

Quinquennial Review of Cadw

Draft Interim Report

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QUINQUENNIAL REVIEW OF CADW: INTERIM REPORT

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

1. The main findings of this report are that in relation to the historic environment of Wales, Cadw:

- a. Cadw (or a body like it) is needed to help in identification , conservation, presentation, sustainable exploitation etc of the historic environment of Wales;
- b. Cadw has considerable achievements to its name in a variety of fields;

c. Cadw has performed well since the mid 1990s against the targets set for it;

(d) Cadw's remit and associated targets would appear to need a thorough review to reflect better its current strategies and functions, and the main policies and key themes of the Assembly to more clearly seek outcomes desired for the historic environment of Wales as well as organisational outputs;

(e) Cadw would benefit from greater ministerial and political "ownership" of its overall mission, while at the same time safeguarding the non political way in which it conducts the statutory decision making and advice it carries out on behalf on the Welsh Assembly Government; and

(f) Cadw needs some changes to its organisational model, but not radical structural change.

2. I recommend that:

1. the Welsh Assembly Government produces a new long term mission statement for Cadw which after wide consultation is given Assembly endorsement. (paragraph 4.10)

- 1. the process of producing a new mission statement and three-year corporate plan includes the production of a new mix of performance indicators which are less wholly focussed on process measurement and include some on outcomes sought for the historic environment of Wales. (4.16)**
- 2. Cadw considers this report and the responses to the consultation exercise as one input to its policy and management development (5.6)**

4. the functions currently discharged by Cadw are necessary. (6.11)

5. Cadw does not merge with the Countryside Council for Wales. (6.21)

6. Cadw does not merge with the National Museums and Galleries of Wales. (6. 25)

7. that substantive consideration of the advantages and disadvantages of merger with the Royal Commission on the Ancient and Historical Monuments of Wales be deferred to the current Quinquennial Review of the Royal Commission. (6.29)

8. Assembly Sponsored Public Body (ASPB) status for Cadw be ruled out, at least for the short and medium term. (6.42)

9. the option of turning part of Cadw into an ASPB not be considered further. (6.52)

10. The status quo model (of the executive agency model of organisation as it currently is) is not the appropriate model in the medium and longer term. (6.54)

1. The precise organisational status of Cadw should be changed to better enable it to develop and implement policies which further the key themes and major strategies of the National Assembly for Wales. The precise organisational model should be one of the following:

- a. Executive Agency within the Welsh Assembly Government with a Ministerial Policy Board**
- b. Conventional policy division(s) within the Welsh Assembly Government. If one division, part to retain the valuable Cadw brand as its title. If more than one division or unit, one to be called Cadw; or a mixture of a conventional division to lead on policy, statutory casework and strategy advice to Ministers and others, and a closely related executive agency called Cadw which would lead on properties in care. (6.55)**

12. Whichever precise model of organisation structure for Cadw is adopted, at least part of the organisation should operate under the title "Cadw". (6.56)

13. The Welsh Assembly Government, advised by Cadw, and in consultation with Environment, Planning and Transport Committee (EPT) Committee and external stakeholders, determines its strategic priorities for the historic environment (6.57)

1. INTRODUCTION

1. The National Assembly has committed itself to reviewing each executive Assembly Sponsored Public Body (ASPB) and each Executive Agency within the Assembly every five years. These quinquennial reviews examine whether there is a continuing need for the functions carried out by the body under review and, if so, what might be done to improve its accountability, its strategic effectiveness and its conduct of business.

1.2 The reviews are carried out by someone unconnected with the body or its area of operation. The review process is open and transparent; and a feature of it is the opportunity for the body's partners, customers, staff and other stakeholders to submit their views and

comments. The review report will be in the public domain; and it will be discussed by the Environment, Planning and Transport Committee before the Assembly Cabinet comes to a view on the conclusions and recommendations.

Review of Cadw

1.3 The terms of reference for this review of Cadw are at Annex 1. The review is being carried out in two broad stages.

First Stage

1.4 The first stage, outlined in this interim report, covers the basic issue of whether there is a continuing need for Cadw and its functions, or whether some other arrangement is preferable. The terms of reference set the context for this Review as the Assembly's Strategic Plan, the Partnership Agreement, the Plan for Wales and associated documents. The Review has also been set against the general background of the historic environment in Wales.

1.5 This initial stage attempts to address whether, within the above context:

- a. there is a need for the functions that are carried out by Cadw to be performed at all;
- b. the impact if any, or all, of the Cadw's functions were discontinued;
- c. there are functions carried out by Cadw that might advantageously be carried out by other bodies;
- d. there are functions carried out by other bodies – or perhaps, not being carried out at all – that should be carried out by Cadw;
- e. there is scope to rationalise the functions of Cadw and those of other bodies; and
- f. the functions of Cadw continue to need to be carried out by an Executive Agency within the National Assembly, as opposed to other forms of organisation.

Second Stage

6. This will be commissioned following consideration of this interim report, and will be the subject of the final report. It will review the strategic effectiveness of Cadw and, if appropriate, consider whether any improvements are needed to the way Cadw delivers its function

Methods

7. The review is based on an extensive process of consultation. A consultation letter was published at the end of October/beginning of November 2001 on the Cadw and Assembly's websites, and eventually sent in hard copy to a total of over 300 organisations and individuals. The consultation letter is at Annex 2. The response received is described at Section 5 of this report.
8. My work was guided by a steering group. I conducted a series of face-to-face discussions with a variety of stakeholders in the historic environment of Wales, and also some with similar interests in relation to Scotland and England. In addition, I attended meetings of Cadw's Advisory Committee, the Ancient Monuments Board for Wales and the Historic Buildings Council for Wales (I am currently conducting the quinquennial reviews of the latter 2 of these advisory committees), and studied extensive documentation obtained from Cadw and other sources in Wales and elsewhere.

2. PURPOSE AND STATUTORY BASIS OF CADW

2.1 Cadw is part of the Welsh Assembly Government, given its name in 1984 and then established in 1991 as an Executive Agency of the Welsh Office. On 1 July 1999, Cadw became part of the National Assembly for Wales.

Cadw's Executive Agency Status

2.2 Executive Agencies were established across UK Government Departments following the 1988 report "Improving Management in Government". The intention was that an agency would consist of a discrete area of work with a single named individual - a Chief Executive - in charge, with personal responsibility to the Minister for day to day management. The Minister would delegate managerial responsibility to the Chief Executive who would have the authority to decide how best to run the organisation and get the job done within available resources.

2.3 In 1991, the Fraser Report looked at the relationships between agencies and the Departments within which they were located. One outcome was the creation of the "Fraser Figure" - a senior official in the Department who would support Ministers in relation to Agencies. In Cadw's case, the Fraser Figure is the Senior Director for Social Policy and Local Government Affairs (Mr George Craig).

2.4 In 1997 the new UK Labour Government set out its position on Executive Agencies in the Next Steps Report, which moved the focus away from the previous UK Government's aim of creating more agencies to using agencies in the most effective way.

2.5 Cadw is currently established under its 1995 Framework Document. This was approved by and contains a foreword by the then Secretary of State for Wales, Mr William Hague. The

document describes the status of the agency; the aims and objectives of Cadw; its accountabilities (e.g. to the Secretary of State, the Permanent Secretary etc), and the limited financial and personnel flexibilities available to the Chief Executive of Cadw. The Framework Document can be changed by administrative action by the Welsh Assembly Government.

Purpose and Aims of Cadw

2.6 The Purpose and Aims of Cadw as set out in its 1995 Framework Document are:

"Purpose

Cadw is responsible for discharging the Secretary of State's functions to protect, to conserve and to promote an appreciation of the built heritage of Wales; that is, ancient monuments and archaeological sites and landscapes; historic buildings, parks and gardens; and designed landscapes. In addition, the agency advises the Secretary of State on all policy issues relating to the built heritage.

Aims

Cadw's specific aims are:

- i. To ensure the preservation and conservation of the built heritage in Wales for the benefit of present and future generations;
- ii. To maintain and present to the public for their appreciation, education and enjoyment, the monuments in the care of the Secretary of State;
- iii. To earn income to offset the cost of its activities."

2.7 Broadly speaking, the functions which currently fall to be discharged by Cadw on behalf of the Wales Assembly Government are also carried out in England and Scotland. In England the main Non-Departmental Public Body (NDPB - equivalent to ASPB in Wales) in the historic environment field is English Heritage. It is separate from, and sponsored by, the Department of Culture Media and Sport, which is the policy adviser to English Ministers. The body in Scotland, Historic Scotland, like Cadw, an executive agency within the devolved administration. However, Historic Scotland is more managerially separate from the rest of Scottish Executive than Cadw is from the Assembly. Further and more detailed comparisons with England and Scotland are made later in this report.

Cadw's Statutory Roles

2.8 As an integral part of the structure of the National Assembly, Cadw carries out a range of statutory and discretionary activities.

Ancient Monuments and Archaeological Remains

2.9 A series of Acts of Parliament, from the late nineteenth century onwards, have afforded a widening degree of protection to ancient monuments and archaeological remains of national importance, up to the present Ancient Monuments and Archaeological Areas Act 1979.

2.10 Following devolution, it is now the Assembly which is required statutorily to compile a schedule of ancient monuments. Within the Assembly it is Cadw which is responsible for this work and for considering applications for scheduled monuments consents required for any work, alterations or even controlled archaeological excavations.

2.11 The National Assembly also has powers to make grants to help conserve or manage ancient monuments and even acquire them into the care of the Assembly. Currently, Cadw takes the lead in undertaking or advising on these actual or potential activities. Cadw also provides a wide range of general advice on the management of historic features, such as recently within the Tir Gofal agri-environment scheme administered by the Countryside Council for Wales.

Buildings of Special Architectural or Historical Interest

2.12 Individual buildings of special architectural or historical interest have been given special protections within planning law. The Assembly's published planning policy guidance sets out the framework within which this is implemented. Local planning authorities have the primary responsibility for much of the work related to historic buildings, and Cadw supports them in fulfilling their role as well as, in certain cases, itself playing a more direct role in the planning process.

2.13 Section 1 of the Planning (Listed Buildings and Conservation Areas) Act 1990, as amended, requires the Assembly to draw up and publish a list of buildings of special architectural or historic interest. The Act goes on to include within its definition of what may be treated as part of a "listed building" any object or structure fixed to the building; or any object or structure "within the curtilage of the building which, although not fixed to the building, forms part of the land and has done so since before 1 July 1948".

2.14 Once a building has been listed, local authorities have a legal duty to notify the owners, who would then need Listed Building Consent (a special type of planning permission) from the local planning authority before carrying out any works on their property which would alter the character of the building.

2.15 Most cases where the local planning authority thinks the consent should be granted are then referred to Cadw, which might advise the Assembly to call in the most difficult or significant cases for its own decision. In addition the applicant has the right of appeal to the Assembly against decisions of the local planning authority.

16. Cadw also has the power to give grants to assist repairs or jointly fund, with local authorities, Town Schemes which contribute to the preservation or enhancement of an area. By law, Cadw must consult a statutory advisory body, the Historic Buildings Council for Wales, on all proposals to make such grants.

Government of Wales Act 1998

17. Section 32 of this Act ("Support of culture etc") provides the Assembly with wide powers in the field of the historic environment:

"32. The Assembly may do anything it considers appropriate to support-

- a. museums , art galleries or libraries in Wales,
- b. buildings of historical or architectural interest, or other places of historical interest,
- c. the Welsh language, or
- d. the arts , crafts , sport or other cultural or recreational activities in Wales."

2.18 I am not aware that explicit use of the Section 32 powers has been made in relation to the historic environment of Wales.

3. THE CONTEXT FOR CADW'S WORK

Key Strategies and Themes of the Assembly

1. Many of the strategies and themes of the Assembly, and strategies of Assembly Sponsored Public Bodies(ASPBs), include elements relevant to the outcomes and outputs to which Cadw contributes or potentially could contribute. In particular:
 - a) "The Plan for Wales" (published October 2001) contains (at page 15) the statement, "A sustainable, inclusive and equal Wales means conserving and improving our.....built environment". It goes on to make commitments "to conserve the historic environment" by a number of actions, including:
 - raising awareness of the importance of all aspects of the historic landscape of Wales, and provide advice on its management;
 - protecting nationally important sites;
 - completing the listing re-survey of historic buildings in Wales;
 - grant-aiding the conservation of historic buildings, sites and monuments; and

- conserving and presenting to the public the historic monuments in state care

b) Other commitments in the Plan for Wales are also relevant, for example:

- preparation of a Wales Spatial plan, with a strong regional dimension(p15)
- promotion of community regeneration and capacity building in rural areas(p17)
- promotion and further development of tourism in Wales (p12)
- review of major bodies(p21). .This review represents that in relation to Cadw - although Cadw is **not** an ASPB but an Executive Agency **within** the Assembly's staffing structure.

a. "Putting Wales First: A Partnership for the People of Wales" (October 2000). A number of the principles in this Partnership Agreement are particularly relevant to the historic environment:

- (2nd Environment Transport and Planning Principle) - "We are ... committed to the full integration of environmental and socially sustainable development throughout all government bodies"
- (Local Government and Housing Principles). These relate to the role of local authorities "We believe local authorities are ultimately accountable to the people of Wales for the quality and consistency of service they provide. We will work to assist them in the exercise of that accountability"
- (Arts, Culture and Sport). The 7th initiative here is "we will encourage and develop the cultural industries in Wales"

a. "A Winning Wales - National Economic Development Strategy" (January 2002). Sets out a 10 year strategy for transforming the economy of Wales, while promoting sustainable development. It provides a framework of objectives, targets and actions to guide economic development and to provide the conditions for businesses, communities and individuals to prosper. The strategy recognises the importance of the interaction between the economy, lifelong learning, communities, the environment and other policy areas. It includes action to present the culture , heritage and environment of Wales as key strengths in promoting Wales as an attractive location for both business and tourism.

b. "Creative Future : Cymru Creadigol - A Culture Strategy for Wales" (February 2002) This pointed to the role which a number of stakeholders in in the historic environment field had to play in implementing this strategy , "which are not always recognised for the contribution they make to the nation's cultural development " and went on to include some of them as

examples (eg the National Trust , Archaeological Trusts). In launching the strategy, the Minister for Culture said that it was "about ensuring that culture makes its rightful contribution to the development and regeneration of our communities....."

- c. "Better Homes for People in Wales : A National Housing Strategy for Wales" (2001). While this strategy makes no explicit reference to the historic environment , clearly its vision for housing regeneration offers opportunities for preservation and enhancement of historic features in the both rural and urban scenes (or the threat of damage to them if regeneration is carried out inappropriately)
- d. "Achieving our Potential : A Tourism Strategy for Wales" (Wales Tourist Board 2000 – foreword by First Minister) . Again , the historic environment is relevant here , given that strategic objectives include "marketing Wales as an attractive all year round destination" and "to embrace a sustainable approach to tourism development which benefits society , involves local communities and enhances Wales' unique environmental and cultural assets."
- e. The Communities First Programme – designed to develop community driven solutions to problems in the most deprived communities in Wales – will focus among other things on improving the local environment , and this could include improvements to the local historic environment , for example to historic buildings.
- f. [Design Policy – piece to follow on establishment of Design Commission for Wales which is being established to champion high standards of design and architecture to the public and private sector through promoting wider understanding of design issues and the importance of good standards in enhancing the built environment across all sectors.]
- g. "A Better Wales: The Natural Environment of Wales in 2010". This sets out the Countryside Council for Wales' (CCW) vision of the Wales they wish to see in 10 years' time, and steps to be taken in that timescale to improve the natural environment in urban as well as rural areas, to encourage people's enjoyment of it and contribute to economic development.

The wider field of historic environment in Wales

3.2 The terms of reference for this review set the context as including elements of the following aspects of the historic environment:

- o archaeological sites
- o historic buildings
- o parks and gardens
- o other elements making up the historic character of the landscape (e.g. hedgerows, field patterns)
- o both urban and rural settings

3.3 A variety of agencies carry out a wide range of activities in relation to identifying, understanding, conserving, accessing and exploiting (sustainably) the historic environment and information about it. The following table attempts to summarise this, in relation to Wales:

CURRENT FUNCTIONS IN THE FIELD OF THE HISTORIC ENVIRONMENT IN WALES

ROLE	ACTIVITY	MAIN AGENTS
Identifying and Understanding the Historic Environment	1) Commissioning research and survey	1) Cadw Royal Commission Universities Developers
	2) Conducting research and survey	2) Welsh Archaeological Trusts Archaeological Contractors
	3) Developing the National Record of Significant historic buildings and landscapes	3) Royal Commission Archaeological Trusts
Conserving the Historic Environment	1) Acting in relation to historic buildings and places meriting statutory protection	1) Cadw Local Planning Authorities
	2) Developing policy for the heritage sector	2) Cadw National Trust
	3) Setting and monitoring standards for the conservation of the historic environment	3) Cadw

	4) Funding the repair and enhancement of historic sites and buildings	4) Owners Cadw Heritage Lottery Fund Local Authorities
	5) Providing owners, developers and planners with guidance	5) Cadw Local Authority Conservation Staff
	6) Maintaining historic sites and monuments	6) Cadw (for properties in guardianship of Assembly) Other owners (private, voluntary and public sector)
Accessing and exploiting the historic environment and information about it, sustainably	1) Providing sustainable access and interpretation to Cadw sites	1) Cadw
	2) Encouraging sustainable access to other sites in the historic environment	2) Cadw Local Authorities CCW National Trust
	3) Disseminating the results of research to popular and professional audiences	3) Cadw Royal Commission
	4) Encouraging the educational use, for all ages, of the historic environment and information about it	4) Cadw Voluntary Sector (eg NT) Local Authorities
	5) Curating the National Monuments Record as the archive of the historic environment	5) Royal Commission

	6) Curating the Scheduled Monuments Records (SMRs)	6) Royal Commission (funder) Welsh Archaeological Trusts (recipient of grant aid towards helping maintain and enhance the SMRs)
	7) Using the Scheduled Monuments Records (SMRs)	7. Cadw, some local authorities (funders) 8. Welsh Archaeological Trusts (eg as recipient of grant aid from Cadw to advise local planning authorities – some of which have started paying themselves)

3.4 There is no general Assembly endorsed "vision" focused on the historic environment in Wales. However, the UK Government recently launched a statement, "The Historic Environment: A Force for our Future" which includes its vision for the historic environment in England. Sue Essex, as Minister for the Environment in the Welsh Assembly Government, marked the publication of this statement in December 2001 by supporting its overall thrust in the following terms:

"The statement specifically relates to England but it raises some fundamental issues which are of relevance to Wales and other parts of the UK as well. I endorse the sentiments of the statement about the importance of our historic environment. Historic buildings, monuments, historic landscapes and towns are part of our heritage - they give us a sense of pride and belonging and we should do all we can to ensure that they are protected and, wherever possible, restored and conserved. But heritage conservation has far wider effects. Historic buildings contribute much to our social and economic development through tourism and re-use and regeneration of run-down historic building and areas. It also contributes much to our other priorities - equality of opportunity and social inclusion, education, sustainability and improved quality of life."

3.5 The main recommendations of "Force for our Future" are grouped under 5 headings:

- Providing Leadership – to respond to public interest with firm leadership , effective partnerships and a sound knowledge base from which to develop policies

- Realising Educational Potential – to realise the full potential of the historic environment as a learning resource
- Including and Involving People – to make the historic environment accessible to everyone and ensure that it is seen as something with which the whole of society can identify and engage
- Protecting and Sustaining – to protect and sustain the historic environment for the benefit of our own and future generations
- Optimising Economic potential – to ensure that the historic environment’s importance as an economic asset is skilfully harnessed.

3.6 The Minister’s general support for the general approach described in paragraph 3.5 provides part of context in which Cadw and other parts of the Assembly related to the historic environment might help.

4. CADW’S WORK, RESPONSIBILITIES AND FRAMEWORK FOR

DELIVERY

4.1 Cadw’s programme of work is outlined in its Corporate Plans, which it is required to produce under the terms of its 1995 Framework Document. In about March each year Cadw produces a draft Corporate Plan for the financial year about to commence, on which it consults the Environment, Planning and Transport Committee. Following this the Minister approves the strategic targets.

Current Performance Management Regime

4.2 The items to be measured were decided in 1994-95 (following a recommendation in the 1994 Cadw Review) and apart from different levels sometimes being set as the target for each year, have remained unchanged since, except one relating to net cost per visitor, which was added in 1996-97. The measures are:

1. To complete 90% of the approved conservation maintenance programme.
2. To complete 80 resurvey lists.
3. To resolve 90% of listing cases where buildings are under threat within 10 weeks and 90% of others within 17 weeks.
4. To complete 120 scheduling actions, of which at least 90% involve additional protection.
5. To resolve 80% of listed building consent cases within 4 weeks and 90% of cases in 7 weeks.
6. To resolve 90% of scheduled monument consent cases within 13 weeks.
7. To resolve 80% of historic buildings grant applications within 6 weeks.
8. To resolve 80% of ancient monuments grant applications within 6 weeks.

9. To pay 90% of properly presented claims for historic buildings and ancient monuments grants within 5 weeks of receipt.
10. To achieve a market share of 63% of the number of visitors to the top twenty heritage sites in Wales.
11. To reduce net cost per visitor at Cadw's sites to an average of 25 pence.
12. To operate within allocated programme and running costs.
13. To achieve efficiency gains of at least 2%.

4.3 Cadw has performed very well against the targets set for it since 1995 (target numbers refer to the targets listed in paragraph 4.2).

Target No	Target	95-96	96-97	97-98	98-99	99-00	00-01
1	(90%)	90.3	91.5	90.3	91	91	91
2	(80)	62*	69*	77*	81	80	81
3	(75%)	78	85	90	85	95	90
4	(120)	111*	101*	112*	122	121	121}
	(90%)	82	77	92	94	97	95}
5	(80%)	85	84	84	83	85	91}
	(90%)	91	90	90	93	92	95}
6	(75%)	93	91	91	95	88	93}
	(90%)	98	95	97	100	95	96}
7	(80%)	81	87	85	75	80	91
8	(80%)	96	94	86	93	82	89

9	{90%}	86	98	93	90	92	90}
	{90%}	78	100	100	98	96	98}
10	(63%)	64	64	62.5	63	62	64
11	(25p)	-	33*	35*	33	27	35
12	(Within budget)	Yes	Yes	Yes	Yes	Yes	Yes
13	(2%)	3.5%	2%	2%	2%	2%	2%

* targets were less exacting in these years

4. Cadw's annual report gives information on how it has performed against the targets set for it. Cadw reports to Environment, Planning and Transport Committee on its progress twice a year. Cadw also reports its progress against these targets to its advisory committee four times a year (twice at meetings). The Advisory Committee's terms of reference and membership (set out in its 1995 Framework Document) are:

"To provide advice to the Secretary of State on:-

The broad direction in which the Agency is developing its activities in relation to the Secretary of State's responsibilities and objectives;

Any major issues identified for discussion by the Chairman which are not contained in the Corporate and Operational Plans or which may result in significant deviation from those Plans;

In performing these functions the Committee will have specific regard to the need to achieve a balance between the Agency's conservation activities and its presentation and development activities.

The Committee does not exercise any line management or executive responsibilities.

Chairman A Senior Welsh Office official

Members Chairman of the Ancient Monuments Board for Wales

Chairman of the Historic Buildings Council for Wales

Chairman of the Wales Tourist Board

The Principal Finance Officer of the Welsh Office

At least one member , from outside the public sector , with appropriate business/

financial expertise."

4.5 Cadw's priorities are influenced by a wide range of factors. The main one is the issues covered by the performance targets, established in the mid 1990s. Influential in some of those (especially the re-survey of the lists) were the recommendations of the 1993 Report by the Welsh Affairs Committee of the House of Commons. A number of people with whom I held discussions as part of the evidence gathering for this review referred to the influential nature of the 1993 Report (and a follow-up report in 1997) of the Welsh Affairs Committee in helping set directions which guide Cadw to this day. No references were made to pronouncements of a similar nature by Welsh Office Ministers (in pre-devolution times), Assembly Ministers or Committees.

Cadw's Current Mission Statement

4.6 Cadw in its 2000-2001 Annual Report describes as its Mission Statement:

"To protect, to conserve and to promote an appreciation of the built heritage of Wales. The Agency discharges the National Assembly's statutory responsibilities relating to ancient monuments, historic buildings and conservation areas. It advises the National Assembly on all policy issues relating to the built heritage and on any other issues which may be referred to it. It will promote legislation where appropriate. Its specific aims are:

- a. To ensure the preservation and conservation of the built heritage in Wales for the benefit of present and future generations.
- b. To maintain and present to the public for their appreciation, education and enjoyment the monuments in the care of the National Assembly.
- c. To earn income to offset the costs of its activities."

4.7 This is little more than a broad elision of the purpose and aims set for Cadw in the 1995 Framework Document governing it (quoted at para 2.6 above) with the main change being the substitution of the words "National Assembly" for "Secretary of State"

A Long-Term Mission for the Context of Cadw's Work

4.8 There are a number of ways in which the Mission Statement could be developed in terms of both content and effectiveness in providing the organisation and those it serves with a sharper focus. For example:

- a. use of the term "historic environment"
- b. a brief indication of **why** it is good for Wales and its people to have the protection, conservation and promotion of appreciation sought.

- c. indications that Cadw aims to be the lead body in this field **but** working in partnership with others to achieve desired outcomes.
- d. place the reference to policy advice earlier – Cadw needs to advise the Welsh Assembly Government if and when legislation should be changed.
- e. Removal of the "aim" of earning income to offset the costs of its activities. While this is a perfectly proper strategic objective, it does not relate **directly** to the historic environment.
- f) a brief reference to **how** the Cadw mission contributes to the key themes of the Assembly.

4.9 The process by which a Mission Statement is arrived at and endorsed is important - it needs to be "owned" by the stakeholders, including:

- a. the Assembly (hence the need to reflect key Assembly themes and policies such as those described at paragraph 3.1)
 - b. Cadw's main external partners and customers
 - c. Cadw staff
10. **I therefore recommend that the Welsh Assembly Government produces a long-term new mission statement for Cadw (and other parts of the Assembly which relate to the historic environment) - which after wide consultation this should be given Assembly endorsement.**

4.11 Once Cadw (and other parts of the Assembly with interests in fields relevant to historic environment) has a mission statement, it will be in a better position to draw up a three year Corporate Plan, as opposed to its current practice which is very much focussed on the coming twelve months.

Performance Measures

4.12 Cadw and the Assembly need a clear agreed basis for monitoring performance. The current performance measures cover a wide range and are fairly clear. There are possibly too many or at most about the "right" number. The choice of measures should help both Cadw and, at high level, the Assembly to assess how the body is performing in relation to its objectives. There needs to be a connection (a clear "line of sight") between the strategic vision of Cadw (and associated performance measures), and those of the Assembly.

4.13 The current measures relate only to Cadw's **outputs**, with nearly all of them being process related (e.g. numbers of re-surveys, scheduling actions, consent cases resolved, grant applications resolved). These are all very important activities, but in order to ensure that Cadw's activities align demonstrably with the Assembly's overall policies, **outcome** measures needed to be added to the mix. These could refer to the impact of Cadw, working with partners, on some aspects of the identification, understanding, conservation, enhancement, sustainable exploitation and access etc, of the historic environment of Wales.

14. Outcome measures are difficult to gauge with precision. In particular they may not be easy to define and measure in quantitative terms, and outcomes are often affected by a mix of factors, some outside the control of Cadw. It is for this reason that a new Assembly endorsed mission statement must encompass the ideas of other parts of the Assembly relevant to the historic environment - but always with a need for clarity of Cadw's and others' responsibilities.
15. My impressions are that Cadw's performance measures have been used to judge Cadw in fairly simplistic ways. Inclusion of outcome measures would need to lead the approach being that performance against them provided a **start** to consideration of Cadw's performance (often with partners), and did not directly provide conclusions as to how Cadw had performed. In other words, outcome performance measures as an aid, in assessing Cadw's impact, to asking the right questions, not as directly giving the answers.

4.16 I recommend that the process of producing a Assembly-wide new mission statement and a Cadw three-year corporate plan include the production of a new mix of performance indicators which are less wholly focussed on process measurement and include some on outcomes sought for the historic environment of Wales.

Structure and Functions of Cadw

4.17 In 2000-2001, the gross expenditure of Cadw were just under £15 million, of which just over £3 million was funded from income, mainly admission charges and sale of publications, and just under £12 million direct from Assembly Funds.

4.18 The approximately 220 (about 200 full-time equivalent) staff of Cadw are distributed as follows between five units which all report direct to the Chief Executive (figures in brackets - approximate numbers of posts shown for each):

- Inspectorate of Ancient Monuments and Historic Buildings (27)
- Conservation Group (Chief Architect + 3 support staff):
 - Architects Branch (4)
 - Works Branch (69)
- Presentation Branch:

- Site Operations (64)

- Central Marketing, Publishing, Sales etc (11)

- Ancient Monuments/Historic Buildings Administration Branch (32)

- o Corporate and Central Services Branch (10)

4.19 The table below describes the functions these units perform:-

UNIT	FUNCTION	Nos OF STAFF
a. Inspectorate	i. advising on the selection of ancient monuments for statutory scheduling, and on the designation of underwater sites; on archaeological and historical matters related to the conservation and presentation of properties in the case of the Assembly; and oversight and organisation of grant aid for rescue archaeology throughout Wales.	5 Inspectors 8 Field Monument Wardens 7 Other Staff
	ii. identifying industrial structures for statutory protection by scheduling or listing, plus similar functions to the other Inspectors of Ancient Monuments.	1 Inspector
	iii. advising on the selection of historic buildings and other structures for listing on either an ad-hoc basis or as part of the systematic re-survey of Wales; and advise on a range of issues connected with the architectural history of Wales.	3 Inspectors
	iv. compiling the Register of Parks and Gardens of Special Historic Interest in Wales, dealing with related casework, and advising on relevant Heritage Lottery Fund applications from Wales.	1 Inspector

<p>b. Conservation Group</p> <p>i. Architects Branch</p>	<p>i. recording, maintaining, repairing conserving, restoring and developing the 131 monuments in the care of the National Assembly; and advising on the care of other scheduled monuments in Wales, advising on listed building consent applications referred by local authorities to Cadw; advising the Historic Buildings Council for Wales on works eligible for grant; advising the Heritage Lottery Fund; advising Planning Division on planning casework, and advising church and chapel authorities on facilities and redundant buildings.</p>	<p>6. Architects, 4 Support Staff</p>
<p>ii. Works Branch: Cadwraeth Cymru</p>	<p>ii. plans, manages and carries out work throughout Wales to undertake agreed programmes of conservation and maintenance at the monuments in care. Cadwraeth Cymru operates under a service level agreement, having succeeded in market testing exercise in the mid 1990's.</p>	<p>69 staff</p>
<p>c. Presentation Branch</p> <p>i. Site Operations</p>	<p>i. custody of monuments in care, reception of visitors, sale of publications and souvenirs, deals with lettings for filming and functions and day to day site management.</p>	<p>64 staff</p>
<p>ii. Sales</p>	<p>ii. overall management of all Cadw's shops; procurement of souvenirs and publications; shop design and layout; and stock management.</p>	<p>4 staff</p>
<p>iii. Publications</p>	<p>iii. design and production of Cadw's audio-presentative and corporate publications and its website.</p>	<p>3 staff</p>

iv. Audio presentation	iv. design and production of information boards, exhibitions and audio tours of the monuments in care.	2 staff
v. Press Office	v. Cadw's Press Office.	1 Officer
vi. Marketing	vi. the "Heritage in Wales" membership scheme, market research, and all of the marketing and promotion of the sites in the National Assembly's care.	1 Officer
<p>d. AM/HB</p> <p>Administration Branch</p>	<p>i. providing policy advice to Ministers.</p> <p>ii. operating the grant schemes which can provide financial support to owners restoring or conserving historic buildings or ancient monuments.</p> <p>iii. compiling and maintaining the Schedule of Ancient Monuments.</p> <p>iv. processing the list of buildings of special architectural or historic interest; and consideration of applications for listed building consent which are referred by local planning authorities to Cadw.</p> <p>v. provides Secretariat support to Ancient Monuments Board and Historic Buildings Council.</p>	32 Staff
<p>e. Corporate and Central Services Branch</p>	<p>i. Procurement – ensuring correct practice is followed for purchases of goods or services by Cadw.</p>	10 staff

	<p>ii. Corporate Planning and Finance. The financial machinery to make and record Cadw payments is provided, under a Service Level Agreement, by the Assembly's Finance Group, but this section has responsibility for financial planning matters, drawing together corporate plans, and other co-ordinating activity.</p>	
	<p>iii. Personnel. Recruitment of professional, industrial and guardianship staff, and various other personnel functions. The Assembly's Personnel Division also provides many personnel functions to Cadw, including pay and recruitment of most administrative staff.</p>	
	<p>iv. Compliance Section ensures audit recommendations are implemented and complied with, including providing advice on financial and procurement procedures.</p>	

Strategic Context - Comparison with England and Scotland

4.20 Cadw's current Mission Statement is set out in paragraph 4.6 above, with comment and recommendations about the development of Cadw's Mission for the future at paragraphs 4.8-4.11.

4.21 Historic Scotland, an executive agency within the Scottish Executive has the following mission statement:

"Historic Scotland discharges its functions in relation to the built heritage - that is, ancient monuments and archaeological sites and landscapes; historic buildings, parks and gardens; and designed landscapes. Its mission is to safeguard the nation's heritage and to promote its understanding and enjoyment".

4.22 English Heritage is a Non Departmental Public Body (the English equivalent of an ASPB in Wales). In order to compare the strategic vision with which it works, it is necessary to consider both its strategic direction and that of its sponsoring UK Government Department, the Department of Culture Media and Sport (DCMS). DCMS's aim is "To improve the quality of life for all through cultural and sporting activities, and to strengthen the creative industries." The principle aim of English Heritage is to preserve, enhance, provide access to and

increase understanding of England's historic Environment. The 1999 – 2002 Funding Agreement between DCMS and English Heritage provides for English Heritage, with its partners,

"to achieve this and to contribute to the DCMS's aims and objectives by:

- conserving and enhancing the historic environment for present and future generations
- encouraging physical and intellectual access to the historic environment
- increasing understanding of the historic environment
- maximising resources where they are most needed for the historic environment"

4.23 English Heritage's Mission (from its Strategic Plan 2001-2004) is "To help the people of England to understand, explore and conserve the past, to enjoy and enhance the present and to enrich the future of their shared historic environment."

Structure and functions – comparison with England and Scotland

4.24 The following table give some indications of the approximate scale of the 3 different countries statutory responsibilities in the field of the historic environment.

	Land Area +	Listed Buildings	Scheduled Monuments	Properties Nos. in care Membership
Wales	20.8	23,000+	3,300	131(30*) 21,000**
Scotland	78.1	46,000	7,500	300+ 53,000
England	130.4	370,000+	33,500	409 (136) c460,000

(30) – number charging admission * - 8 where others manage site ** 14,000 memberships

+ thousands of square kilometres.

4.25 The following table sets the information on numbers of properties in care in context of the respective land areas of the 3 countries (and in the case of England, its regions). On this crude measure, and the table in para 4.24, Wales is well endowed with statutorily recognised elements in its historic environment.

	Area (sq.kms.)	Properties*	Ratio Col 1: Col 2**
Wales	20,779	131	159
Scotland	78,133	300+	260 or less
England	130,422	409	319
North East	8,592	45	191
North West	14,165	41	345
Yorks & Humber	15,411	34	453
East Midlands	15,627	24	651
West Midlands	13,004	29	448
East	19,120	54	354
London	1,580	15	105
South East	19,096	68	281
South West	23,829	102	234

* Properties in the Care of Cadw, Historic Scotland or English Heritage.

** ie "area per property"

4.26 The approximate resourcing of (2000-01 for England, 2001-02 for Scotland and Wales) the three countries' organisations is shown here:

	Net Provision	Income	Gross Expenditure
Cadw	£12m	£3m	£15m
Historic Scotland	£35m	£20m	£55m
English Heritage	£108.3m*	£30.6m	£132.9m*

* Excluding the £10.7m attributable to the "old Royal Commission for Historic Monuments in England"

4.27 On staffing it is difficult to draw comparisons with English Heritage, but the following table compares the broad grading of staff in Cadw and Historic Scotland (numbers , especially at grades A-C approximate due to fluctuations):

Approx. Grade	Cadw	Historic Scotland
Senior Civil Service	1	3
G	2	5
E/F	18 (9F)	60
D	20	58
C	}	157
B	} 179	245
A	}	250
Total	220	

4.28 There are some major differences in the structuring of the two organisations, but an approximate matching of internal distribution of staff is:

Historic Scotland (Approximate)	Approximate Cadw Equivalent

Inspectorate {	27
Heritage Policy {	32
Architects and Conservation 30	5
Chief Executives Group 13	{
Personnel and Finance 56	{
Properties in Care (Contract Services and Site Promotion Operation) Visitor Services Education Income Generation	128 (fte)
Total 767*	200

* includes part time staff

4.29 The differing scale and dispositions of staff between the two organisations are largely due to the following factors:

- a. A far greater number of properties in care, of "roofed" properties in care, and staffed properties in care in Scotland. This creates a greater demand for staff at and supporting properties in care , but also far greater opportunities for revenue generation (eg Edinburgh Castle receives over 1,000,000 visitors, Stirling over 400,000 against Caernarfon with about 200,000). The Historic Scotland properties which attract very large visitor numbers in turn need extra staff to support them. Historic Scotland also has a significant number of properties in remote locations which are expensive to maintain, and is also responsible for the conservation and maintenance of an occupied Royal Palace (Holyroodhouse) and two Royal Parks.
- b. Cadw is an executive agency which is bound much tighter into the overall organisation of the staff of the National Assembly than Historic Scotland is in relation to the Scottish Executive. Cadw shares the Cathays Park building with no physical separation from adjoining Assembly divisions whereas Historic Scotland is the sole occupier of its own building. Cadw uses many Assembly central services such as pay, health and safety, office services which it does not directly fund. Historic Scotland carries these out within its own organisation.
- c. Cadw is not resourced to produce the same outputs as Historic Scotland (or English

Heritage). For example there are no education officers in Cadw (although it contributes to the cost of a joint post with the Museum at Caerleon) whereas there are 4 full time professional (2 funded under the Scottish Culture Strategy) and 3 part time support staff. in Historic Scotland's Education Department (English Heritage has 16 staff in its Education Department.) However, the spectrum of functions is broadly the same as Historic Scotland's, and Cadw carries out some functions which in England are carried out by the Department of Culture Media and Sport and the Department of Transport, London and the Regions, rather than English Heritage.

Other contrasts between England, Scotland and Wales

4.30 The paragraphs immediately above compare the 3 lead government bodies in the historic environment in Wales, Scotland and England. There are other differences between the contexts within which the 3 bodies work.

4.31 For example (and as a fact not per se a criticism) local authorities in England often undertake a greater extent and range of activities in the field of the historic environment in their area than their Welsh counterparts. This is partly because of the role in Wales of the 4 archaeological trusts (described further at paragraphs 4.30/31 below). Only 2 local authorities (plus the National Parks) in Wales employ archaeologists. Between them, the 4 archaeological trusts employ 50-60.

4.32 The Royal Commission on the Ancient and Historical Monuments in Wales gives grants of [£100,000+] per year to the 4 archaeological trusts in Wales (which are independent registered charities) towards the cost of them maintaining Sites and Monuments Records(SMRs) for the areas they cover. Cadw gives them grants of [£1million+] per year including an amount to support the use of the SMRs by local authorities to assist them with their land use planning responsibilities. Only some of Wales' local authorities make a contribution themselves direct to the relevant trust.

4.33 In England, local authorities maintain SMRs and carry out the work needed to inform land use planning work themselves.

5. RESPONSES TO THE CONSULTATION EXERCISE [this section subject to major change once more analysis has happened, including of late responses which will be coming in for a week or so more]

5.1 A wide range of bodies and individuals working in the fields with a known or potential interest in the Historic Environment of Wales were invited to submit written responses to a consultation letter (copy at Annex 2) issued at the end of October 2001, and placed on the websites of the Welsh Assembly Government and Cadw.

5.2 A total of about 60 responses was received from a wide range of organisations and individuals. I am very grateful to all those who replied (list at end of Annex 3).

The Fundamental Questions

3. A summary of responses is at Annex 3 which divides the major points raised into subject areas based broadly on the questions in the consultation letter.
4. Most of the points raised are represented by a selection of appropriate quotations from responses. In some cases I add a factual footnote at the end of the relevant section (eg. at Section 7c on Cadw's current strategy on listing).
5. [The other parts of this report draw on the comments received, but not normally with explicit acknowledgement. Themes common to many responses were;
 - how damaging for Wales Cadw's abolition would be
 - that Cadw has too few resources (overall too few staff; too few or no staff of certain types eg. education officers, a structural engineer; too small a grants budget)
 - very positive comments about the quality of Cadw's presentation of properties in care, publications , recent work in historic landscapes, and professional advice.
 - concern with what was felt too narrow a remit given to Cadw
 - concern that Cadw's position within the Assembly made it less independent and able to act as a high profile champion
 - suggestions that the advantages and disadvantages of merging with the Royal Commission should be investigated
 - a wide variety of suggestions of areas where some or more activity was needed
 - a need to sort out the Assembly's strategic vision for the historic environment before making long term decisions on the future shape of Cadw]

5.6 The responses to the consultation exercise are clearly the result of careful thought. Below I will pick out a few issues raised where I feel it is appropriate for me to comment or make some recommendation. But for the most part I **recommend Cadw considers this report and the responses to the consultation exercise as one input to its policy and management development work.** I recognise that many of the issues raised will be well known to them, and of course many reflect desires for increased resources in a variety of areas – Cadw has to deal with finite resources and competing priorities. Cadw presents its position statement at Annex 5.

6. OPTIONS FOR CHANGE

6.1 This section considers a number of options for changes to Cadw in the context of the Assembly's interests in the historic environment of Wales.

6.2 Further to paragraph 4.10 above (and consideration of a strong message coming from many quarters in the response to the consultation exercise described at Section 5 above),

the current strategic framework within which Cadw, with its partners, carries out its activities needs to be developed and given Welsh Assembly Government endorsement. Until that happens, not all decisions on changes to Cadw's functions or organisation, if it is decided that any need to be made, should be taken. Nevertheless, this review needs to consider a range of options which could be candidates for potential follow up once the strategic framework within which Cadw operates and is clarified and endorsed by the Assembly.

6.3 The range of options considered here are:

1. Abolish all of Cadw's functions
2. What functions should Cadw carry out?
 - Should some of its functions be discontinued?
 - Should some of its functions be delivered by other bodies or in other ways?
 - Should Cadw undertake functions it does not currently deliver?
 3. Should Cadw merge with other bodies which may have adjoining or overlapping interests?
- Countryside Council for Wales
- National Museums and Galleries of Wales
- Royal Commission on the Ancient and Historical Monuments of Wales

4. Is Cadw's status as an executive agency the right organisational model?

- Or would a different version of the executive agency model or another model such as an Assembly Sponsored Public Body (ASPB)(at "arms-length" from the Assembly) or a conventional line division within the National Assembly better serve the policy and service delivery needs the Wales Assembly Government has in the field of the historic environment?

6.4 The conclusions flowing from the text which follows in the next 55 paragraphs is summarised in the table at paragraph 6.60, at the end of this section.

Organisational Change: General Considerations

6.5 Many of the options listed above involve the possibility of transferring all or some of Cadw's functions to another organisation or organisations. However, the continuous improvement sought in the delivery of Cadw's services (as in those delivered by all other services delivered by the Assembly) does not mean structural changes in organisation are necessarily the answer: the adoption of improved working practices, more appropriate service delivery mechanisms by the organisation(s) affected, or different reporting

mechanisms may well provide better solutions. Overall attitudes, ownership of issues and accountability of Cadw and its various partners (within and outside the Welsh Assembly Government) are more pertinent than detailed structural issues.

6.6 There have to be significant and highly probable benefits to outweigh the inevitable disadvantages that always arise from a process of organisational change. Advantages could be realised, for example, if a suitable organisation with similar experience and skills to those of Cadw could readily absorb existing work and generate one or more of the following types of benefits: greater synergy, economies of scale, or a more rationalised system of service.

6.7 Having said that, the implication of para 6.2 is that the Assembly needs to devise a new remit for Cadw. The current one is essentially that given to it in the mid 1990s, whereas Cadw has moved on in terms of what it is doing in a number of areas, while still having to discharge the Welsh Assembly Government's duties under current primary legislation. These features are reflected in Cadw's own position statement at Annex 5 of this report.

Legal Implications

6.8 The implications of change are not necessarily just structural or behavioural. In the case of Cadw, there may also be significant legal obstacles to overcome. As may be seen from Chapter 2, Cadw is embedded firmly within the Assembly. Complete abolition would not relieve the Assembly of the statutory obligations which Cadw currently discharges. The abolition of Cadw or a re-allocation of some or all of its duties would not necessarily require any primary UK legislation, but some options for future arrangements in the field of the historic environment might do.

6.9 There are concurrent reviews of other organisations being undertaken, for example of the Wales Tourist Board. Findings from such reviews may offer up opportunities for achieving greater synergy or more appropriate balances of functionality between the reviewed bodies and other organisations (including the nature and countryside agencies) in due course.

Option 1: Abolish all of Cadw's Functions

6.10 Terminating Cadw's functions, with none of them being carried out by, or being transferred to, any other organisation.

11. It would involve a course of action that would run counter to the Welsh Assembly Government's strongly held public commitments towards protecting historic environment. In addition, given the statutory duties of the National Assembly in the field of the historic environment, primary legislation would be needed to remove the requirement for many of the functions carried out by Cadw to be abandoned. Finally, the response to the consultation contained views very strong in support of Cadw's continued existence. **I therefore recommend that the functions currently discharged by Cadw are necessary.**

Option 2: Change the Functions Cadw carries out

6.12 Most of Cadw's activities are required by primary legislation, reinforced by key Assembly Policy documents (such as the Plan for Wales). Some of its activities could be ceased without primary legislation. For example the Welsh Assembly Government could cease to pay grants to the owners of historic buildings. However, this would run counter to an explicit commitment in the Plan for Wales.

6.13 Some of Cadw's functions could be delivered by other bodies, for example:

- a. some functions could, in appropriate circumstances, be delegated to local authorities. English local authorities generally carry more responsibilities for the historic environment within their areas than their Welsh counterparts. Cadw is currently exploring one option in this area – the delegation of listed building consent procedures for grade II listed buildings.
- b. Some functions could, in theory, be transferred to other parts of staff of the Assembly. For example, casework could move to Planning Division which deals with other statutory casework.

6.14 Finally grouped under this heading is the possibility that Cadw undertakes functions it does not currently carry out. Examples from the consultation exercise include: [to follow]

Option 3: Merge Cadw with other bodies.

6.15 This section considers the advantages and disadvantages of potential merger with three bodies which have interests adjoining those of Cadw:

1. The Countryside Council of Wales.
2. The National Museums and Galleries of Wales.
3. The Royal Commission on the Ancient and Historical Monuments of Wales.

6.16 All three of these bodies are executive Assembly Sponsored Public Bodies (ASPBs), with appointed members responsible for the overall direction of each within the framework supplied by their founding legislation and Welsh Assembly Government policies.

Countryside Council for Wales (CCW)

6.17 There are attractions in the concept of bringing together two national lead bodies concerned with the environment. Both CCW and Cadw are concerned with the identification, preservation and presentation of aspects of the environment. They already work together on some issues. For example, CCW administers the Tir Gofal scheme on behalf of the Assembly. One effect of this scheme has been to provide some degree of protection to a

great number of ancient monuments in rural areas.

6.18 Widespread public support for conservation of the natural environment manifests itself more strongly than for the historic environment. Voluntary bodies such as the Royal Society for the Protection of Birds have large memberships. The largest membership body in the historic environment is the National Trust – which covers natural as well as historic environment.

6.19 There is a similar disparity between the organisational strengths of CCW and Cadw. CCW has a staff more than twice that of Cadw's, reporting to an appointed board. The recommendation of the recent review of CCW that it remains as an ASPB has been accepted – which would suggest that merger would require Cadw to be taken out of the Welsh Assembly Government to join CCW. A merged CCW/Cadw Board of suitably knowledgeable people would have to be appointed. Given the widespread responsibilities of both CCW and Cadw, the likelihood is that such a board could only contain an adequate spread of backgrounds by being of an unwieldy large size. In order to achieve some continuity within a merged organisation, some upheaval (with associated costs) would probably be required, given Cadw's headquarters is in Cardiff, CCW's in Bangor.

6.20 The 2001 quinquennial review of the CCW recommendation that in the short to medium term it should remain as an ASPB with its current functions has been accepted by the Wales Assembly Government. The Final Report of the CCW Review considered the question of CCW merging with the Environment Agency in particular, and also other bodies (including Cadw) with direct and indirect land and water use interests. It recommended in the longer term that the Assembly "should consider undertaking a wider review of the current structures for delivering land and water use functions in Wales as a whole". The Welsh Assembly Government Cabinet has accepted this recommendation.

6.21 In the light of the above, **I do not recommend a merger with CCW.**

National Museums and Galleries of Wales(NMGW)

6.22 The 2001 quinquennial of the NMGW recommended that there was no case for the reorganisation of the structure in relation to possible overlaps with Cadw. The Wales Assembly Government response recognised this as sensible but wished to consider it further in the light of the outcome of this review of Cadw.

6.23 The advantages of this option include:

- a. The bringing together of two national bodies both concerned within the heritage and culture of Wales.
- b. The unification of two bodies which are both concerned to present heritage to the public.

6.24 The disadvantages of this option include:

- a. Great differences in the types of operation the of two bodies. NMGW operates a service it

delivers directly to the public. While this is the case with the properties in care side of Cadw, most of the other functions of Cadw are more indirect – regulatory and grant aiding foundations for example.

- b. NMGW is an ASPB, Cadw is not. A single merged ASPB would, in relation to the "Cadw part" be subject to the advantages and disadvantages described at paragraphs 6.38 and 6.39 below which lead me to recommend against ASPB status for Cadw (at para 6.40).
- c. NMGW has charitable status, which is important to its operations. Cadw does not, so the question of NMGW's charitable status could be in question in the case of a merger, especially if it ceased to be an ASPB.

6.25 In the light of the above, **I recommend that Cadw does not merge with the National Museums and Galleries of Wales.**

Royal Commission on the Ancient and Historical Monuments in Wales

6.26 I have started stage I of the quinquennial review of the Royal Commission (which falls within the portfolio of the Minister for Culture and the Culture Committee).

6.27 The advantages to this option include:

- a. to bring together the national body charged with recording the historic environment with that concerned with overall policy and management of it.
- b. to assist in the avoidance of any confusion or overlap between the activities of the two bodies.

6.28 The disadvantages to this option include:

- a. Unless the merged body was an ASPB(as the Royal Commission is, but Cadw is not), loss of a group of Commissioners who currently bring expertise to the overall direction of the Royal Commission.
- b. The likelihood that any merger involving the Royal Commission would require primary legislation, inevitably increasing damaging delay and uncertainty. surrounding charge.
- c. If the merged body was an ASPB, the "Cadw part" would be changing its status. Paragraphs 6.40 and 6.41 below describe advantages and disadvantages to Cadw becoming an ASPB, concluding with a recommendation that it should not.

6.29 The quinquennial review of the Royal Commission, which is running a few months behind this one, will inevitably consider the option of the Royal Commission merging with Cadw. That report will have the benefit of a closer look at the Royal Commission, as well as the context of this review of Cadw. **I therefore recommend that substantive consideration of the advantages and disadvantages of merger with the Royal Commission be**

deferred to the current Quinquennial Review of the Royal Commission.

Is Cadw's status as executive agency the right organisational model?

6.30 Some of the responses to the consultation letter suggested the current status of Cadw as an executive agency within the Assembly is not the best for Wales' lead body in the historic environment. A few suggest that not all Cadw's functions should continue to be delivered by the same body, because their natures (eg policy making , regulatory , standard setting , advice giving , acting as "champion", grant giving , running properties in care etc)are so very different and sometimes in potential conflict.

6.31 As paras 6.5 – 6.7 indicate , even if the need for some important strategic changes in Cadw and the Assembly's remit for it is accepted , it does not follow automatically that these cannot be delivered by (in organisational terms) the status quo , possibly with some changes. However , it is appropriate to consider whether other organisational models would be better.

6.32 This section considers different potential models for Cadw's governance, plus some consideration of possible combinations of models:

- a. Cadw to remain as the type of Executive Agency within the Assembly it currently is (ie the status quo)
- b. Cadw to remain as an executive agency , but with significant changes to its organisational model
- c. creation of Cadw as an ASPB.
- d. Cadw to be run as an "conventional" line division within the Assembly.
- e. Possible combinations of the above models.

Cadw to remain as the type of Executive Agency it currently is

6.33 The advantages to this option are:

- a. Since the mid 1990s, Cadw has delivered very well against the main targets set for it.
- b. Cadw is considered to perform many of the functions within its current remit well. So why , at least as far as those functions are concerned , change status?
- c. The executive agency model is , in principle, flexible enough to accommodate various permutations of structure and accountability. The main flexibilities available to it under its current (1995) Framework Document are:
 - ability to retain and use receipts in excess of those forecast, up to a limit of 10% of the forecast.

- unlimited end-year flexibility on running costs , within the arrangements agreed for the Assembly as a whole.
- Flexibility on end-year underspends up to the equivalent of 5% of Cadw's capital expenditure provision
- The ability to call upon the services of all Assembly service divisions (eg personnel) and to seek alternative service providers in any service area
- Some personnel management freedoms, including the variation of the terms and conditions of service , but only with the Wales Assembly Government's approval.

6.34 The disadvantages to continuation of executive agency status include:

- a. it is the least clearly understood(within and outside the Assembly) of the major organisational models.
- b. Executive agencies were devised as a means of delivering services whose ends were pre-determined. A strong message from the consultation is that the Assembly needs to define , in general and formal terms (following open consultation with stakeholders including the public) , what its ends for the historic environment are **before** the organisational model(s) for delivery can be sensibly decided. Executive agencies are not usually likely to be the best model for delivering functions that are probably going to be central to Assembly core business on an indefinite basis.
- c. The targets set for Cadw relate solely to outputs and processes, with none relating to outcomes for the historic environment. This hinders clear and strong connections being made to the main themes and policies of the Assembly. It is difficult to see that much progress can be made in achieving greater outcome orientation in devising Cadw's high level targets without a greater degree of political direction being assumed for its activities. Since one significant measure against which Agency Chief Executives are judged is their organisation's performance against targets, they have a strong case that targets should be within some degree of their control. Outcome targets are difficult to devise , monitor and control since they depend on external factors and usually require working with partners, and tend to be long term.

6.35 There is a strong case for considering either a change to the type of executive agency which Cadw is , or changing its status to another organisational model if another one is considered more appropriate. The earlier comments, about the desirability of the Welsh Assembly Government first deciding the broad outcomes it seeks for the historic environment remain. Those desired outcomes will provide the context for its decision on what type of organisation it wants to operate as the Assembly's lead all Wales body in this field.

Cadw to remain an Executive Agency , but with significant changes, especially increased

Ministerial steer

6.36 This option is essentially similar to the status quo described above , but with some changes , the main one being the creation of a Ministerial Policy Board chaired by the Minister. Such a Committee could include more external members. The option of retaining Cadw as an executive agency, but with some changes in its governance, reflects the potential flexibility with which this organisational model can be applied, to suit the outcomes desired.

6.37 The advantages of this option would be:

- a. those specified at para 6.33 for the executive agency model generally
- b. the possibility of a clearer and more effective connection to the main themes and policies of the Assembly. If it were decided to accept the earlier recommendation that some outcome targets should be included in the mix of Cadw's high level targets , it is appropriate that Ministers take a more direct involvement in steering Cadw, for example through chairing a policy board.
- c. The possibility of the policy board providing greater strategic input than is available with the status quo version of executive agency, and including a wider range of external members. There are only currently 3 external members (with one vacancy) of Cadw's advisory committee, 2 of whom chair advisory bodies which advise Cadw on some of its functions.

6.38 Disadvantages to this option include:

- a. to a lesser extent , those listed at para 6.34 for the status quo option – though greater Ministerial involvement in the governance of Cadw could ameliorate the drawback (the difficulties in devising outcome targets related to an agency's activities where many factors may lie beyond the chief executive's control) described at para 6.34(c)
- b. the increased closeness of Cadw to its Minister might call into question the point of it being an agency at all, as opposed to an "conventional" line division of the Assembly.

6.39 A further variation on this option could be granting of increased flexibilities to Cadw – for example an increased limit on the amount of underspent capital expenditure it could carry over at year end; the introduction of some ability to bring forward capital funds from the succeeding year; and/or some carry over flexibility in the area of revenues spending.

Creation of Cadw as an ASPB

6.40 The creation of Cadw as an ASPB would be intended to produce the following main types of benefit:

- a. better ensure Cadw's independence and ability to act as the champion of the historic environment within the overall framework set for it.

- b. As ASPBs are governed by appointed boards whose members are selected for their expertise and experience, there would be an addition to the capacity available to Cadw , especially at the strategic level.
- c. Many of Cadw's current and potential partners are currently ASPBs (eg the Countryside Council for Wales, NMGW , Wales Tourist Board). There may be advantages to partnership working with these and other bodies from Cadw sharing the same organisational "family" status.
- d. Cadw would be able to engage more freely with other partners (eg the National Trust) , albeit sometimes in publicly conveying public messages which might be somewhat discommoding for the Assembly.
- e. Even at arms length , the relationship which could be developed between the Minister , Assembly Committee and ASPB Chair might allow the links between Cadw strategy and the Assembly's key themes and policies to be stronger and clearer.

6.41 There would be potential drawbacks to Cadw adopting ASPB status:

- a. not all Cadw's present functions are appropriate for discharge by an ASPB (eg some of its statutory decision making and policy advice to Ministers)
- b. Cadw , even with the maximum range of its current functions , would be a relatively small executive ASPB with the likely weaknesses that would bring to a body more distant than at present from the Assembly.
- c. resources would be needed to pay and support the board, and to supply support services currently provided by central Welsh Assembly Government services. This could only be done by diverting existing resources from elsewhere within Cadw, or increasing the total resources provided to Cadw (at the expense of other Assembly expenditure) purely to enable it to achieve ASPB status. In addition there would need to be a new sponsor unit within the Assembly and staff capacity to deal the decision making on all statutory casework – analogous to the current position in England between English Heritage (equivalent to an ASPB) and its sponsor the Department of Culture Media and Sport. The much smaller scale in Wales would mean the proportionate effect in terms of requirement for extra resource just to support the ASPB/sponsor relationship would be far greater than in England.
- d. Some have criticised Cadw's role (as reflected in all of its targets being process and/or output oriented, with none related to outcomes for Wales). If that is a fair comment , that danger would remain after simple transition of most of Cadw as it currently stands to ASPB status – though less so if its remit is changed.
- e. Finally, even some of those who have written to support the creation of Cadw as an ASPB in due course urge that this only be done after a more fundamental review of the strategic vision the Assembly wants to adopt for the historic environment.

6.42 Given the background to the creation of the National Assembly for Wales, and since

then the Assembly's stances on a number of issues, there would have to be very strong case for the creation of an additional ASPB (designed just to carry out Cadw functions). In the interests also of reducing any unnecessary uncertainties among staff or other Cadw stakeholders **I recommend that ASPB status for Cadw be ruled out , at least for the short and medium term.**

6.43 The Welsh Assembly Government response to the recommendation in the CCW review (in the longer term) of a wider review of the current structures for delivering land and water use functions (para 6.20) was positive. In the longer term therefore, the case for all or some of Cadw's roles to be assumed by a larger ASPB should be considered seriously as part of such a wider review.

Cadw to be run as a conventional line division

6.44 Cadw is already part of the Assembly. This option would involve the removal of its executive agency status within the Assembly, which would mean:

- a. possible termination of its framework document , and the limited flexibilities (especially financial) Cadw has used under it.
- b. loss of Accounting Officer status by the Chief Executive.
- c. Cadw being located , organisationally , within a policy group of the Assembly.

6.45 The main benefits of this option would be intended to be:

- a. closer integration of Cadw's mission, aims and strategy(ies) with those of other parts of the Assembly , and of the Assembly as a whole.
- b. Greater clarity about Cadw's status (its current executive agency status causes some confusion)
- c. Other than the status quo (ie executive agency within the Assembly) this option would be likely to be less costly than others in terms of disruption , transitional and long term costs.

6.46 Drawbacks could include:

- a. loss of a perception of some that the historic environment of Wales and Cadw stand to a limited degree apart from the general structure of the Assembly. Some believe that while Cadw has to be more circumspect in its public pronouncements than more arms length bodies such as English Heritage or the Countryside Council for Wales, but can speak out more than if it was just another "conventional" line division of the Assembly. (However, it would be possible for Cadw to draw up a protocol defining when and how professional officers may give professional views in the public domain , as has happened on an ad hoc basis in the past at planning enquiries, for example)

- b. Revenue earning is not an activity which comes very readily to the culture of the Assembly and the civil service – there might be a danger that Cadw’s efforts in this area would be somewhat inhibited.
- c. Loss of some agency freedoms and flexibilities which can aid Cadw making best use of resources

6.47 The loss of some of the limited flexibilities which Cadw has used (especially to plan for the best use of resources) might have been more serious in the past. Changes in the flexibilities (eg of carry over of monies from one year to another etc) which could be available to Cadw (if the Assembly so wished) as a "conventional" line division could make the loss of flexibilities flowing from a loss of agency status less serious than it would have been some years ago.

6.48 Other than retaining the status quo, this is the only option which might make sense as an interim step if it is accepted that decisions on the long term future model for Cadw should not be taken until the Assembly has developed its stance in relation to the historic environment. There is at least one precedent for subsuming the work and staff of an Executive Agency into the main body of the Assembly – in April 2001 most of the Farming and Rural Conservation Agency(FRCA) in Wales became part of the Agriculture Department.

Possible Combination of Models

6.49 If in considering the most appropriate future organisational model for Cadw, it was considered desirable to defer decisions temporarily until the Welsh Assembly Government has promulgated a new mission statement for Cadw, there may still be types of option for earlier changes – perhaps some interim or staged changes involving combinations of different organisational models:

- a. placing parts of Cadw which relate to overall policy and other functions in a line division (an "Historic Environment Policy Division"?) while locating other parts (eg conservation , management and presentation of properties in care) in a related executive agency (which could perhaps retain the well recognised and valuable brand name of "Cadw"?)
- b. placing parts of Cadw in a line division with other parts (eg properties in care) in a newly created executive ASPB (which could retain the name "Cadw"?)
- c. placing all of Cadw within 2 related units within the Assembly (perhaps one called "Historic Environment Policy Division" and the other "Cadw"?)

6.50 The advantages to such approaches could include:

- a. using 2 organisational models (but using the expertise of the same professional officers in many cases) to deliver very different functions rather than trying to make one model deliver

all.

- b. retaining the valuable Cadw brand in areas where it has been regarded as particularly successful(eg conservation and presentation of properties in care) while signalling and enabling an increased Assembly commitment to leadership and support in the whole field of the historic environment in Wales.

6.51 The drawbacks to such approaches could include:

- a. possible confusion , especially in the short term.
- b. A new ASPB would be even smaller than the "whole of Cadw" ASPB option discussed at para 6.34 above, amplifying some of the drawbacks described there. Without a significant policy remit , an ASPB would be unlikely to attract and retain appointed board members of the highest quality.
- c. Likely overall increase in cost – of varying degrees depending on which option was chosen, with ASPB being the most expensive.
- d. Given the small numbers of staff specialised in particular areas within Cadw, it would be expensive to provide separate staff in all areas to serve 2 different units. If one of the units was an ASPB and therefore **outside** the Assembly organisationally, it would have to have its own staff separate from those **within** the Assembly(whether the latter were in an executive agency or line division). While some staff could share their time between 2 different units **within** the Assembly, such a practice would have some managerial downside.

6.52 Given that I recommend (para 6.42) against turning Cadw into an ASPB, and in the light of the consideration in paras 6.50 and 6.51 of an option where part of Cadw was turned into an ASPB, **I recommend that the option of turning part of Cadw into an ASPB not be considered further.**

Conclusions

6.53 Recommendations above are that ASPB status should not be adopted for Cadw for the foreseeable future. Having considered the other options presented above , I believe there is a convincing case to be made for some degree of change of governance and/or status in the model adopted for Cadw which does not involve an ASPB. Evidence has been presented earlier in this report that the current model of executive agency which has been developed for Cadw is unlikely in the medium and longer term to support the more proactive , joined-up and outcome oriented strategic approach which I believe the Assembly is likely to require of Cadw over the next 5 years or more.

6.54 I recommend that the status quo model (of the executive agency model of organisation as it currently is) is not the appropriate model in the medium and longer term.

6.55 Having eliminated some major options for the future of Cadw (in terms of some of the

potential mergers and organisational models considered above) **I recommend that the precise organisational status of Cadw should be changed to better enable it to develop and implement policies which further the key themes and major strategies of the National Assembly. The precise organisational model should be one of the following:**

- a. **Executive Agency within the Welsh Assembly Government with a Ministerial Policy Board**
- b. **Conventional division(s) within the Welsh Assembly Government. If one division, part to retain the valuable Cadw brand as its title. If more than one division or unit , one to be called Cadw; or a mixture of a conventional division to lead on policy, statutory casework and strategy advice to Ministers and others , and a closely related executive agency called Cadw which would lead on properties in care**

6.56 The "Cadw brand" is well recognised, widely perceived as positive and therefore a valuable asset. **I recommend therefore that whichever precise model of organisational structure for Cadw is adopted at least part of the organisation operate under the title Cadw".**

6.57 While I recommend certain options at para 6.55 for the future structural organisation of Cadw's functions, the reality is that there is not a completely clear distinction between them. Further, the precise choice of structure is ultimately less important to the historic environment of Wales than the attitudes to, ownership of, and accountability for the outputs and outcomes the Assembly may decide to seek. **I therefore recommend that the Welsh Assembly Government, advised by Cadw, and in consultation with EPT Committee and external stakeholders, determines its strategic priorities for the historic environment to help inform the development of Cadw's new mission statement.**

6.58 Once this is done, the most appropriate parts of the Assembly (Cadw's and others') remits can be adjusted to reflect the result, which can be reflected in the revised Cadw Mission Statement which paragraph 4.10 above recommends be developed, following the development of which a new set of strategic targets can be developed. In considering the way forward with functions already carried out by Cadw it will be important to recognise the independence from political influence of its regulatory roles, such as the listing of historic buildings

59. It should be noted that Cadw and the Royal Commission fall within the portfolios of 2 different Ministers (Environment and Culture respectively) and the Assembly Committees which relate to those portfolios. If any recommendations emerge within the context of the quinquennial review of the Royal Commission which would impinge on Cadw, they would need to be considered by the 2 Ministers within whose portfolios the bodies fall and by both the relevant Committees.

6.60 The following table summarises the options considered above, and the conclusions reached:

Option	Report's Conclusion on Viability
1. Abolish all of Cadw's Functions	No
2. Change Cadw's Functions.	Yes – an option to be considered following new Cadw Mission Statement.
3. Merge with Countryside Council.	No
4. Merge with National Museums and Galleries of Wales.	No
5. Merge with Royal Commission on the Ancient and Historical Monuments in Wales.	Defer substantive consideration to the Royal Commission's Quinquennial Review, and following new Cadw Mission Statement.
6. Cadw to remain as the sort of Executive Agency it is.	No
7. Creation of all of Cadw as an ASPB.	No.
8. Creation of part of Cadw as an ASPB.	No.
9. Cadw to remain as an Executive Agency, but with increased political steer.	Yes – an option to be considered following new Cadw Mission Statement.

10. Cadw to be on "ordinary" line division.	Yes – An option to be considered following new Mission Statement.
11. A line division for part of Cadw's functions with closely related executive agency.	Yes – an option to be considered following new Cadw Mission Statement.

ANNEXES

1. Terms of Reference
2. Consultation letter and Attachment
3. Response to consultation exercise
4. List of people with whom discussions were held
5. Position Statement from Cadw.