



Reforming Heritage Maintenance Funds: campaign briefing 2018

The public value of historic houses

The majority of the historic houses open to the public in the UK are maintained by independent owners, rather than by charities or government¹. Our 1,650 independent member houses, castles and gardens currently welcome over 26 million visits every year, generate £1 billion for the UK economy and engage hundreds of thousands of annual education visitors. They support over 33,700 FTE jobs and are home to a wide range of rural SMEs and start-ups, ranging from film production companies and travel agencies to small manufacturers.² These irreplaceable historic houses and castles are the public's most-valued part of the UK's unique historic environment, according to Historic England surveys.³

The growing conservation challenge and the role of Heritage Maintenance Funds

Historic Houses places face a backlog of repairs totalling £1.38 billion.⁴ They want to develop their engagement with visitors and grow their businesses, but their inability to tackle this ever-growing conservation backlog holds them back from doing and contributing more. We have been working with the Department for Digital, Culture, Media and Sport (DCMS) and our partners in the heritage sector on how best to address this growing conservation challenge. We assessed a wide range of potential solutions, including encouraging more historic houses to explore charitable status. Our evidence indicates that reforming Heritage Maintenance Funds (HMFs) would be the most cost-effective tool to enable historic houses to fund maintenance, drive regional economic growth and support health and wellbeing in our communities.

HMFs are designed to enable nationally important historic houses that are open to the public to ring-fence funds (from their own resources) for maintenance. In their current form, however, HMFs are not being used to their full potential – just 8% of Historic Houses places have one in place. Historic houses tell us this is because income in HMFs is subject to a tax rate of 45%. Reducing this income tax rate would unleash untapped growth potential – releasing more funding for conservation while guaranteeing public access, generating economic growth and supporting health and wellbeing.

The opportunity for change

We commissioned an independent, Green Book style economic analysis to model the costs and benefits of reducing the income tax charged on HMFs to 20% or 0%.

¹ Heritage Statement 2017, Department for Digital, Culture, Media and Sport [Link](#)

² Independent study for Historic Houses by DC Research Ltd (2015) and 2017 Historic Houses survey [Link](#)

³ Heritage Counts: Heritage and Society 2016, Historic England for the Historic Environment Forum [Link](#)

⁴ Independent study for Historic Houses by DC Research Ltd (2015) and 2017 Historic Houses survey [Link](#)

This independent report concluded that in both cases the benefits would outweigh the costs, however the 20% scenario delivered the most benefits for all stakeholders. Our research found that reducing the income tax rate to 20% would result in a **net economic benefit of £85.5 million by 2023** by:

- Generating more private sector money ring-fenced for spending on the maintenance of publicly accessible and nationally important heritage, with an estimated **686 historic houses able to spend an additional £16.2 million in total, annually, on repair, maintenance and conservation**
- Increasing public access; historic houses adopting a HMF would open to the public for an additional 20 days annually on average, attracting an estimated 629,000 extra visitors per year. 15% of historic houses that already hold an HMF would open to the public for an additional 35 days annually on average, attracting an estimated 119,000 extra visitors per year and bringing **total annual additional visitors to 748,000**
- Boosting tourism spending across the UK, with the **spending attributable to these additional visitors totalling over £11 million**
- Promoting **people's health and wellbeing, with a value of £89.4 million** for the UK economy created from these additional visits
- Generating additional tax revenue of **£4.6 million by 2023**, offsetting part of the costs to the Exchequer

We therefore call on government to reduce income tax on HMFs to 20%

This small, targeted change to HMFs would require no legislative provision. Our proposal is defined, specific and not open to abuse, and would be regulated by HMRC and Historic England. Our proposal would also help to level the playing field between independent historic houses and those supported directly by government or owned by major national charities – all of which are exempt from income and inheritance tax, and benefit from Gift Aid and access to grants.

Why we need to act now

If we delay taking action to tackle the £1.38 billion conservation backlog facing independent historic houses, we risk irreversible damage to the part of our historic environment that is most valued by the public.⁵ The independent analysis we commissioned indicates that a 'do nothing scenario' could cost the UK economy £25.5 million in lost tourism spending and £9.3 million in lost Exchequer revenue; and in the worst case scenario, some historic houses could be forced to close their doors to the public. These historic houses are the backbone of our fifth biggest industry, tourism. Now is the time to give our country's unique historic houses the tools they need to help grow our economy and support our communities in post-Brexit Britain.

Further information

For more information about our HMFs campaign and supporting our case for reform, please contact: **Emma Robinson, Director of Policy & Public Affairs** emma.robinson@historichouses.org / 0207 259 5688 / [historichouses.org](https://www.historichouses.org)

⁵ Heritage Counts: Heritage and Society 2016, Historic England for the Historic Environment Forum [Link](#)