

BACKGROUND INFORMATION

Historic England / English Heritage

In December 2013 DCMS issued a consultation document on the new model for English Heritage. It was based on an eight year vision to 2023 to create a new model for managing the National Heritage Collection - the name given to the collection of over four hundred properties in state care in England. The intention was to create a new charity that would retain the name English Heritage, supported by an £80m investment. The aim was that within eight years, the charity would be self financing.

The new charity has not taken on responsibility for preserving the wider historic environment. These responsibilities remain with Historic England (the name for the Historic Buildings and Monuments Commission), the parent body. The benefits of the model are seen as

- enabling English Heritage to address a significant conservation backlog
- the ability to plan capital investment over longer periods
- greater clarity on the role of the organisations
- an opportunity to better connect with members, volunteers and visitors
- greater stability for the collection

The license

The basis for the charity is that properties are managed under a license from the Historic Buildings and Monuments Commission (the Commission) which initially lasts for eight years. The license includes obligations to carry out condition surveys, maintenance, conservation and capital development. There are also obligations to open to the public on set days, offer free educational visits and ensure adequate standards for health and safety and security. There are provisions for regular monitoring of the charity's performance. The Commission retains the right to terminate the license if obligations are not met.

The funding agreement

The license is coterminous with the funding agreement. The charity will continue to receive grant in aid from the government on a declining basis to the end of 2022/23 when the grant in aid will cease. The business plan assumes year on year growth in admissions of 5%.

Legislation

In 2011 English Heritage set up a new English Heritage Foundation an independent charitable foundation dedicated to raising money for the sites in the National Collection. It is understood that this body became the framework for the new English Heritage charity, and as a result no new legislation was required.

Governance structure and management

The new charity has a Board of Trustees who are legally responsible for directing the affairs of the charity, and who appoint management, set policy and strategy and approve business plans. Trustees are appointed by the Commission, and a minority of Trustees are also commissioners. At the end of eight years it is likely that trustees will be appointed by the charity itself. The Chief Executive of Historic England as

chief officer of the Commission is also the accounting officer to Parliament for both Historic England and for the charity in respect of the m investment and the grant in aid received from Government.

Staffing

English Heritage staff directly working on the National Heritage Collection have transferred under the TUPE legislation to the charity on the same terms and conditions.

Shared Services

Staff in corporate services functions such as HR, IT and finance have remained employees of Historic England but provide services to the charity under a shared service agreement. The charity is charged by the Commissioners for those services.

Scotland - Historic Environment Scotland

Until recently there were two publicly funded organisations with responsibility for the Historic Environment in Scotland:

- *Historic Scotland* - was set up as an Executive Agency in 1991 with similar responsibilities to those of Cadw including caring for the 325 monuments in state care and providing protection for the wider historic environment.
- *Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS)* established in 1908 as a sister body to the Welsh Royal Commission with responsibility to survey and record the historic environment.

In 2011 the Scottish Government commissioned an appraisal of the long term future of the Royal Commission on Ancient and Historical Monuments in Scotland. Two options were considered - merger with Historic Scotland or the formal establishment of the organisation in legislation (as opposed to under Royal Warrant). The preferred option of the Cabinet Secretary for Culture and External Affairs was merger. It was felt that the new merged organisation would be a national cultural institution relating to the historic environment that would celebrate Scotland's heritage, provided informed and enabling leadership, build knowledge and have financial resilience and sustainability.

New formal legislation for the new body received Royal Assent in November 2014 and the new corporate body was established in April 2015 with the transfer of operation powers from the two bodies in October 2015.

The new body was set up as a Non-Departmental Public Body (NDPB) which would apply for charitable status. It was felt that this should:

- * give it a greater degree of independence than executive agencies and make it better placed to provide leadership and act as a champion within the sector
- * bring it closer in line with sector partners who were also NDPBs including the National Library, galleries and Museums of Scotland, Creative Scotland and Scottish Natural Heritage
- * allow more formalised governance arrangements with a board and functions set out in law, and a properly defined relationship with Ministers.

The new body continues to receive core funding from Scottish Government. In 2014/15 Historic Scotland received £45.3m from Scottish Government and a further £ 36.3m in earned income.

The new body has now achieved charitable status under Scottish Charity law, although it is important to be aware that this involved specific legal provision similar to that previously established for national collections in museums in the context of the Public Service Reform Act of 2010.

Royal Commission

On 14th January, 2014 the Minister for Culture and Sport John Griffiths issued a Written Statement in response to the public consultation '*The future of our past: a consultation on proposals for the historic environment in Wales*'. That statement focussed on one specific aspect of this wide-ranging consultation, the future working of historic environment services in Wales and in particular a potential merger between Cadw and the Royal Commission on Ancient and Historic Monuments of Wales (RCAHMW). The Minister's statement was accompanied by a detailed analysis of two options - merger inside government, and merger outside government.

The Minister acknowledged the important work that had been done as part of the detailed 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 that are suitable for Wales' needs and circumstances. One of the concerns raised by the minister related to income generation and costs. He also acknowledged that CELG had asked about the timing of the proposal, which many people felt should not proceed before the introduction of the Heritage Bill.

In summary, the previous consultation and analysis explored two options - merger with RCAHMW within government, and merger as an Welsh Government Sponsored Body (WGSB). The analysis did not consider the third option of an organisation at arms length from government primarily to operate and manage historic properties in the care of the State. Also the analysis did not look at the opportunities or benefits of merger in relation to commercial operations within Cadw, or opportunities for joint working in relation to other organisations such as NMW or NLW.

The public consultation was undertaken as part of a wider consultation on the future of the historic environment. Consultees were asked for their views on future structures for Cadw and the RCAHMW. Of those who expressed a view, the majority felt that merger outside government was preferable.

Following the consultation, a more detailed exercise was undertaken to analyse the options of merger inside or outside government. SF/JG/4071/13 set out the detailed analysis of two options for merger with the RCAHMW - inside government, and as a WGSB. The SF included supporting information relating to:

- Governance models
- Key functions opportunities and risks
- Possible mitigation for high level risks
- Staffing issues
- Future governance of the NMR
- Corporate services costs and income
- Royal Commission statement on potential income
- Summary of the 177 consultation responses received

In relation to the potential Cadw/RCAHMW merger, four outstanding areas remained:

- **Costs** - whether the costs or financial savings of any new organisation had been fully explored:
- **Legal issues** – further work was needed to establish legal details

- **Charitable status** - the extent to which a new body that brought together all of the functions of Cadw with the RCAHMMW might achieve charitable status given that some areas of work were effectively directed by government;
- **Income generation** - the realistic extent of the potential for further income generation (which at the time of the analysis focused more specifically on RCHAMW activities than it did on commercial income generation for Cadw).

In conclusion, the previous work undertaken on new historic environment structures in Wales has suggested that consultees did not object in principle to the idea of heritage services in Wales being offered at arms length from government. The more detailed analysis of the options indicated that there were no fundamental barriers to offering a service outside of government, but that areas such as legal issues, income generation, costs and charitable status would require further development at the next stage.