economic benefits through heritage for people in Wales
- delivering better social benefits for people in Wales through heritage
- more effective protection for the historic environment in Wales

### **Financial and Commercial Case**

- the net cost/benefit
- the additional costs
- income potential (i.e. the commercial case)
- opportunities for cost savings

### **Management Case (Ease of Implementation)**

- legal issues
- HR issues
- budget issues
- functional/technical issues
- operational issues
- timing issues

Note: as part of the strategic case, the established criteria for public bodies that were used during the 2014 Welsh Government project to look at merger with the RCHAHMW were:

### **Executive Agency**

Executive agencies could be established where:

- the functions or activity in question are mainly concerned with the delivery of services to the public or government
- it is not realistic or appropriate for the Welsh Ministers to be involved in, and take personal responsibility for day-to-day decisions;
- the number of staff involved is large enough to justify a separate structure
- the function can be independently accountable within the sponsoring department.

### **Welsh Government Sponsored Body**

A Welsh Government Sponsored Body could be established where:

- there is a technical function (which needs external expertise to deliver)
- the function needs to be, and be seen to be, delivered with absolute political impartiality (such as certain regulatory or funding functions)
- the function needs to be delivered independently of the Welsh Ministers to establish facts and/or figures with integrity and credibility.





### 5.3 Financial assumptions

The 2014 Merger Project included consideration of the RCHAMW, whilst the 2016 PwC report explored options for bringing together the four national bodies. However both projects did include some work on the financial, legal and operational issues associated with delivering services inside the Welsh Government as an agency or as a WGSB.

The Merger Project established the likely costs in 2014 for a body of around 300 staff, and also estimated the likely income generated by a new body outside government. PwC reviewed and updated some of those forecasts, focusing on the likely costs of establishing the corporate services elements of a new body, and also the potential for generating income.

### 5.4 Option One — Cadw remains within the Welsh Government

Option one proposes no change to the current situation whereby Cadw remains in the Welsh Government, reporting to the Director of Culture, Sport and Tourism within the ESNR group.

Case	Criteria	Initial Assessment	Score
<b>Strategic Case</b>	Meets established government criteria for public bodies	<ul style="list-style-type: none"> <li>• Functions are mainly concerned with the delivery of services to the public or the Welsh Government.</li> <li>• Not always appropriate for the Welsh Ministers to take personal responsibility for day-to-day decisions.</li> </ul>	
	Contribute to the Welsh Government delivery of the Future Generations Act	<ul style="list-style-type: none"> <li>• Maximises opportunities for joint working to embed culture and heritage into work of other departments.</li> <li>• Able to make a direct contribution to the Welsh Government's vision for culture.</li> </ul>	
	Contribute to 'Taking Wales Forward' — whole of Welsh Government priorities	Able to make a direct contribution.	
	Enable the Welsh Ministers to deliver their	The Welsh Ministers have strong ongoing involvement in delivering statutory responsibilities.	

Case	Criteria	Initial Assessment	Score
	statutory responsibilities		
<b>Economic Case (deliver greater public value)</b>	Better public service delivery through operational improvements	<ul style="list-style-type: none"> <li>• Will depend on improved ability to deliver services to the public within standardised procedures.</li> <li>• Challenges of delivering public sector (and some private sector) functions from within the Welsh Government.</li> </ul>	●
	Better economic benefits through heritage for people in Wales	Opportunities to create stronger links between heritage and economic delivery as part of ESNR will depend on recognition of role of heritage in economy, jobs and skills.	●
	Better social benefits through heritage for people in Wales	Opportunities to build partnerships with other parts of the Welsh Government delivering social initiatives and policy.	●
	Better protection for the historic environment in Wales	<ul style="list-style-type: none"> <li>• Demonstrated ability to deliver legislative reform.</li> <li>• Continued partnership working with planning and legal services.</li> </ul>	●
<b>Financial Case</b>	Net costs/income	<ul style="list-style-type: none"> <li>• Significant reductions in capital and revenue funding makes current service delivery difficult to sustain without internal reforms.</li> </ul>	●
	Additional costs	<ul style="list-style-type: none"> <li>• Impact of additional compliance costs.</li> <li>• Impact of additional costs where other parts of the Welsh Government are no longer able to provide support.</li> </ul>	●
	Income potential	<ul style="list-style-type: none"> <li>• Limited potential to grow income significantly through commercial ventures.</li> <li>• Limited opportunities for fundraising or sponsorship.</li> <li>• Difficult to establish a charitable body.</li> </ul>	●
	Potential cost savings	Relatively little flexibility for cost savings.	●

Case	Criteria	Initial Assessment	Score
<b>Management case (ease of implementation)</b>	Legal issues	No major legal challenges.	●
	HR issues	No change so minimal impact on staff.	●
	Budget issues	Currently funded through programme on the basis of income. Vulnerable to ongoing pressures within the Welsh Government.	●
	Functional issues	There remain synergies with other parts of government including planning, MALD, education, environment, property management, tourism and infrastructure.	●
	Operational issues	Ongoing challenges in terms of delivering localised services within Welsh Government wide frameworks.	●
	Timetable	None	●

### 5.5 Option Two — Cadw becomes an executive agency

An executive agency would be part of the Welsh Government but with a direct relationship and accountability to the Welsh Ministers. It is normally separate in its budgets and management activities from its sponsor department in order to carry out specific executive functions. Staff of an executive agency are civil servants.

The agency would be headed by a chief executive who would be appointed as accounting officer. It would be expected to have its own management board and would be responsible for establishing and running its own separate arrangements for corporate governance, including an annual report and accounts. The agency management board would comprise senior agency executives and at least two non-executive members. Non-executive appointments would be made through the Commissioner for Public Appointments.

Under this option, the organisation would sit within the ESNR group under the leadership of the Deputy Permanent Secretary for ESNR as additional accounting officer, and sponsored by Culture, Sport and Tourism. The sponsorship arm would manage the relationship with the agency using a




framework document which would set out the policy and resources framework for the agency including the roles and responsibilities of chief executive/the Welsh Ministers and respective accounting officers








Budget allocation would be part of the departmental allocation and as a consequence the chief executive would be required to give assurances to the departmental/portfolio accounting officer. This would be expected to include preparing annual report and accounts which would be separately audited by the Auditor General for Wales.

It is expected that the staff issues of the agency would remain governed by the existing Welsh Government partnership agreement as in the Government Division.

An executive agency is not independent of the Welsh Government and as such is not expected to be able to become a registered charitable organisation as a whole, though sufficient separation may be possible for part to be registered.

Normally, the policy objectives for historic environment functions would continue to be delivered within the departmental structure and would be subject to existing accountability lines. Functions would need to be exercised in accordance with the framework document which sets out the relationship with the Welsh Ministers, the deputy permanent secretary and others.

<b>Case</b>	<b>Criteria for assessment</b>	<b>Assessment</b>	<b>Score</b>
<b>Strategic Case</b>	Meets established government criteria for public bodies	<ul style="list-style-type: none"> <li>• Functions involve delivery of services to the public and to the Welsh Government.</li> <li>• Number of staff is large enough to justify a separate organisation.</li> </ul>	
	Contribute to the Welsh Government delivery of the Future Generations Act		
	Contribute to 'Taking Wales Forward' — whole of Welsh Government priorities		

Case	Criteria for assessment	Assessment	Score
	Enable the Welsh Ministers to deliver their statutory responsibilities	Delivered by agency, board and chief executive accountable to the Welsh Ministers through framework agreement.	
<b>Economic Case (deliver greater public value)</b>	Better public service delivery through operational improvements	<ul style="list-style-type: none"> <li>• Will depend on improved ability to deliver services within standardised procedures.</li> <li>• Challenges of delivering public sector (and some private sector) functions within the Welsh Government.</li> <li>• Greater transparency through annual reporting and board.</li> </ul>	
	Better economic benefits through heritage for people in Wales	Potential to demonstrate the role of heritage in the economy through partnerships inside and outside the Welsh Government.	
	Better social benefits through heritage for people in Wales	Potential to demonstrate the ability of heritage to contribute to social outcomes through partnerships inside and outside the Welsh Government.	
	Better protection for the historic environment in Wales	Potentially less influence within the Welsh Government, offset by greater potential for visibility.	
<b>Financial Case</b>	Net costs/income	The 2014 Merger Project assessed the total set-up costs as £415k and total additional operating costs as £238k. PwC revised these costs as £1,285k–£3,040k in one-off set-up costs and £705k–£1,665k in additional annual operating costs.	
	Additional costs	The 2014 Merger Project assumed minimal additional costs, but PwC identified potential additional costs in relation to maintaining a board, premises and IT costs.	

Case	Criteria for assessment	Assessment	Score
	Income potential	Could set up trading arm, but given close relationship with the Welsh Government would be unlikely that functions would be eligible for charitable status.	●
	Potential cost savings	Relatively few in terms of staff costs.	●
<b>Management case (ease of implementation)</b>	Legal issues	Unlikely to require new legislation but will require new framework document and clarity on delegations for board.	●
	HR issues	Staff remain with the Welsh Government so no change.	●
	Budget issues	Annual allocation of funding. Vulnerable to ongoing funding pressures within the Welsh Government.	●
	Functional issues	Still possible to maintain synergies with other parts of the Welsh Government including planning, MALD, education, environment, property management, tourism and infrastructure.	●
	Operational issues	Will require establishment of new board, appointment of chief executive. Ongoing challenges in relation to delivering public services from within the Welsh Government.	●
	Timetable	At least 12 months to put new governance arrangements in place.	●

## 5.6 Option Three — Cadw becomes a WGSB

This option would see the creation of a new body at arm's length from the Welsh Government with charitable status, but the ability to operate commercially (directly, or with a trading subsidiary passing profits under gift aid).

WGSBs carry out their work at arm's length from the Welsh Ministers. They are not an integral part of a Welsh Government department although the Welsh Ministers are ultimately responsible to the National Assembly for Wales for the performance of bodies sponsored by their department. They differ from executive agencies as they do not need day-to-day Ministerial oversight, but deliver a long-term role set out at their foundation. They are more or less self-determining in fulfilling this role but act in response to changing government



priorities set out in annual remit letters from their Welsh Government sponsor bodies.

Typically a WGSB would be established under statute. They employ their own staff who are not civil servants but would normally be closely aligned to civil service terms and conditions and can be members of the civil service pension scheme. A WGSB would be governed by a board which would set strategic direction with operational management delegated to a chief executive. The composition of the board would normally be specified in legislation. Appointment of the chair and members would be expected to be made through the Commissioner for Public Appointments.







The chief executive would be formally employed by the board and accountable to them for performance, management, staffing and overall delivery. The new organisation would enjoy a degree of independence but public accountability would continue by way of a framework agreement, annual remit letter and agreement over defined roles and its operation plan. It is expected that a new WGSB would follow Welsh Government policy in operational areas such as audit, procurement, recruitment and pay policy. It would prepare an annual report and accounts which would be audited by the Auditor General for Wales.







Under this arrangement a new partnership agreement would need to be developed and signed between the WGSB and formally recognised staff representatives. The relationship with the Welsh Government could prevent it from becoming a registered charitable organisation as a whole, though sufficient separation may be possible for part or all to be registered.

The chief executive would be responsible for delivery of legislative functions within the boundary of the framework agreement. A proportion of the policy and statutory functions currently the responsibility of the Welsh Ministers may need to remain within the Welsh Government.

Where a body has charitable status, it is also subject to the charity law and trustees have a duty to the charity as well as to the Welsh Ministers. Charitable status is something that is a matter for the Charity Commission. One of the tests is that the body must operate independently of the direction of government.

For a WGSB, employees are not Welsh Government employees and would not be eligible to apply for jobs within the the Welsh Government except when jobs are advertised to the general public. Other WGSBs have their own pension schemes, and operate at a greater distance from the Welsh Minsters.

Case	Criteria for assessment	Assessment	Score
<b>Strategic Case</b>	Meets established government criteria for public bodies	<ul style="list-style-type: none"> <li>• There is a technical function which needs external expertise to deliver.</li> <li>• There are regulatory and funding functions which need to be, and be seen to be, delivered with absolute political impartiality.</li> </ul>	
	Contribute to the Welsh Government delivery of the Future Generations Act	Could meet requirements as a public body, but would not make a direct contribution to Welsh Government performance.	
	Contribute to 'Taking Wales Forward' — whole of Welsh Government priorities	<ul style="list-style-type: none"> <li>• Less able to contribute to work of other teams in the Welsh Government.</li> <li>• Would still need an internal Welsh Government sponsorship and policy function.</li> </ul>	
	Enable the Welsh Ministers to deliver their statutory responsibilities	Responsibilities could be clearly delegated through a remit letter and framework agreement.	
<b>Economic Case (deliver greater public value)</b>	Better public service delivery through operational improvements	<ul style="list-style-type: none"> <li>• Would still need to comply with public sector requirements.</li> <li>• A new organisation would be more transparent, with a board, framework document, delegations and requirements for annual reporting.</li> </ul>	
	Better economic benefits through heritage for people in Wales	<ul style="list-style-type: none"> <li>• Opportunity to plan in the longer term and invest surpluses in future projects.</li> <li>• Opportunity for trading arm and charitable status which could deliver some additional income.</li> </ul>	
	Better social benefits through heritage for people in Wales		

Case	Criteria for assessment	Assessment	Score
	Better protection for the historic environment in Wales.	<ul style="list-style-type: none"> <li>• Opportunity for greater advocacy for the historic environment in Wales.</li> <li>• Less opportunity to work closely with policy makers.</li> </ul>	
<b>Financial Case</b>	Net costs	When this was assessed in 2014 the additional costs were £1,330k set-up costs and £712K additional operating costs (including RCAHMMW). These took into account likely additional income. These were revised by PwC to total set-up costs of £1,325k–£3,090k and additional annual operating costs of £1,083k–£1,865k.	
	Additional costs	<ul style="list-style-type: none"> <li>• Additional ongoing costs include costs of providing governance (IT, audit, legal services, financial services and other services currently provided centrally).</li> <li>• Additional liability for VAT at around £90k.</li> </ul>	
	Income potential	<ul style="list-style-type: none"> <li>• Distance from the Welsh Government may increase opportunities for sponsorship, fundraising and commercial partnership.</li> <li>• PwC assessed the additional income on gift aid at £97k–£124k</li> <li>• Taking into account charity business rates relief, gift aid and additional VAT liability, PwC calculated the potential financial benefits of charitable status as in the region of £114k–£115k.</li> </ul>	
	Opportunities for cost savings	<ul style="list-style-type: none"> <li>• PwC assessed likely charity business rates relief at £107k.</li> <li>• Increased flexibility on staff terms and conditions would enable cost savings.</li> </ul>	
<b>Management case (ease of implementation)</b>	Legal issues	<ul style="list-style-type: none"> <li>• The new organisation would require legislation to establish it.</li> <li>• Additional complex legal issues around establishing arrangements to maintain and manage properties in guardianship.</li> </ul>	

Case	Criteria for assessment	Assessment	Score
	HR issues	<ul style="list-style-type: none"> <li>• Complex HR issues associated with transfer of staff out of the Welsh Government.</li> <li>• Previous concerns raised by TUS.</li> <li>• Need to establish new pensions arrangements.</li> </ul>	●
	Budget issues	Additional income will not overcome the need for ongoing financial support from the Welsh Government, including capital funding to address £18m repairs backlog.	●
	Functional issues	Separation of functions between the Welsh Government and new body leaves potential risk of 'orphan' functions (e.g. policy or advocacy).	●
	Operational issues	<ul style="list-style-type: none"> <li>• Need for transition project to design new organisation including new HR, financial, IT and other stand alone governance functions.</li> <li>• Need to establish new framework document, board and related procedures.</li> <li>• Risk of lack of continuity and impact on business during transition.</li> </ul>	●
	Timetable	On basis of work for Qualifications Wales, a minimum of two years (however this is dependent on legislative time which will be impacted by Brexit).	●

### 5.7 Modelling two separate organisations

One of the issues that has arisen from the previous options analysis is whether some functions belong better inside the Welsh Government and other functions outside. The separation of functions between English Heritage and Historic England is another reason to explore this option.

Those sub-options are:

<b>Option 1: Cadw remains a core part of the Welsh Government</b>	<b>Option 2: Cadw becomes an executive agency</b>	<b>Option 3: Cadw becomes a WGSB</b>
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1(a) Cadw remains as two divisions	2(a) Cadw properties in care become an executive agency whilst historic environment services remains in the Welsh Government	3 (a) Cadw properties in care become a WGSB whilst historic environment services remains in the Welsh Government
1(b) Cadw becomes a single division	2 (b) Cadw becomes an integrated executive agency	3 (b) Cadw becomes an integrated WGSB

In 2015 Cadw was internally realigned with two separate deputy directors — one dealing with the commercial and properties in care functions, and the other overseeing the wider historic environment work. For management purposes the organisation was divided into two divisions — governance, IT, finance, PR and marketing and public programmes were brigaded with property functions, whilst government business and lifelong learning were grouped with historic environment functions.

Annex Two shows how the budget has been split and the staff allocated. However, that model depends upon a number of roles that are shared across the organisation. Around 25 roles are shared; the basis for that estimate is set out in Annex Two.

In modelling options for a split inside the Welsh Government, or more formally as an executive agency or WGSB, those 25 would need to be allocated to one part or the other, and their functions recreated in one form or other in the remaining area. For example, were the lifelong learning team to be allocated to the properties area, the remaining policy function would still need the skills and knowledge to work within the Welsh Government and with education providers to help ensure that culture and the historic environment is contributing to wider Welsh Government priorities on early learning and young people.

### 5.7.1 Options 1 (a) and (b) — Cadw remains within the Welsh Government

#### **Option 1 (a) Cadw remains as two divisions**

Under this option, Cadw remains as currently structured with two divisions, each headed by a deputy director. A Properties Division leads on property management and commercial activities, whilst the Historic Environment Division leads on statutory casework grants, education and other activities. Corporate services such as finance, procurement, government business, IT and marketing, as well as public programmes and lifelong learning are shared. The Deputy Director for Historic Environment Division also supports MALD.

#### **Option 1 (a) Cadw remains as two divisions**

<b>Option 1 (a) Cadw remains as two divisions</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Close working relationship with the Welsh Ministers in delivering their responsibilities.	Delegations are not always clear
Maximises close working with other parts of the Welsh Government and joint delivery of services.	The structure does not in and of itself deliver significant commercial or business improvements identified in earlier reviews.
Maintains internal specialism and separation between property functions and wider historic environment functions.	Would continue to depend upon shared functions across both divisions including governance, conservation, regeneration, education, marketing and other areas.
Maintains connections between the historic environment, museums, archives and libraries.	More formal separation of shared functions will be hard in a constrained resource environment with staffing pressures leading to a lack of skills and service on one side or the other.
No additional costs, and there is a cost savings through leaving the role of Deputy Director MALD unfilled.	Unlikely to benefit from charitable status or trading arm.
Maintains 'Chinese wall' between regulation and service delivery.	Current operating challenges remain.
All staff remain on Welsh Government terms and conditions; no new pension or staffing issues.	The perception that commercial income supports the properties but not wider historic environment functions could lead to disproportionate reductions in historic environment budgets.
No new legal challenges.	In the drive to increase commercial income and attract visitors it can be a struggle to develop a voice for the wider historic environment in Wales.

### **Option 1 (b) Cadw becomes a single division**

Cadw is re-established as a single division, under a single deputy director reporting to the Director of Culture, Sport and Tourism.

<b>Option 1 (b) Cadw becomes a single division</b>	
<b>Strengths</b>	<b>Weaknesses</b>

<b>Option 1 (b) Cadw becomes a single division</b>	
Close working relationship with the Welsh Ministers in delivering their responsibilities.	Delegations are not always clear.
Maximises close working with other parts of the Welsh Government and joint delivery of services.	The structure does not in and of itself deliver significant commercial or business improvements identified in earlier reviews.
Skills can be shared across all areas including marketing, heritage, education, public outreach, IT, finance and corporate governance.	MALD would require additional leadership.
All staff remain on Welsh Government terms and conditions; no new pension or staffing issues.	Unlikely to benefit from charitable status or trading arm.
No new legal challenges	Current operating challenges would remain.

### 5.7.2 Options 2 (a) and 2(b) — executive agency

#### **Option 2 (a) Properties become an executive agency**

This option would place the property functions within an executive agency structure, leaving the wider historic environment and sponsorship functions within the Welsh Government. This would involve a more formal separation of Cadw's functions and therefore a formal separation of those that are currently shared, as well as the re-establishment of some functions including IT and governance costs for the new agency.

The costs below are based on the work done by PwC and in the previous 2014 Merger Project on the basis of retaining Cadw as a whole. They do not consider the separation of other internal functions within Cadw.

<b>Option 2 (a) The property functions of Cadw move to an executive agency</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Greater clarity on separation of functions and distinction between properties and statutory/regulatory functions.	Still delivering public services and commercial services at properties within a Welsh Government framework.

<b>Option 2 (a) The property functions of Cadw move to an executive agency</b>	
Would provide property management and trading functions with a degree of distance from the Welsh Government.	Would require division of shared functions including specialist heritage skills, public programmes, education, marketing, finance, government business, and IT leading to some loss of skills on either side.
Maintains connections between the historic environment, museums, archives and libraries.	Unlikely to benefit from charitable status or trading arm.
	The 2014 Merger Project assessed the total additional operating costs as £238k and the total set-up costs as £415k. PWC revised these costs as £705-1665k in additional annual operating costs and £1285-3040 in one off set-up costs.
All staff remain on Welsh Government terms and conditions.	
Fewer legal issues than establishing a new organisation.	

### **Option 2(b) All of Cadw becomes an executive agency**

This option would retain the current critical mass of Cadw as a single executive agency, very similar to the structure between 1991 and 2005, and to that previously found in Historic Scotland. A small resource would be required to oversee sponsorship functions within the Welsh Government. The costs were assessed as part of the 2014 Merger Project and updated by PwC. Since then the level of support from the Welsh Government has reduced.

<b>Option 2(b) All of Cadw becomes an executive agency</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Board and chief executive clearly accountable to the Welsh Ministers through framework agreement.	Still delivering public and commercial services at properties within a Welsh Government framework.
Would provide both property management and regulatory functions with clarity in relation to delegations from the Welsh Ministers.	Would lose benefits of internal delivery support from other parts of the Welsh Government and policy synergies.



<b>Option 2(b) All of Cadw becomes an executive agency</b>	
Would maintain critical mass of shared skills including specialist heritage skills, public programmes, education, marketing, finance, government business and IT.	Unlikely to benefit from charitable status or trading arm.
All staff remain on Welsh Government terms and conditions.	The 2014 Merger Project assessed the total set-up costs as £415k and the total additional operating costs as £238k. PwC revised these costs as £1,285k–£3,040 in one-off set-up costs and £705k–£1,665k in additional annual operating costs.
Fewer legal issues than establishing a new organisation	

### 5.7.3 Options 3 (a) and 3(b) — Welsh Government Sponsored Body

#### **Option 3 (a) Properties become a WGSB and historic environment stays in the Welsh Government**

This option would see the property functions of Cadw move to a separate WGSB whilst the historic environment functions remained within the Welsh Government and also taking on the sponsorship role for the executive agency. The costings done for the 2014 Merger Project and the 2016 PwC project assumed that all of Cadw would remain together. That being said, costs and benefits in relation to the generation of income, the issues surrounding VAT, gift aid and business rates and premises would not change substantially.

<b>Option 3 (a) The property functions of Cadw become a WGSB</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Technical function which needs external expertise to deliver; the Welsh Ministers could clearly delegate responsibilities through remit letter; would be more transparent in terms of reporting.	Would require division of shared skills including specialist heritage skills, public programmes, education, marketing, finance, government business and IT leading to some loss of skills on either side.
Opportunity to plan in the long run and invest surpluses in future projects.	Would still need to comply with public sector requirements on procurement and compliance.
Greater opportunities to create a brand and presence independent of the Welsh Government.	Would lose benefits of internal delivery support from other parts of the Welsh Government and policy synergies

<b>Option 3 (a) The property functions of Cadw become a WGSB</b>	
Could potentially benefit from charitable status and/or trading arm.	Additional income will not overcome the need for ongoing financial support from the Welsh Government including capital funding to address £18m repairs backlog.
<ul style="list-style-type: none"> <li>Distance from the Welsh Government may increase opportunities for sponsorship, fundraising and commercial partnership.</li> <li>PwC assessed the additional income on gift aid at £97k–£124k</li> <li>Taking into account charity business rates relief, gift aid and additional VAT liability, PwC calculated the potential financial benefits of charitable status as in the region of £114k–£115k.</li> </ul>	When this was assessed in 2014, the additional costs were £1,330k set-up costs and £712k additional operating costs (including RCAHMMW). These took into account likely additional income. These were revised by PwC to total set-up costs of £1,325–£3,090k and additional annual operating costs of £1,083k–£1,865k.
<ul style="list-style-type: none"> <li>Complex HR issues associated with transfer of staff out of the Welsh Government.</li> <li>Previous concerns raised by TUS.</li> <li>Need to establish new pensions arrangements.</li> </ul>	Greater freedom to establish new terms and conditions for staff.
	Complex legal requirements to set up new body and establish licensing and other arrangements for third party properties.

### **Option 3(b) Cadw becomes one WGSB**

This option would place all functions within a new WGSB, leaving a small team within the Welsh Government to deliver sponsorship functions.

<b>Option 3(b) Cadw becomes an integrated WGSB</b>	
<b>Strengths</b>	<b>Weaknesses</b>
Technical function which needs external expertise to deliver; the Welsh Ministers could clearly delegate responsibilities through remit letter; would be more	Would lose benefits of internal delivery support from other parts of the Welsh Government and policy synergies.

<b>Option 3(b) Cadw becomes an integrated WGSB</b>	
transparent in terms of reporting.	
Opportunity to plan in the long run and invest surpluses in future projects.	Would still need to comply with public sector requirements on procurement and compliance.
Greater opportunities to create a brand and presence independent of the Welsh Government including a public presence for the historic environment.	
Would maintain critical mass of skills including specialist heritage skills, public programmes, education, marketing, finance, government business and IT.	Complex legal requirements to set up new body and establish licensing and other arrangements for third party properties.
Could potentially benefit from charitable status and/or trading arm.	Additional income will not overcome the need for ongoing financial support from the Welsh Government, including capital funding to address £18m repairs backlog.
<ul style="list-style-type: none"> <li>• Distance from the Welsh Government may increase opportunities for sponsorship, fundraising and commercial partnership.</li> <li>• PwC assessed the additional income on gift aid at £97k–£124k.</li> <li>• Taking into account charity business rates relief, gift aid and additional VAT liability, PwC calculated the potential financial benefits of charitable status as in the region of £114k–£115k.</li> </ul>	When this was assessed in 2014, the additional costs were £1,330k set-up costs and £712k additional operating costs (including RCAHWW). These took into account likely additional income. These were revised by PwC to total set-up costs of £1,325–£3,090k and additional annual operating costs of £1,083k–£1,865k.
<ul style="list-style-type: none"> <li>• Complex HR issues associated with transfer of staff out of WG</li> <li>• Previous concerns raised by TUS.</li> <li>• Need to establish new pensions arrangements.</li> </ul>	Greater freedom to establish new terms and conditions for staff.

## 5.8 Analysis of options

The initial options appraisal has demonstrated that there are strengths and weaknesses to each of the options.

In relation to the **strategic case**, the option of a WGSB has the benefits of providing a transparent, single accountable body for the historic environment in Wales, but there would still need to be a policy and sponsorship function within the Welsh Government. An executive agency provides the benefits of a visible body, with a degree of delegation from the Welsh Ministers, without the costs of being separate from the Welsh Government.

In relation to the **economic case**, each option has its own strengths and weaknesses. Overall, the benefits of building partnerships within the Welsh Government are counteracted by the greater difficulties in building partnerships outside the Welsh Government.

In relation to the **financial/commercial case**, on the basis of analysis undertaken by PwC updating figures identified during the 2014 Merger Project, the WGSB is the option with the highest costs despite the opportunity for income generation. The option of remaining within the Welsh Government with no change has the lowest costs.

However, in relation to the **management case**, it is a complex legal, financial and HR matter to set up a new WGSB. However, to offset that, there continue to be ongoing management issues in delivering public services from inside the Welsh Government. As the 2015 Commercial Services review has noted, Cadw does need to do more to increase income and there are genuine challenges in doing that from inside the Welsh Government.

Overall, whilst the public service and delivery functions might better fit with a WGSB model, there are additional costs which are not outweighed by the marginal financial benefits of, for example, charitable status.

The conclusion from the first part of the options appraisal was that the arguments for being inside and outside the Welsh Government are relatively evenly balanced — property and commercial services might be better outside, and regulatory and policy services inside.

The supplementary options appraisal has therefore explored whether or not it might be possible to **split Cadw into two under each option** — within the Welsh Government, as an executive agency or as a WGSB.

For each option, the advantages of the split are that there would be greater clarity in terms of the separation between the property work and the statutory historic environment work, and for a WGSB advantages in terms of the

property side opportunities to explore charitable status and trading fund options.

However, Cadw is a relatively small organisation in relation to the range of functions it undertakes, the number of properties it operates and relies heavily on shared services both across Cadw, and in relation to other areas of the Welsh Government such as IT.

A new WGSB would require additional funding to cover those shared services which would not be offset by the potential for additional revenue generation. A stricter separation between both parts of the organisation as an executive agency, or even within the Welsh Government, would also create issues in terms of having to duplicate roles that are currently done by one person.

In conclusion, this options appraisal has shown that there is a good **strategic case** for some or all of the functions of Cadw to be undertaken with a degree of distance from the Welsh Government, either as an executive agency or as a WGSB. However, there are also strategic benefits to having a voice for the historic environment inside the Welsh Government.

However the **financial/commercial case** has shown that for a WGSB the additional income generated is unlikely to outweigh the additional costs either for Cadw as a single organisation, or for a smaller property-based organisation.

In the short term, the **management case** suggests that there are practical challenges — the impact of Brexit on the capacity of legal and other teams means that setting up a new WGSB with the associated legal and HR challenges would be problematic; the additional resources needed to support a fledgling new organisation and in particular to underwrite the repairs backlog will be challenging to find. The smaller critical mass of the historic environment in Wales will also make it harder to sustain an external organisation than may be the case in England or Scotland.

On this basis, the argument might be made to retain Cadw inside the Welsh Government as a single organisation (Option 1 (b)) for the time being.

## **SECTION SIX — PREFERRED OPTION: VISION AND FUNCTIONS**

This section of the report develops an option for Cadw based on Option 1(b)—Cadw remaining inside the Welsh Government, but putting in place a series of critical business improvements designed to address some of the concerns raised both at a high level by earlier reviews and in more detail by this current review.

### **6.1 Vision**

The vision for Cadw is to create a uniquely Welsh solution for the historic environment that builds on the strengths of Wales as a small nation where cultural institutions can work together more closely, and where the Welsh Government has a powerful commitment to culture through the Future Generations Act.

Unlike England and Scotland, where historic environment delivery has moved away from government, Cadw would remain a core part of the Welsh Government but with a new structure and business improvements that would enable it to contribute both to the wider policy agenda for the historic environment and also to deliver historic environment services to the public within appropriate governance frameworks.

Cadw would provide a single focus for the historic environment within the Welsh Government that can demonstrate innovation by delivering public services in a sustainable, transparent and accountable way.

### **6.2 Business Improvements**

Cadw would be re-established as a single division under the Director of Culture, Sport and Tourism within the ESNR group.

This would make the best use of the critical mass of current staff skills within a constrained resource environment. It would also enable Cadw to make best use of the synergies with tourism, business sectors, planning and other parts of ESNR.

However, there would be important changes to the structure to deliver business improvements and create new ways of working.

#### **6.2.1 An internal operating board for Cadw**

The most substantive business innovation would be the creation of an operating board for Cadw. Chaired by the Director of Culture, Sport and Tourism it would have key representatives from ESNR and elsewhere in the Welsh Government, such as governance, finance and procurement, as well as staff representation. It would also be important to appoint a small number of people from outside the Welsh Government with specialist expertise, such as commerce and marketing, conservation and estate management, historic environment protection and public engagement.

This board would be quite distinct from the Historic Environment Advisory Panel as detailed in the Historic Environment (Wales) Act 2016. Unlike the panel, the operating board would work in the same way as a board of any medium-sized enterprise. It would provide strategic oversight to the management team, reviewing the annual business plan and progress, and receiving financial and other updates. This could operate within a formal operating framework for the board, which would include clarity on areas of delegation (see 6.2.2).

The board would also provide a framework for addressing issues where the Deputy Director for Cadw may be accountable to the Cabinet Secretary for delivery of a service (such as opening properties), but may not necessarily have the operational control of those issues. The board would consider other areas of Welsh Government responsibilities, such as HR and procurement which impact directly on that service, in order to resolve delivery issues.

The board would be strategic in nature, except where it is necessary to resolve issues over which Cadw SMT does not have operational control. Otherwise, SMT would continue to take day-to-day responsibility for operational management of Cadw within the framework of the business plan.

In the light of a new internal operating board for Cadw, the role of the Historic Environment Advisory Panel would need to be clarified. The provision in the Historic Environment (Wales) Act 2016 provides it with a much more specialist advisory function. This creates an opportunity to rethink how best the Cabinet Secretary can connect with the wider people and voices across Wales who are passionate about the historic environment.

### **6.2.2 A formal system of delegations and internal ‘freedoms’**

A formal scheme of delegation to the Cadw board and officers including financial, operational, HR, procurement and other delegations that enable Cadw to function effectively and efficiently within the proper internal control framework, and with full Ministerial accountability.

This would provide greater clarity for the Welsh Ministers and officials within the framework of the general Carltona Principle: it would leave key strategic and contentious decisions with the Welsh Ministers and day-to-day operating decisions with officials.

In relation to internal governance, the board and the Welsh Government accounting officer function, this would provide clarity on the internal control framework. The board would also have oversight of internal ‘operating freedoms’ such as the recent HR freedoms that have enabled Cadw to recruit more flexibly and effectively. The board would be in a position to control and oversee other potential business improvements in areas such as procurement. Further operating freedoms could be incremental, ‘earned’ on the basis of demonstrating effective performance.

Such delegations would also address issues such as protocols for addressing potential conflicts of interest in relation to historic environment decision-making within Cadw.

### **6.2.3 A three-year business plan and two-year budget**

***One of the key responsibilities of the board will be to oversee the development and delivery of a three-year business plan and two-year budget, with the approval of the Cabinet Secretary.***

Any medium-sized enterprise of the size and responsibilities of Cadw would normally have a five-year strategic plan, a detailed annual business planning process and a formal reporting process.

It is proposed that Cadw would develop a longer term business plan setting out core goals for all of its activities including properties, people, places and performance. That business plan should place historic environment delivery within the context of the legislative framework, the wider Welsh Government priorities, the Future Generations Act and also the business plan for ESNR. However, it needs to be much more specific in terms of the business case and justification for any proposed long-term capital investment in properties. It needs to include commercial targets but also investment priorities.

This plan would be approved by the board and presented to the Cabinet Secretary as the basis for future planning and decision-making. It would also assist with reconciling different priorities for Cadw.

A two-year budget framework would make it possible to plan and deliver both urgently needed repair works and capital investments to properties. It would also allow flexibility on recruitment within budgets.

A three-year business plan could be linked to commercial strategies for individual properties that focus on how those properties can both deliver high-quality visitor experiences and grow earned income. They should target those sites with the greatest potential to generate surplus profits on commercial activities without impinging on the core public service responsibilities (and indeed the generation of income through admissions).

Those strategies will need to draw on the best and most innovative strategies in events management, commercial venue hire, retailing and food service across outdoor venues such as parks and museums across the UK and internationally.

### **6.2.4 Making best use of the Strategic Partnership**

If Cadw remains within government, the Strategic Partnership between Cadw, Amgueddfa Cymru/National Museum Wales, the National Library of Wales,



the RCAHMMW and the TUS becomes even more important as a core plank of the Historic Wales strategy.

Working jointly across the four national heritage bodies in Wales will ensure the best use of commercial expertise and structures, and build on joint marketing and joint promotion opportunities.

In particular, the Strategic Partnership is in a good position to share skills and expertise. Amgueddfa Cymru/National Museum Wales has a trading arm and there may be options for joint purchasing of retail stock.

#### **6.2.5 Continuing to explore innovative service delivery models**

Cadw already delivers some functions such as membership services through third parties and is exploring internal partnerships (e.g. with Legal Services) for the delivery of other functions. Given the pressures on staffing it is likely that future business improvements will need to consider whether or not Cadw should be delivering some of its services in partnership or through others. This could include a review of the use of consultants and exploring joint service arrangements through the Strategic Partnership.

During this review another possibility has emerged based on the lessons learned from other organisations — that of exploring options for the delivery of some services that are currently outsourced (such as conservation and facilities management) through a Teckal mechanism that might enable the more effective delivery of public sector services through directly employing public sector staff.

Whilst the overall structure of Cadw should remain stable for at least five years, given the recent history of reviews, this should not preclude the continued need to explore different models for service delivery for parts of the work of Cadw. These might include secondments, buying in services, partnership and potentially exploring longer term options for an alternative approach to the delivery of some services. Such models could include options for raising income or charging for some services.

#### **6.2.6 Heritage skills**

There is a need to develop and retain heritage skills within Cadw and in the wider heritage sector, and a need to raise awareness of the importance of heritage skills to the wider economy.

Whether or not Cadw delivers services through others, it will still need both core civil service competencies and the craft, specialist and professional skills needed to deliver historic environment services, ensure public safety and to advise the Welsh Ministers effectively.

Whilst some skills can be learned on the job, other roles do require professional knowledge and experience which can take many years to

accumulate. Formal recognition of the need for heritage professions during recruitment of senior roles is essential.

At the same time, the Welsh Government has a commitment to apprenticeships. In order to build a long-term workforce for the future, craft apprenticeships are needed urgently, but so too are apprentices in the core areas of managing heritage. A potential solution may lie in partnerships with industry or 'degree apprenticeships' — partnership with education providers to enable young people to work whilst also studying for degree-level archaeology or other heritage qualifications.

The current voluntary exit scheme, the pressure on internal resources, challenges in filling and changing priorities have resulted in a range of issues relating to staffing. There are some areas where Cadw lacks particular skills, and some areas where the best use may not be made of current skills. Cadw also uses consultants in some areas and direct labour in others. A key business improvement will be to review skills across Cadw to ensure that Cadw has the right skills in the right place and is making best use of the skills it does have and to put in place a system of succession planning that recognises the ongoing need for professional heritage skills in addition to core competencies.

#### **6.2.7 Raising awareness of the value of the historic environment in Wales**

Although this review has focused on the work of Cadw, it has become apparent that it is difficult to assess the contribution of Cadw to wider Welsh Government priorities, or indeed to the historic environment itself, in the absence of a clear link between the work of the historic environment sector and the Welsh Government's priorities set out in 'Prosperity for All'.

It is important to show how the historic environment as a whole can contribute to wider priorities for the economy, for places, for skills, for young people and health. At the same time we need to identify the things the sector needs to do to become more resilient and to maximise its contribution to Wales.

It is also important to show how the work of Cadw sits alongside other heritage partners including the construction industry, the Heritage Lottery Fund, the National Trust, the Welsh archaeological trusts, the active voluntary sector in Wales, private owners and businesses.

An action plan could be developed by the Historic Environment Group. It represents an important independent voice for the historic environment sector in Wales. That group becomes even more important if Cadw remains in the Welsh Government as it would not be able to fulfil the roles currently being developed by both Historic Environment Scotland and Historic England as public advocates and campaigners for the historic environment. At the same time, the Historic Environment Group can bring the sector together with Cadw to develop a sector-wide plan that is also linked closely to 'Prosperity for All'.

### **6.2.8 A stronger policy and strategic presence for culture and the historic environment**

'Prosperity for All', the Future Generations Act and Brexit all represent both opportunities and challenges for culture and the historic environment in Wales. It is important to show how they can contribute directly to those wider social, economic and environmental priorities in Wales, as well as being of core importance in their own right.

'Prosperity for All' is the Welsh Government's national strategy. The Cabinet Secretary's vision for culture, 'Light Springs through the Darkness' shows how culture and the historic environment contribute to the high-level goals in that strategy. There are also important opportunities for culture and the historic environment to contribute to the priority areas of early years, housing, mental health, skills and employability and social care through initiatives such as education, heritage skills initiatives, programmes such as Fusion, and the wider contribution that heritage can make to place-making and well-being.

On Brexit, the Historic Environment Group has identified potential opportunities for culture and the historic environment which also fit within the wider goals of the Future Generations Act and 'Prosperity for All', including for example:

1. Natural and cultural capital — a holistic approach to the environment in Wales. Wales already has strong new historic environment legislation – the review of environmental regulation creates an opportunity to build stronger links between natural and cultural heritage.
2. Welsh heritage skills strategy — the most effective way to reduce the impact on the construction industry of change in migration patterns could be to invest in training, mentoring and developing young Welsh and UK citizens. This could include training in heritage construction skills.
3. Flat VAT in Wales — new build is exempt from VAT but repair costs are taxed at 20 per cent. This is a disincentive to developers to adapt existing buildings and adds to the cost of repair and maintenance, which is not only economically critical in Wales, but also contributes directly to reducing waste and greenhouse gas emissions.
4. A new approach to our rural landscapes — in the aftermath of the Common Agricultural Policy, it will be important to invest in rural Wales in a way that protects the countryside's beauty and the historic environment, sustains rural tourism and rural livelihoods, and delivers food locally.
5. A global heritage knowledge exchange — exploring ways for Wales to retain free movement and exchange of knowledge on heritage through

universities and cultural institutions to bring the best people to Wales and enable the best of Wales to also work internationally.

However, realising such ambitions will require a strategic cultural heritage presence working closely with and across other parts of the Welsh Government, and engaging with wider sector partners and organisations in order to maximise the contribution that culture and in particular the historic environment can make to the prosperity of Wales.

### **6.3 A stronger Cadw**

In addition to putting in place important business improvements, this review has identified the need for Cadw as an organisation to continue to evolve.

#### **6.3.1 A single body under one deputy director/chief executive**

This review has recommended that Cadw be re-established as a single body, best able to take advantage of the shared range of skills across both properties and historic environment functions. The options analysis has identified the range of shared services and the implications of formally separating Cadw into two organisations. At the same time, a single division provides greater flexibility in terms of budgeting and managing income and spend.

It also provides greater accountability in relation to the proposed internal operating board, with a single deputy director acting in effect as a chief executive, working with the board. It will also enable the effective allocation of scarce resources across the board, and build on the synergies between different parts of Cadw. Functions such as marketing, education, finance, public programmes and specialist knowledge can benefit both parts.

#### **6.3.2 Roles, skills and workforce planning**

Cadw needs an effective workforce plan that identifies the skills, structures and roles that will ensure it is fit for the future and best able to deal with the challenges ahead. A formal restructure of Cadw took place in 2010 and since then there have been a series of incremental changes impacted by two voluntary exit schemes, reductions in resources, culminating in the current separation into two divisions under two deputy directors, with separate budgets but with shared operating arrangements across a wide range of functions. This has taken place against a background of reviews. The long-term impact has been uncertainty for staff, a lack of skills in key areas and an ad hoc approach to filling roles.

In bringing Cadw back together as a single organisation, there is also an opportunity to look again at how best to reflect the four core functions of Cadw — looking after properties and opening them to the public, engaging with people, caring for the wider historic environment across Wales, and corporate functions.

One consistent theme that has emerged from this review is the importance of engaging with people and customer service, both in relation to the wider historic environment across Wales and in relation to properties, visitors and commercial services. Any new structure will need to be the subject of further development and consultation, but might include ideas such as a stronger public engagement and visitor services section, bringing together the teams with the expertise in engaging audiences. This includes marketing, community engagement, education, learning and public programmes, as well as the customer service and welcome aspects of properties.

There may also be opportunities to think about better ways of supporting frontline staff at properties, potentially through a portfolio model or other model drawing on structures such as that of the National Trust. All of this would need to be explored within the context of proper consultation and development of a workforce plan.

### **6.3.3 A location strategy**

Under its five-year location strategy, the Welsh Government is looking to rationalise its estate in Cardiff and south-east Wales. The lease on Plas Carew, the Nantgarw office, where most of Cadw office-based staff are located, expires in January 2020. Work will be ongoing during 2018 to develop a framework and set of proposals for staff based there and in three other buildings, with a view to reporting in late 2018.

There are around 91 staff based at Nantgarw, the majority of whom work with Cadw, with other office-based staff in Llandudno Junction. In the future, Cadw will need to develop a business case around locational needs, with the twin challenges of accessing and supporting properties, and also working closely with the Welsh Ministers and other parts of the Welsh Government, particularly other parts of the Culture, Sport and Tourism portfolio.

### **6.4 A period of stability**

Since 2011, Cadw has undergone a series of reviews either in its own right or in conjunction with others. Whilst each review has raised genuine issues, the result has been uncertainty for staff and indeed others. This current review has set out not to duplicate other reviews, but draw on their conclusions and to supplement them with an in-depth understanding of practical issues faced by staff in delivering services. If the results of the current review are accepted, it is recommended that Cadw be given a period of stability in which to consolidate achievements and to focus on achieving the business improvements.

### **6.5 Resources**

Whilst the option of Cadw remaining inside the Welsh Government does not incur new expenditure, it does present risks and may involve the realignment of resources.

Cadw would continue to be directly responsible for delivering public services which rely on input from other teams in the Welsh Government, including IT, procurement, legal and HR. With pressure on positions and resources inside the Welsh Government, it will be important to monitor the impact of those reductions on Cadw services.

The work done to model the additional costs of establishing Cadw as a WGSB provides some indication of the current value of those services.

There would be additional resourcing requirements in establishing and supporting an internal operating board for Cadw, and there would be a resource requirement from senior staff in ESNR to contribute to the operation and success of the board.

There would also be a resourcing requirement in terms of taking forward other aspects of the business improvements.

## **6.6 Implementation Plan**

This business case sets out options for Cadw, and a suggested future model and business improvements. If these are accepted in principle, there will need to be a more detailed implementation plan, to be developed in consultation with staff.

The recommendations in this review fall into two categories — some relate to the relationship with the Welsh Ministers and others to internal operations within the Welsh Government and are in the purview of the Permanent Secretary.

Each of the business improvement proposals is in effect a project in its own right. It will require a new way of working, and, most importantly, active staff and stakeholder engagement in designing and delivering the best solution.

This is in line with the Permanent Secretary's 'Future Engage Deliver' strategy of engaging staff and delivering the highest standards of leadership.

Each of the business improvements will need a small task and finish group to prioritise and develop an action plan, reporting back to SMT or to ESNR as appropriate. Each of the business improvements is no small task — they will require proper planning, effective staff engagement and the involvement of the right people to deliver them. It is not business as usual.

These improvements will then need to be integrated into the Cadw business plan, with targets and delivery dates, to ensure that they are part of and not additional to business roles.

## OPTION 1(b) CADW REMAINS WITHIN THE WELSH GOVERNMENT BUT WITH BUSINESS IMPROVEMENTS

Business Improvement	Rationale
<p><b>1. An internal operating board for Cadw</b> An internal operating board, comprising civil servants from the Welsh Government, external expertise as well as staff representation, delegated by the Cabinet Secretary to support the chief executive/deputy director and oversee work of Cadw.</p>	<ul style="list-style-type: none"> <li>• Meets ‘Prosperity for All’ ambition for more collaborative working by retaining Cadw within the Welsh Government whilst still delivering the benefits of an executive agency.</li> <li>• Builds stronger links within ESNR and across the Welsh Government in line with the Permanent Secretary’s ambitions for ‘Future, Engage, Deliver’</li> <li>• Can take decisions that benefit Cadw.</li> <li>• Acknowledges and helps address scale and operating issues of Cadw within the Welsh Government and can help resolve internal governance issues.</li> <li>• Can be implemented as a pilot and reviewed after two years.</li> <li>• Has implications for other areas of the Welsh Government.</li> </ul>
<p><b>2. A formal system of delegation and internal freedoms</b> A formal scheme of delegation to the Cadw board and officers including financial, operational, HR, procurement and other delegations that enable Cadw to function effectively and efficiently within the proper internal control framework, and with full accountability to the Welsh Ministers.</p>	<ul style="list-style-type: none"> <li>• Provides greater clarity for all by ensuring that key strategic decisions remain with the Welsh Ministers and day-to-day operations with officials.</li> <li>• Enables Cadw to improve operational outcomes and address business challenges within the internal control framework for issues such as human resources (including the need for the removal of current headcount restrictions), information technology and finance.</li> <li>• Creates an opportunity for operating freedoms to be incremental — ‘earned’ on the basis of demonstrating effective performance.</li> </ul>
<p><b>3. A two-year budget and three-year business plan for Cadw</b> A two-year budget, delegated to the Cadw board by the Welsh Ministers, tied to a three-year business plan, setting out operating and investment goals and parameters for the organisation as a whole.</p>	<ul style="list-style-type: none"> <li>• Allows for better planning of capital works, particularly in relation to conservation, in line with ‘Prosperity for All.’</li> <li>• Provides flexibility on recruitment within budgets.</li> <li>• Can be tied to commercial and income generating strategies.</li> <li>• Allows strategic projects to be funded over several years with a proper rationale for investment.</li> </ul>

<b>Business Improvement</b>	<b>Rationale</b>
<p><b>4. Make best use of the Strategic Partnership between national organisations</b>  A partnership between Cadw, TUS, Amgueddfa Cymru/National Museum Wales, the National Library and the Royal Commission on the Ancient and Historical Monuments of Wales.</p>	<ul style="list-style-type: none"> <li>• Delivers on the commitment by the Cabinet Secretary to ensure that the sector works together.</li> <li>• Brings together TUS, the Welsh Government and national bodies in line with the new ways of working in the well-being objectives.</li> <li>• Provides greater flexibility as partners have access to structures such as charitable status and established trading subsidiaries.</li> </ul>
<p><b>5. Continue to explore innovative service models</b>  Whilst the overall structure of Cadw should remain stable, there will continue to be a need to explore opportunities to deliver some services differently or in partnership with others, internally and externally.</p>	<ul style="list-style-type: none"> <li>• Meets the Permanent Secretary’s ambition to drive a culture of innovation and new ways of working through ‘Future, Engage, Deliver.’</li> <li>• Ensures that Cadw remains open to new opportunities to continue to build synergies across the Welsh Government.</li> </ul>
<p><b>6. Develop heritage skills inside and outside government</b>  Develop heritage skills in Wales that enable the Welsh Government to recruit and retain heritage skills, and supports the developing vital skills that contribute to ‘Prosperity for All’.</p>	<ul style="list-style-type: none"> <li>• Skills and employability are one of the key goals of ‘Prosperity for All.’</li> <li>• Heritage skills play a vital role in the wider Welsh economy including tourism and hospitality, construction and the digital economy.</li> <li>• In order to meet targets and deliver the Welsh Ministers’ statutory responsibilities within government, Cadw needs the ability to recruit and retain specialist commercial, property, conservation, marketing, engagement and other heritage skills.</li> <li>• In order to support the sector in delivering on ‘Prosperity for All’, Cadw also needs to work with other parts of the Welsh Government to develop new skills initiatives for heritage, such as degree apprenticeships and partnerships with industry.</li> </ul>
<p><b>7. Raise awareness of the value of the historic environment in Wales</b>  Supporting the sector to develop an action plan to show how the historic environment can</p>	<ul style="list-style-type: none"> <li>• Delivers on ‘Light Springs through the Darkness’ — the Cabinet Secretary’s vision for culture in Wales.</li> <li>• Shows how the historic environment can contribute to ‘Prosperity for All’ priorities including early years, housing, mental health, resilient</li> </ul>



<b>Business Improvement</b>	<b>Rationale</b>
<p>contribute to 'Prosperity for All' and the well-being goals.</p>	<p>communities, better environments, skills and employability as well as the wider economy.</p> <ul style="list-style-type: none"> <li>Shows how the historic environment can deliver on well-being objectives, including the goal for culture, for a global Wales and other goals.</li> </ul>
<p><b>8. A stronger policy and strategy presence for culture and the historic environment within Welsh Government</b>  A stronger senior policy presence will be put in place to promote culture and the historic environment across Welsh Government as one of Wales' key economic assets and sectors.</p>	<ul style="list-style-type: none"> <li>Provides an opportunity to embed the role of wider culture and the historic environment in 'Prosperity for All' and the well-being objectives.</li> <li>Builds better connections across ESNR, with the marine and natural environment, place-making, planning, education and skills, and with the Welsh Government more widely.</li> <li>In line with the Permanent Secretary's ambitions for 'Future, Engage, Deliver.'</li> </ul>
<p><b>9. A stronger Cadw</b>  Cadw will be united as a single entity, but with a stronger operating structure, that will look to strengthen heritage and commercial skills, customer services and public engagement, based on a workforce plan developed in consultation with staff.</p>	<ul style="list-style-type: none"> <li>Makes best use of resources by capitalising on shared functions between properties in care and historic environment, including governance, education, public programmes and information technology.</li> <li>Need to strengthen areas such as visitor experiences and customer service.</li> <li>Will build on the successful growth in commercial income without losing sight of core historic environment functions.</li> </ul>
<p><b>10. A period of stability</b>  A period of five years in which to enable Cadw to put in place the new structure and business improvements through a phased implementation plan which includes opportunities for evaluation and review.</p>	<ul style="list-style-type: none"> <li>Provides an opportunity to address issues identified in previous reviews.</li> <li>Ensures there will be a structured implementation programme in consultation with staff.</li> <li>A period of stability allows time to implement improvements properly.</li> <li>The implementation plan will include a realistic timescale to evaluate and review improvements.</li> </ul>

## SECTION SEVEN — CASE FOR CHANGE

In making the case for change it is useful to revisit the original options appraisal in the light of the work done on the preferred model, and in particular, the business improvements.

The first part of the initial options appraisal included an assessment of Option 1 — retaining Cadw within the Welsh Government but in effect making no changes to the current operating model. That assessment identified some areas of concern. Therefore that assessment has been revisited in the light of the preferred model (Option 1b), including the business improvements, to establish whether the assessment has improved or deteriorated.

(SEE TABLE OVERLEAF)

In summary, in relation to the overall scores:

The **strategic case** has improved through the creation of an internal operating board and scheme of delegations that would provide clarity on the role of the Welsh Ministers and staff, and help to manage potential operating issues, without losing the ability of Cadw to contribute to wider Welsh Government priorities.

The **economic case** — expressed in terms of public value — has improved through better operational delivery, and also through building stronger links between the historic environment and other parts of ESNR and thus the wider Welsh economy.

In terms of the **financial and commercial cases**, remaining within the Welsh Government was the least costly option, but this remains a risk as Cadw remains dependent upon other Welsh Government departments for service delivery. Whilst remaining within the Welsh Government will not create opportunities for charitable status or fundraising, this review has identified the potential for a more effective way of delivering property services which may have such benefits.

In terms of the **management case**, the scores have worsened slightly in comparison with 'doing nothing' because implementing the business improvements will take time, staff involvement and some could be complex. However, they are unlikely to be as complex as the legal, financial, HR and operational issues of establishing a new WGSB.

**OPTION 1 (B) – CADW REMAINS WITHIN GOVERNMENT WITH BUSINESS IMPROVEMENTS IN PLACE**

Case	Criteria for assessment	Initial Assessment (no improvements)	Initial Score	Revised assessment with business improvements	Revised score
<b>Strategic Case</b>	Meets established government criteria for public bodies	<ul style="list-style-type: none"> <li>• Functions are mainly concerned with the delivery of services to the public or the Welsh Government.</li> <li>• Not always appropriate for the Welsh Ministers to take personal responsibility for day-to-day decisions.</li> <li>• Number of staff is large enough to justify a separate structure.</li> <li>• Technical function that needs expertise to deliver.</li> </ul>	●	<p>An internal board with delegated responsibilities for operational management and day-to-day decisions, appropriate to an organisation of that size.</p> <p>Formal recognition of technical, craft and specialist skills needed in Cadw.</p>	●
	Contribute to the Welsh Government delivery of the Future Generations Act	<ul style="list-style-type: none"> <li>• Maximises opportunities for joint working to embed culture and the historic environment into work of other departments.</li> <li>• Able to make a direct contribution to the Welsh Government’s vision for culture.</li> </ul>	●	No change — Cadw will continue to work closely with other parts of the Welsh Government.	●
	Contribute to ‘Taking Wales Forward’ — whole of Welsh Government priorities	Direct contribution.	●	An action plan for the historic environment in Wales will demonstrate the link to whole of Welsh Government priorities.	●

Case	Criteria for assessment	Initial Assessment (no improvements)	Initial Score	Revised assessment with business improvements	Revised score
	Enable the Welsh Ministers to deliver their statutory responsibilities	The Welsh Ministers have strong ongoing involvement in delivering statutory responsibilities.	●	No change	●
<b>Economic Case (deliver greater public value)</b>	Better public service delivery through operational improvements	<ul style="list-style-type: none"> <li>• Will depend on improved ability to deliver services to the public within standardised procedures.</li> <li>• Challenges of delivering public sector (and some private sector) functions from within the Welsh Government.</li> </ul>	●	The internal operating board will review and monitor 'internal freedoms' including HR freedoms to maximise effective delivery within proper frameworks of accountability.	●
	Better economic benefits through heritage for people in Wales	Opportunities to create stronger links between heritage and economic delivery as part of ESNR will depend on recognition of role of heritage in economy, jobs and skills.	●	An internal operating board can help foster better links across the department.	●
	Better social benefits through heritage for people in Wales	Opportunities to build partnerships with other parts of the Welsh Government delivering social initiatives and policy, but harder to build partnerships on the ground.	●	No change	●
	Better protection for the historic environment in Wales	<ul style="list-style-type: none"> <li>• Demonstrated ability to deliver legislative reform.</li> <li>• Continued partnership working with planning and Legal Services.</li> </ul>	●	No change	●

Case	Criteria for assessment	Initial Assessment (no improvements)	Initial Score	Revised assessment with business improvements	Revised score
<b>Financial Case</b>	Net costs/income	<ul style="list-style-type: none"> <li>• Significant reductions in capital and revenue funding makes current service delivery difficult to sustain without internal reforms.</li> </ul>	●	A three-year business and two-year budget plan will provide a strategic context for better investment decisions.	●
	Additional costs	<ul style="list-style-type: none"> <li>• Impact of additional compliance costs and limitations of working within the Welsh Government.</li> <li>• Impact of additional costs where other parts of government are no longer able to provide support.</li> </ul>	●	No change — ongoing risk of less support from central departments, with the biggest risks in and around IT.	●
	Income potential	<ul style="list-style-type: none"> <li>• Poor potential to grow income significantly through commercial ventures.</li> <li>• Limited opportunities for fundraising or sponsorship.</li> <li>• Difficult to establish a charitable body.</li> </ul>	●	Strategic Partnership may provide opportunities to explore commercial partnerships but these are unlikely to make a significant difference.	●
	Potential cost savings	<ul style="list-style-type: none"> <li>• Relatively little flexibility for cost savings.</li> </ul>	●	Innovative delivery model for property services could potentially result in efficiency and effectiveness in and around the time and resources taken to procure and oversee such services at present.	●

Case	Criteria for assessment	Initial Assessment (no improvements)	Initial Score	Revised assessment with business improvements	Revised score
<b>Management case - ease of implementation</b>	Legal issues	No major legal challenges.	●	Potential for additional legal work if new models for service delivery are followed through.	●
	HR issues	No change so minimal impact on staff.	●	No change.	●
	Budget issues	Currently funded through programme on the basis of income. Vulnerable to ongoing budget and staffing pressures within the Welsh Government.	●	Growing pressure on Cadw budget and that of other support departments, though a three-year business plan and two-year budget would help to manage it better.	●
	Functional issues	There remain synergies with other parts of the Welsh Government including planning, MALD, education, environment, property management, tourism and infrastructure.	●	No change — synergies will remain	●
	Operational issues	Ongoing challenges in terms of delivering localised services within Welsh Government wide frameworks.	●	Operating freedoms should improve service delivery across Wales.	●
	Timetable	None	●	The proposed business improvements will take time to set up and implement.	●

## ANNEX ONE — Culture and the historic environment timeline

1882	The first ancient monuments legislation is enacted — The Ancient Monuments Protection Act 1882. Three of the 68 monuments to which it gives protection are in Wales.
1905	The government promises money in the budget to establish a National Library and a National Museum for Wales. The Privy Council appoints a committee to decide on the location of both. Cardiff is chosen as the location for the museum and Aberystwyth for the library. Almost 110,000 contributors, many working people, make donations.
1907	Royal charters are granted to the National Museum and National Library.
1908	The Royal Commission on the Ancient and Historical Monuments of Wales (RCAHMW) is established alongside sister organisations in England and Scotland
1913	The Ancient Monuments Consolidation and Amendment Act 1913 becomes law.
1913	The Ancient Monuments Board for Wales (AMB) is established under the provisions of the 1913 Act.
1931	The Ancient Monuments Act 1931 is enacted.
1953	The Historic Buildings and Ancient Monuments Act 1953 becomes law.
1953	The Historic Buildings Council for Wales (HBC) is established under the provisions of the 1953 Act.
1969	Ministerial responsibilities for ancient monuments and historic buildings are transferred to the Secretary of State for Wales. The Department of the Environment (DOE), however, undertakes administration and maintenance of historic assets.
1972	A unified Directorate of Ancient Monuments and Historic Buildings (DAMHB) is created in the DOE.
1970s	The Welsh archaeological trusts are established.
1978	A full transfer of staff takes place and DAMHB becomes an England-only body.
1979	The Ancient Monuments and Archaeological Areas Act 1979 becomes law.
1983	The National Heritage Act 1983 makes provision for the establishment of the Historic Buildings and Monuments Commission for England (HBMC), the Victoria and Albert Museum and other museums as non-departmental public bodies (NDPBs).
1983	The Brown report recommends a more commercial approach to heritage in Wales.
1984	The HBMC is established with the common name English Heritage (EH).
1984	Cadw: Welsh Historic Monuments is established to protect, conserve and promote the built heritage of Wales on behalf of the Secretary of State. The specialist inspectorate is joined by a commercial development branch seconded from the Wales Tourist Board, with the aim of giving added emphasis to presentation for public enjoyment.
1991	Cadw: Welsh Historic Monuments becomes the first executive agency

	in the Welsh Office under the Next Steps initiative. Its remit is to increase the attractiveness of monuments in State care for the greater enjoyment and understanding of the public, whilst continuing to carry out statutory duties for the preservation and conservation of Wales' built inheritance.
1991	Historic Scotland (HS) is set up as an executive agency with similar responsibilities to those of Cadw: Welsh Historic Monuments, including the custodianship of 325 monuments in State care.
1992–3	The Welsh Affairs Committee reviews Cadw: Welsh Historic Monuments as the only executive agency in the Welsh Office.
1993	Publication of The House of Commons Welsh Affairs Committee report, 'The Preservation of Historic Buildings and Ancient Monuments' (HC403: 1992–3).
1997	Publication of The House of Commons Welsh Affairs Committee report, 'The Preservation of Historic Buildings and Ancient Monuments: Follow Up' (HC250: 1996–7).
1998	The Government of Wales Act 1998.
1999	The Royal Commission on the Historic Monuments of England merges with EH.
1999	Peter Law AM assumes responsibility for Cadw as Minister for Local Government and Regeneration.
1999	'Protecting and Conserving the Built Heritage in Wales', a report by the Auditor General for Wales, is presented to the National Assembly for Wales.
1999	Cadw: Welsh Historic Monuments and RCAHMW publish a joint statement, 'Recording, Preserving and Presenting the Welsh Archaeological Landscape', setting out a broad agenda for the two organisations and defining areas in which each would take the lead.
2000	Sue Essex AM assumes responsibility for Cadw as Minister for Environment, Transport and Planning.
2002	The name of Cadw: Welsh Historic Monuments is shortened to Cadw.
2002	Cadw and the National Trust hold a consultative conference on the historic environment in Wales.
2003	The Welsh Assembly Government reviews the historic environment in Wales.
2003	Alun Pugh AM assumes responsibility for Cadw as Minister for Culture, Welsh Language and Sport.
2004	Coflein is launched by RCAHMW.
2004	The Historic Environment Group (HEG) is established as an advisory body to the Minister for Culture, Welsh Language and Sport, with members representing different heritage groups in Wales.
2005	Cadw ceases to be an executive agency and becomes a directorate of the Welsh Assembly Government.
2005	Cadw completes the 20-year resurvey of listed buildings in Wales.
2006	Cadw joins CYMAL and other cultural services in the Local Government and Culture Department of the Welsh Assembly Government reporting to the Minister for Culture, Welsh Language and Sport.
2006	The HBC and AMB are abolished by statutory instruments and replaced by the Historic Buildings Advisory Council (HBAC) and the Ancient Monuments Advisory Board (AMAB).



2006	The Government of Wales Act 2006 formally separates the National Assembly for Wales and the Welsh Assembly Government. It sets out the powers of the Welsh Ministers in relation to heritage.
2006	'Cadw Access Strategy for Monuments in State Care' is published.
2007	'The Welsh Historic Environment: Position Statement 2006', incorporating reports from Cadw, RCAHMW, AMAB and HBAC, is published under the aegis of Historic Wales.
2007	Rhodri Glyn Thomas AM assumes responsibility for Cadw as Minister for Heritage.
2008	Alun Ffred Jones AM assumes responsibility for Cadw as Minister for Heritage.
2008	'The Welsh Historic Environment: Position Statement 2007', incorporating reports from Cadw, RCAHMW, AMAB and HBAC, is published under the aegis of Historic Wales.
2009	Cadw celebrates its twenty-fifth anniversary
2009	'The Welsh Historic Environment: Position Statement 2008' reports on the activities of Cadw, RCAHMW, AMAB, HBAC and HEG.
2009	The Minister for Heritage articulates his vision for the Welsh historic environment in three linked documents published by Cadw: <ul style="list-style-type: none"> <li>• 'The Welsh Historic Environment: A Celebration'</li> <li>• 'Heritage Minister's Ambition for the Welsh Historic Environment'</li> <li>• 'The Welsh Historic Environment Strategic Statement: Headline Action Plan.'</li> </ul>
2010	The AMAB and HBAC are abolished.
2010	'The Welsh Historic Environment Strategic Statement: Action Plan' is updated and published on 31 October.
2011	Cadw publishes <i>Conservation Principles for the Sustainable Management of the Historic Environment in Wales</i> .
2011	The Council for British Archaeology issues the 'Welsh Historic Environment Exercise: Final Report' after examining overlaps between Cadw, RCAHMW and the Welsh archaeological trusts as part of the 'One Wales' review of bodies.
2011	Huw Lewis AM assumes responsibility for Cadw as Minister for Housing, Regeneration and Heritage.
2011	The Welsh Government publishes 'Cadw Priorities 2011–16.'
2011	The Scottish Government commissions an appraisal of the long-term future of the Royal Commission on the Ancient and Historical Monuments of Scotland to consider either merger with Historic Scotland or the formal establishment of the organisation through legislation.
2012	Cadw publishes 'The Welsh Historic Environment Position Statement 2010–2011.'
2012	The Minister for Housing, Regeneration and Heritage publishes 'Historic Environment Strategy for Wales' and an accompanying 'Headline Action Plan.'
2012	Cadw's Pan-Wales Interpretation Plan is launched.
2013	John Griffiths AM assumes responsibility for Cadw as Minister for Culture and Sport (later Natural Resources, Culture and Sport).
2013	The Minister for Culture and Sport publishes an updated version of 'Historic Environment Strategy for Wales.'
2013	The Minister for Culture and Sport launches 'The Future of our Past:

	A Consultation on Proposals for the Historic Environment of Wales' covering three areas of work — knowledge, conservation and public engagement. The consultation seeks specific responses on proposals relating to strategic plans for the delivery of historic environment services and appropriate peer review and challenge for those who deliver services.
2013	The Department for Culture, Media and Sport issues a consultation on a new model for English Heritage.
2014	The Minister for Culture and Sport makes an oral statement to the National Assembly on the future of RCAHMW in response to the consultation. The statement is supported by a detailed analysis of two options — merger inside government and merger outside government.
2014	Cadw joins the Economy, Science and Transport Department as part of the portfolio of Ken Skates AM, Deputy Minister for Culture, Sport and Tourism.
2014	The Historic Environment Scotland Act 2014 becomes law, permitting the establishment of Historic Environment Scotland.
2015	Historic England is established. English Heritage becomes the common name for the English Heritage Trust, an independent charity that manages the National Heritage Collection under licence from Historic England.
2015	A task and finish group led by Professor Terry Stevens undertakes a review of Cadw's commercial activities.
2015	Historic Environment Scotland established as a new NDPB.
2016	The Deputy Minister for Culture, Sport and Tourism announces the appointment of Baroness Jennifer Randerson to lead a review of heritage services in Wales.
2016	After the Assembly elections in May, Ken Skates AM becomes Cabinet Secretary for Economy and Infrastructure, but continues to have responsibility for Cadw.
2016	The Cabinet Secretary for Economy and Infrastructure announces the creation of a steering group to review and develop options for the delivery of the manifesto commitment to create 'Historic Wales'.
2017	The Cabinet Secretary for Economy and Infrastructure publishes 'Historic Wales — A Roadmap towards Success, Resilience and Sustainability for the Heritage of Wales'.

## ANNEX TWO — Modelling a separate properties in care organisation

The options appraisal estimates that there are around 25 roles whose functions are shared across both properties and historic environment services. This annex sets out the basis for that calculation.

In 2015 an exercise was undertaken to model the separation of Cadw into two organisations — properties and historic environment services. The budget breakdown was as follows (updated for 2017):

	2015	2017
<b>REVENUE</b>		
Original funding for Cadw		
From the Welsh Government	7,712,000	7,608,000
Income	6,200,000	6,700,000
Total	13,912,000	14,308,000
<b>New Split</b>		
<b>Commercial and Property</b>		
Revenue Programme	3,637,000	3,827,000
Staffing	5,692,800	5,784,000
Funded by		
Income	(6,200,000)	(6,700,000)
Welsh Government	(3,129,800)	(2,911,000)
Total	0	0
<b>Historic Environment</b>		
Revenue Programme	2,155,000	2,237,000
Staffing	2,427,200	2,460,000
Funded by		
Income	0	
Welsh Government	(4,582,200)	(4,697,000)
Total		
<b>CAPITAL</b>		

	2015	2017
Commercial and Property	2,966,000	2,860,000
Historic Environment	1,825,000	400,000
Funded by		
Welsh Government	(2,966,000)	(2,860,000)
Welsh Government	(1,825,000)	(400,000)

In this division, the **Commercial and Property Revenue** total is made up of:

Conservation, Estates, Interpretation	£2,007,000
Retail	£ 750,000
Visitor Services	£ 131,000
Marketing	£ 650,000
Events	£ 232,000
Gov and Information	£ 57,000
	<u>£3,827,000</u>

The **Historic Environment Revenue** is made up of:

Historic Environment	£1,915,000
Historic Environment (Wales) Act 2016	£ 220,000
Lifelong Learning	£ 102,000
	<u>£2,237,000</u>

**Staffing** is split by name, for staff, and by site salary costs for custodians. **Historic Environment staff** is made up of the Historic Environment teams (including Legislation and Policy) plus lifelong Learning. **Commercial and Property** is all other Cadw staff plus custodians.

Under this model the commercial income was nominally set against property functions rather than shared across the whole portfolio. There was a significant reduction in capital funding for historic environment.

However, whilst this model has been put in place for line management and budgetary purposes, it relies on a considerable element of shared working. Some functions are clearly aligned with the commercial and property or the historic environment work. For example, the custodians focus on property functions, whilst the casework staff focus almost purely on historic environment work. However, there are a wide range of staff who work across both sets of functions.

These include staff in lifelong learning, public programmes and events, PR and marketing, finance, governance, government business and IT. They also include individuals with unique specialist skills such as archaeologists or

conservation specialists, or regeneration, who work across both sides. Teams such as education and public programmes deliver events both at Cadw properties and Wales-wide events such as Open Doors days.

An analysis of functions has identified the following shared roles:

<b>Commercial and Property</b>	<b>Shared Functions</b>	<b>Historic Environment</b>
Custodians and visitor services	Marketing and public relations	Field monument wardens
Cadwraeth	Governance, Finance, IT, knowledge management	Designation
Retail	Regeneration	Bill and policy development
Commercial events and venue hire	Government business and briefings	Casework advice and support teams
Interpretation	Lifelong learning, culture and fusion programme	Planning advice
Facilities management	Public programmes	Unloved Heritage project
Procurement	Conservation expertise	

In terms of staffing, Cadw has an establishment **of 249**, but an **FTE of 223.36**. This is split as follows:

<b>HE</b>	<b>51.97</b>
<b>C&amp;P</b>	<b>171.39</b>
<b>Total</b>	<b>223.36</b>

For that establishment, there are around 22 positions in commercial and property which are shared — the PA, marketing and publications roles, images, events, and the roles in IT mapping, governance, finance etc. There are also 3 roles in historic environment which are shared — notably lifelong learning — which takes it to 25 positions.

There are also roles with a smaller element of sharing, such as procurement, and at least three archaeologists who undertake work for commercial and property as well as historic environment that have not been included. Allowing for an element of uncertainty, and the fact that some roles are uncounted, but others that have been included may not be split 50:50, it is suggested that there may be around 25 shared roles.

