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CMS 255180/DC  
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**English Heritage New Model**

I would like to thank you for all the work that you, your Commissioners and staff have put into constructing a new governance model for English Heritage and the professionalism with which the business plan has been constructed.

Our heritage is a precious asset which makes an important contribution to people's quality of life, their sense of identity and to a successful and sustainable economy. It is therefore important that the mechanisms for enabling it to make a full contribution to our national life are effective. We believe that the proposals you have put forward to re-structure English Heritage will enable the Government's responsibilities for England's heritage to be discharged more efficiently and effectively.

Our contribution of £52m to eradicate the most severe defects in the National Heritage Collection will start the process of bringing this unique national resource into the condition that the public would expect and the Government would desire. The additional £28m of capital funding that we will also be providing will bring up to standard the interpretation and presentation of many important sites where standards fall far beneath what is expected by your visitors and members. We have also now secured a further £3.5m of new money (rather than the loan you originally anticipated) to support the administration of the transfer, on top of the £5m which we provided at the end of 2013.



This investment of nearly £90m by Government will lay a firm foundation for the business plan of the new English Heritage charity. We also recognise that the business, as it currently stands, has its own substantial foundations. Its growth over the last eight years (averaging 7% pa) has been impressive as has been its ability to raise third party funding to enable projects such as the outstanding new £27m Stonehenge visitor and exhibition centre.

The New Model business plan is convincing in demonstrating that the freedoms of being a charity will bring very substantial further benefits. £58m additional income over eight years, £62m raised in third-party philanthropic donations, and a 48% increase in members to 1.2 million will mean that the charity will be self-funding by 2022-23, thus eliminating any further need for public subsidy for the National Heritage Collection. Nationally important assets will be secured for the long term and services vital to the successful delivery of sustainable development will continue to be efficiently provided by Historic England.

We are also, of course, committed to the establishment of Historic England as a confident and respected organisation, providing vital support to the growing heritage economy (accounting for around 2% of GDP) whilst promoting the constructive use and understanding of the nation's historic environment to enhance the quality of our surroundings and our sense of local and national identity.

### Funding

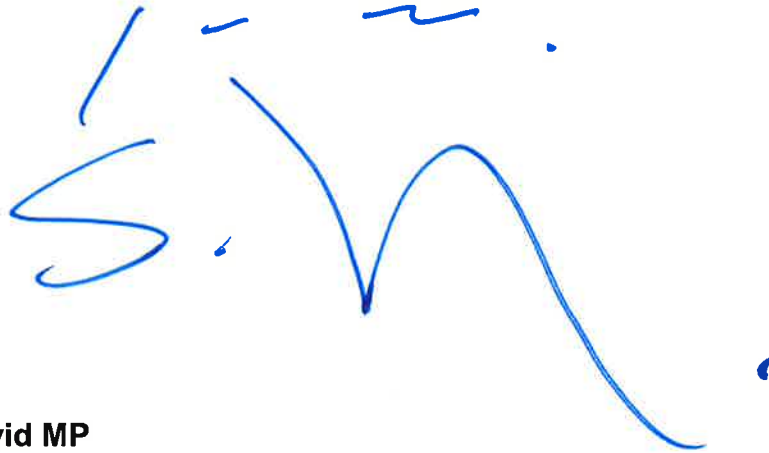
The Government's investment in this New Model, and the value for money case, is based on an expectation that the new charity, which will enjoy independence from Commission from the start, will become self-sufficient by 2022-23, requiring no public subsidy. It is also founded on the expectation that the Commission will provide a declining revenue subsidy to the new charity from its Grant in Aid over those eight years to the value of c. £90m, broadly to the profile stated in the business case.

I note that the Commission has proposed that it should have guaranteed access to specific levels of funding over these eight years, given the significant task ahead. However I know you understand that I cannot commit future governments to these funding levels. Yet I want to assure you that this Government is committed to the success of the New Model and we can all anticipate that this will be true in the future, given such a substantial upfront investment from Government, and that this will be reflected in the Government's approach to future Spending Round negotiations and settlements, whenever they may occur.

The Government proposes to carry out a Triennial Review of Historic England's role, functions and needs to assess in more detail the resources needed over the coming period and at that point I would anticipate a conversation around future funding for Historic England. We would propose to undertake this Review in 2016-17, once the New Model has got off the ground.

In order to provide as much certainty as possible, I am able to explicitly guarantee that no reduction will be made to the Commission's allocated budgets for 14-15 and 15-16, whatever happens more widely. I hope this will give you the certainty needed throughout this period of transition and review.

Finally I would like to say how pleased I have been to see English Heritage working so effectively with my predecessors and with officials at DCMS and Treasury to put together such an important and exciting proposal. I look forward to seeing both the bodies under your care flourish over the next few years.

A handwritten signature in blue ink, appearing to read 'S. Javid', with a long, sweeping flourish extending to the right.

**Rt Hon Sajid Javid MP**  
**Secretary of State for Culture, Media and Sport**