

# THE VALUE OF HERITAGE

FIRST REPORT of the All-Party Parliamentary Group  
on Conservation, Places & People



## APPG ON CONSERVATION, PLACES AND PEOPLE

The APPG on Conservation, Places and People was set up in September 2020 with the objective of supporting built and historic environment conservation as the means to deliver successful places which are economically, environmentally and socially sustainable. This includes using heritage to help places adapt to the diverse needs of current and future communities, while supporting enterprise, transport connectivity, climate change mitigation, health and quality of life.

### CHAIR

James Grundy MP

### VICE CHAIRS

Lord Carrington  
Earl of Devon  
Layla Moran MP  
Baron Kerlake  
Alex Sobel MP

### SECRETARIAT

The Institute of Historic Building  
Conservation (IHBC)  
ihbc.org.uk  
contact@appg.info  
07748 165862

### MEMBERS

Simon Baynes MP  
Diedre Brock MP  
Baroness Hodgson of Abinger  
Lord Inglewood  
Lord Lucas  
Baroness Ludford  
Lord Storey  
Baroness Pinnock,  
Andrew Rosindell MP  
Lord Selkirk of Douglas  
Lord Taylor of Holbeach  
Lord Tope CBE  
Lord Tyler  
Lord Vaizey  
Duke of Wellington  
Beth Winter MP

## REPORT CONTRIBUTORS

For its inaugural inquiry, the APPG on Conservation, People and Places examined the value of the historic environment and how it can help to promote growth and regeneration in the UK. Submissions were sought and responses received from:

Architectural Heritage Fund  
Association of Local Government  
Archaeological Officers  
Chartered Institute for Archaeologists  
Civic societies in Manchester  
Department for Communities NI  
Historic Buildings & Places (formerly  
Ancient Monuments Society)  
Historic England  
Historic Houses  
Icon, the Institute of Conservation  
IHBC Enterprises  
Judith Martin  
Maureen Pearce  
Rossendale Civic Trust  
Sustainable Traditional Buildings Alliance  
The Heritage Alliance  
The Gardens Trust  
Urban Vision Enterprise CIC

The report's findings and conclusions are based on a mixture of written submissions and verbal evidence, presented to the APPG over several oral hearings which took place as follows:

### Economy – 26 May 2021

#### Witnesses:

Lizzie Glithero-West, Chief Executive of  
The Heritage Alliance  
Adala Leeson, Head of Socio-Economic  
Analysis and Evaluation at Historic  
England  
Jessica Levy, Director of Policy and  
Communications at the Federation  
of Master Builders

### Regeneration – 8 February 2022

#### Witnesses:

Dave Chetwyn, Managing Director, Urban  
Vision Enterprise, and Communications  
& Outreach Committee Chair, Institute of  
Historic Building Conservation  
Charles Smith, Head of North East and  
Yorkshire Region, Historic England  
David Tittle, Chief Executive of the  
Historic Trusts Network

### Society and Environment – 29 March 2022

#### Witnesses:

Professor May Cassar, Director,  
University Central London's Institute for  
Sustainable Heritage  
Eddie Tulasiewicz, Head of Public Affairs,  
National Churches Trust  
David Wilford, CEO, Bramley Baths.

The front and back cover photos are from Tyldesley High Street Heritage Action Zone, a community-led scheme which is transforming the heart of Tyldesley, Lancashire. (Photos: Alun Bull, Historic England)

## CONTENTS

FOREWORD	2
EXECUTIVE SUMMARY	3
SUMMARY OF RECOMMENDATIONS	4
THE VALUE OF HERITAGE	
ECONOMIC VALUE	5
REGENERATION VALUE	7
ENVIRONMENTAL VALUE	8
SOCIAL VALUE	10
BARRIERS TO REALISING THE POTENTIAL OF HERITAGE	12
SOLUTIONS	14

## FOREWORD



APPG Chair James Grundy MP (Photo: Richard Townsend)

As the recently elected chair of the All-Party Parliamentary Group (APPG) on Conservation, Places and People, I am delighted to introduce our first report.

As the proud MP for Leigh in the north-west of England, I see at first-hand how some of our most precious heritage is often on the edge of disappearing for good. An example is the high street in Leigh itself. Some of it is in relatively good condition but other parts clearly need love and attention.

Like many other towns across the north of England, Leigh has a rich heritage dating back to the Industrial Revolution when the then mining town was an integral part of the 'workshop of the world'. This includes the Lancashire Mining Museum, which boasts Europe's largest surviving steam engine and the last standing pit head in the historic county, and the Heritage Action Zone covering the main street of the town of Tyldesley.

It is sad we have lost some historic buildings but important that we preserve the ones we still have and ensure they are there for further generations to enjoy, because I am not sure we will be able to build structures of such quality and grandeur again.

This inaugural report by the APPG on Conservation, Places and People demonstrates the value that heritage delivers to the economy, environment, regeneration and society.

It shows ways in which, rather than forming a barrier to economic growth, heritage can be a powerful tool for regenerating left behind areas. Historic buildings and neighbourhoods provide valuable spaces for businesses and homes, while also acting as magnets for shoppers and tourists.

Encouraging the retrofit and refurbishment of historic buildings can reduce construction emissions, while heritage sites can help individuals forge more deeply felt connections with the places that they live, work and grow up in.

The report's findings and conclusions are based on a mixture of written submissions and verbal evidence, presented to the APPG over three separate oral hearings.

I would like to thank all of those who have contributed to this report, which we trust will bolster efforts to preserve and regenerate our precious national heritage.

James Grundy MP,  
APPG Chair

## EXECUTIVE SUMMARY

Evidence presented to the committee's inquiry demonstrates that heritage has economic, environmental and social value. Businesses, particularly those in the creative sectors, are often drawn to the distinctive character of historic buildings and neighbourhoods. They are also attracted by the cheap rents and flexible floorspace often offered by heritage buildings like redundant factories and warehouses. Businesses finding new uses for buildings like these have often spurred the regeneration of peripheral formerly commercial and industrial, inner city areas.

Historic buildings and neighbourhoods, offering a distinctive experience that cannot be found elsewhere, can also be magnets for visitors. Tapping these historic assets to create high quality and unique places can help to regenerate beleaguered high streets, which have been decimated as a result of changing shopping habits.

Heritage also has a potentially crucial role to play in reducing emissions from the UK's construction sector, a key plank of the UK's 2050 net zero commitment. Encouraging the reuse and retrofit of heritage will also help avoid the release of the embodied carbon tied up in the materials that make up existing buildings.

In addition, historic neighbourhoods deliver wider environmental benefits because they tend to be built on tight street patterns, containing a mix of uses like shops and housing, which are relatively easy to walk and cycle around.

Polling also shows that heritage offers a strong source of local pride, helping to entrench the sense of emotional connection between people and the places where they live, work and grow up.

Many heritage sites, including churches in particular, are landmarks and focal points within their local communities and often provide valuable venues for hosting social projects, like food banks.

In addition, the geographical ubiquity of heritage means that it can be a powerful tool for regenerating left-behind areas. Working with the grain of heritage, as opposed to following a 'blank sheet' approach to redevelopment, can create regeneration projects with a strong sense of local character that stand out from the competition. Rather than forming a barrier to regeneration and economic development, heritage can be a powerful driver for generating activity across the UK and supporting the government's levelling up agenda.



This report proposes a series of recommendations to maximise the contribution of heritage to the economy.

These include:

- targeted harmonisation of the VAT rate between new construction and refurbishment of existing properties
- a presumption in the planning system against the demolition of existing buildings
- targeted funding of regeneration to support the historic environment
- greater control for elected mayors and combined authorities over regeneration funding streams
- an amnesty from low- and zero-carbon energy efficiency requirements for some of our most precious historic buildings.

Repurposed factories and industrial buildings have a distinctive character and are invaluable assets in any regeneration project.

## SUMMARY OF RECOMMENDATIONS

### **1. Exploit the UK's new freedoms over VAT post-Brexit to introduce targeted harmonisation of the rate between new construction and refurbishment of existing properties in order to encourage installation of insulation and low carbon heating in listed buildings**

This would stimulate work in the repairs and maintenance sector of the construction industry, providing a valuable boost to employment at a time when the economy is threatening to enter a recession. This move would also assist the UK's efforts to cut its carbon emissions from a slice of the building stock, which is particularly hard to remediate. It could also cut heating bills for the owners of listed buildings, not all of whom are wealthy individuals and face the prospect of substantial bills to improve their homes' energy efficiency.

### **2. Establish a presumption against demolition and redevelopment in order to encourage the reuse of historic buildings**

Evidence submitted to the inquiry shows that so called embodied emissions, involved in the demolition and construction, are often under-estimated when assessing the carbon footprint of buildings. By taking a 'whole life' approach to buildings, these can be shown to outweigh the operational emissions by 2050, the date by which the UK has committed to reach net zero.

### **3. Introduce an energy efficiency amnesty from the need to meet the net zero goal in 2050 for some of the UK's most significant historic buildings**

Some of our very oldest buildings will require extremely expensive works, which may result in damaging alterations in order to comply with modern energy efficiency standards. Given the huge financial and logistical challenges that the UK faces in decarbonising its building stock by 2050, exempting some of our most significant and historic buildings from this broader requirement may be prudent.

### **4. Continue the welcome recent targeted funding for improvement to the historic environment**

Funding streams, like the Future High Streets Fund, can use heritage projects to refashion failing areas by creating a stronger sense of place and bolstering local pride.

### **5. Provide local and combined authorities with greater control over levelling up and regeneration funding**

These local bodies have a stronger understanding of what is significant in terms of the heritage of their areas so are best placed to make decisions about how funding is directed.

## THE VALUE OF HERITAGE

### ECONOMIC VALUE

The most quantifiable form of value is economic. Historic buildings and places have commercial value, a series of studies have shown. Businesses based in old buildings are worth more than average, according to National Lottery Heritage Fund's report *New ideas need old buildings*. This shows that businesses based in listed buildings generate an average of £308,000 in GVA (gross value added) per year – 4.4 per cent higher than the average for all UK firms.

A survey of commercial occupiers of listed buildings found that 69 per cent said historic buildings convey a positive image to their customers and clients.

According to research carried out by The Heritage Alliance, the umbrella body for the sector's non-governmental organisations, creative businesses are particularly prone to cluster around heritage buildings and in conservation areas, drawn to the atmosphere and unique character they often possess.

This can offer these firms a comparative advantage, said Adala Leeson, head of

socio-economic analysis and evaluation at Historic England, in her oral evidence to the inquiry's economy session. 'We find that heritage assets are a pull factor for creative businesses,' she said, adding that a further appeal of heritage buildings is that rents tend to be 'significantly lower' than average.

Availability of such flexible floorspace and affordable rentals in run down areas often attracts businesses and residents into peripheral commercial and industrial areas which have gone into decline, David Chetwyn, Managing Director of Urban Vision Enterprise, and Communications & Outreach Committee Chair of the Institute of Historic Building Conservation told the inquiry's regeneration session. The availability of such cheap and flexible floorspace is 'essential' to support micro and small businesses, start-ups, creative enterprises and knowledge-based employment, according to the written submission to the inquiry by UVE.

This influx of business activity has had a 'really powerful catalytic effect' on many

Funding streams like the Future High Streets Fund can use heritage projects to refashion failing areas by creating a stronger sense of place and bolstering local pride.





A study of National Lottery Heritage Fund projects estimated that for every pound spent during a heritage visit, 32p is spent on site with the remainder going to local businesses like restaurants, cafés, hotels and shops.

former industrial areas in inner city locations, like east London's Hoxton and Birmingham's Jewellery Quarter, Chetwyn said.

In Liverpool, UVE's submission points to the successful regeneration over the past few decades of the formerly run-down Ropewalks and the Baltic Triangle industrial areas on the periphery of the city centre. This process has now extended to other peripheral industrial and commercial areas, such as the Fabric District and 'Ten Streets'.

Historic buildings are also popular locations for filming, which has become an important revenue stream for the heritage sector and has helped to fund maintenance and repair, according to The Heritage Alliance's submission to the inquiry. To take one high profile example, Alnwick Castle reported a 230 per cent increase in visitors between 2011 and 2013 after it was used as the location for Hogwarts School in the Harry Potter films, bringing in an extra £9 million for the local Northumberland economy.

This appetite for heritage could be seen as restrictions were eased in the wake of the coronavirus lockdown when, after 'the pub', the places people 'were most desperate to go to were historic sites', said Lizzie Glithero-West, chief executive of The Heritage Alliance, in her oral evidence to the inquiry's economy session.

According to an analysis carried out by economics consultancy CEBR for Historic England, international heritage visitors

brought nearly £10 billion worth into England in 2018 on top of the £2 billion generated by domestic heritage-related overnight spend.

VisitBritain found that more than a third of all inbound tourists say they visit the UK primarily because of this country's heritage of historic houses.

These heritage visits can also spur local economies, according to Historic England. A study of National Lottery Heritage Fund projects estimated that for every pound spent during a heritage visit, 32p is spent on site with the remainder going to local businesses like restaurants, cafés, hotels and shops. The Historic Houses Association estimates that visits to historic houses alone generate £1 billion in visitor spend and support over 34,600 full time jobs, contributing £510 million per year to the economy in GVA.

In addition, historic buildings have a crucial role to play in reviving high streets and town centres. Leeson cited figures, drawn from Valuation Office Agency data, showing that 48 per cent of retail stock was built more than 100 years ago.

Heritage-rich high streets have a 'competitive advantage', Chetwyn told the inquiry's regeneration session. 'It's one of the factors that bring people into an area. Quality of place is crucial to the success of town and city centres. The authenticity that the historic street scene can bring is vital.'

In rural areas, villages with high quality historic environments can attract people to visit shops, pubs and cafés, according to Historic Houses' submission. Historic places also tend to have higher proportions of independent businesses and specialist shops, supporting choice and diversity in the retail landscape.

In rural areas, historic high street buildings are frequently adapted as business premises providing 'vital' amenities to their surrounding communities, according to Historic Houses.

Works on historic buildings in England alone generate £7.1 billion per year in construction sector output. Research commissioned by Experian in 2015 found reducing the rate of VAT on residential repairs and maintenance from 20 per cent to five per cent would have generated an estimated stimulus of £15 billion over the five-year period to 2020 at a cost to the Exchequer of £6.6 billion over the same period.



## REGENERATION VALUE

Regeneration or ‘levelling up’ cannot be achieved without addressing spatial inequalities – the unequal distribution of resources and services - across the UK.

One of the advantages of using heritage as a tool for regeneration is that it can be found ‘everywhere,’ as The Heritage Alliance’s Glithero-West told the APPG in the inquiry’s economy session.

Heritage sites and historic areas can be found throughout the UK with 99.3 per cent of people in England living less than a mile from a listed heritage asset, according to the alliance’s submission. As the Historic Houses Association pointed out, all but five of the 1,500 houses opened to the public by its members are outside the metropolitan Greater London area.

The lack of north-south regional inequalities in the historic environment is further underlined by the Royal Society of Arts’ Heritage Index, which showed that each region contains ‘strong’ pockets of heritage assets and activities.

This means that the benefits of heritage can be capitalised on in any area of the UK. Each place, whether a medieval market town or a post-war city centre, has a ‘unique and distinctive’ history that can be harnessed

to facilitate future prosperity, according to Historic England’s submission.

Charles Smith, head of Historic England’s North East and Yorkshire Region, told this inquiry’s regeneration session that the historic environment can be a valuable tool to help spur business confidence and civic pride. ‘Heritage is an engine for levelling up,’ he said calling for more strategic place-based investment with an emphasis on the importance of heritage.

In addition, projects to revitalise historic town centres and high streets have been found to ‘reduce anti-social behaviour and increase perceptions of safety amongst residents’, it said.

Heritage capital investments also have the potential to alleviate negative ‘spillover’ community effects of crime—and knock-on effects of social fragmentation and deprivation, which will in turn undermine efforts to regenerate an area if left unchecked. Tax reforms to boost heritage (see Solutions chapter) would therefore generate economic activity in non-metropolitan, rural parts of the UK and support the ‘levelling up’ agenda, argued The Heritage Alliance in its written submission to the inquiry.

Heritage sites and historic areas can be found throughout the UK with 99.3 per cent of people in England living less than a mile from a listed heritage asset.



## ENVIRONMENTAL VALUE

According to the Climate Change Committee (CCC), the government's statutory advisory body, buildings were the third largest source of greenhouse gas emissions in the UK in 2019, with those in England accounting for a larger carbon footprint than the whole of Scotland, Wales and Northern Ireland combined. If both the construction and operation of buildings are taken into account the built environment sector is responsible for up to 42 per cent of the UK's total greenhouse gas emissions, according to the UK Green Buildings Council.

Total emissions from heating buildings in 2019 were around 90 mtCO<sub>2e</sub> (megatonnes of carbon dioxide equivalent), which is only 17 per cent less than 1990 levels. Reductions had begun to tail off in 2014 and levels had plateaued since then, according to the National Infrastructure Commission (nic.org.uk). However, emissions from

The demolition of historic buildings wastes embodied carbon because energy-intensive building materials like glass, steel, concrete and bricks have to be made, but also because the demolition process itself is energy-intensive.



heating must fall to 1 mtCO<sub>2e</sub> by 2050 in order to help meet the UK's statutory goal of net zero emissions, according to the CCC's central scenario for meeting the government's 2050 net zero emissions target.

'Little effective action has been taken to reduce carbon in the built environment to date', according to Historic England. Emissions from buildings are not on track to meet the UK's 2050 net zero targets, according to the CCC, which identifies an 'acute need' to substantially step-up action to cut emissions from this source.

The CCC identified retrofitting existing homes as one of five priorities for government action in its 2019 advice that paved the way for the government's adoption of the net zero target. This also demonstrated that speed is crucial, as the number of homes retrofitted by 2050 would have a greater impact on carbon emissions than the scale of the retrofit work carried out.

The issue of building decarbonisation is particularly pressing for the historic environment because a total of 5.1 million homes, comprising 21 per cent of all dwellings in England, are more than 100 years old, according to analysis of Valuation Office Agency figures, cited in Historic England's Heritage Counts research. Most of these older properties are of solid masonry or timber frame construction and are far more difficult to retrofit than modern properties with cavity walls.

However, the Heritage Counts research shows that refurbishment and retrofit can reduce carbon emissions from historic buildings by more than 60 per cent by 2050. The importance of this has been overlooked because the focus of many built environment carbon reduction strategies to date has 'largely concentrated' on the operational emissions that occur when buildings are used, such as light and heating. According to consultancy Carrig Conservation International, the carbon emitted during construction, maintenance and demolition – known as the embodied emissions of buildings – remains 'largely neglected'. Where an old building is to be demolished and replaced with a new one of similar size, the emissions from demolition alone can account for four per cent of total carbon emissions of the new building over a 60-year period, while its construction may account for a further 28 per cent.

Taking into account the carbon emitted across a building's life cycle, demolishing and replacing a historic building will result in net greater carbon emissions by 2050, the Heritage Counts research has calculated.



Upgrading the insulation in traditionally constructed buildings is now known to be a more effective way to meet the UK's 2050 net zero targets than demolition and renewal.

Reusing historic buildings can reduce the carbon footprint for meeting housing and office needs 'significantly', it said.

Carrig's research also shows that when embodied carbon is taken into account, a responsibly retrofitted typical Victorian terrace will emit less carbon over a 30-year timespan than a new-build replacement of similar size. However, if embodied carbon is not counted, the carbon emissions of a new building can be under-estimated by up to 31 per cent over a 60-year period. For a typical building that works out at 16.35 tonnes of CO<sub>2</sub>, which would take a forest of 3,885 newly planted trees ten years to offset.

And the longer that effective repair and maintenance helps a building and its component parts last, the less embodied carbon will be expended over its lifetime. The materials used in historic buildings tend to be 'very durable, sometimes over several centuries', according to UVE's submission. Demolition and landfill therefore represents a loss of this embodied energy, often with replacement by less durable buildings, it says.

In evidence presented to the inquiry's environment and society oral session, Prof. May Cassar of University College London expressed concern about the lack of weight currently given to the embodied energy and thermal mass of heritage buildings.

Awareness of the problems surrounding the energy and emissions involved in demolition and redevelopment is growing however, perhaps most visibly in the controversy surrounding Marks & Spencer's planning application to redevelop its flagship

Marble Arch store in London's Oxford Street.

The flipside of this is that the recycling and reuse of materials results in the avoidance of emissions associated with the production of new materials.

Historic neighbourhoods also bring wider environmental benefits because they were not designed around the needs of the car. The denser and more sustainable patterns of development in such '15-minute' neighbourhoods contain a mix of uses in close proximity, such as housing, employment and retail, which are easier to walk and cycle around than more modern and often more spread-out suburban areas.

Historic neighbourhoods tend to contain a mix of uses in close proximity, such as housing, employment and retail, which are easier to walk and cycle around than more modern ones.



## SOCIAL VALUE

The social value of heritage may be difficult to quantify, but it is clear that heritage matters to many people. This is illustrated by a telephone survey of 4,200 households which showed that the vast majority of UK households appreciate their local heritage with 93 per cent saying that it raises their quality of life. The same survey showed that 80 per cent think local heritage makes their area a better place to live in.

More recent polling by Public First showed that heritage ranked third when voters were asked to list their main sources of civic pride, cited by 20 per cent of respondents.

The 2016/17 'Taking Part Survey' showed that 94 per cent of adults agreed that it is 'important... that heritage buildings or places are well looked after'. Nearly three quarters said they would feel negatively affected if a historic site, which is a special place for them, disappeared.

The Heritage and Society report, produced in 2019 by Historic England on behalf of the Historic Environment Forum, found that engaging with or living near heritage is associated with greater life satisfaction and quality of life. The research highlighted the therapeutic effects of historic landscapes as well as parks and rivers, partly thanks to the opportunities they provide for reminiscence and reflection.

In its submission, Historic Houses highlighted the 'crucial role' gardens and outdoor public spaces provided in the nation's wellbeing during the Covid-19 pandemic, providing 'safe and tranquil setting for exercise' as well as safe and managed spaces to think and reunite with family and friends. For the people that visit them, historic parks and gardens hold 'special meaning'.

These emotional, or less tangible, benefits range from connection to a place and feelings of stability or comfort, to a stronger sense of community identity and the perspective gained via exploring past narratives and lives. Heritage provides tangible links to 'shared histories and identities' which connect places and people, according to the Heritage and Society report. These intangible factors give heritage its unique appeal and bring 'significant wellbeing benefits'.

The National Trust's 2017 'Places That Make Us' report pointed to how the amygdala area in the brain, which processes emotion, is triggered by places individuals deem special. The trust's subsequent report, 'Why places matter to people' (2019), found a link between having a deep-rooted emotional connection to a place and a sense of wellbeing. 'Heritage is clearly a vital and highly valued component of our towns

Engaging with or living near heritage is associated with greater life satisfaction and quality of life.



and cities that should be considered when assessing building use and town planning', it said.

An example of the mental health benefits of heritage is the Human Henge project. This involved local residents with mental health conditions meeting over ten weeks at the prehistoric Stonehenge and Avebury monuments to creatively explore the historic landscape. The project provided 'significant improvements' to the participants' mental health when examined one year later, according to the Heritage Alliance's written evidence.

These more intangible values, like pride in local distinctiveness, are often 'difficult to capture in an economic framework though', said Historic England's Leeson at the APPG inquiry's economy session. The time that people spend engaging with local landmarks, like parks and historic buildings, has an economic value that cannot simply be determined by a willingness to pay, she said: 'When a good or service satisfies a preference it has economic value. We know that it has value because people allocate their time to heritage.' As an example, Leeson pointed to the high number of visitors to historic sites.

The vital role that a sense of pride can play in the success of places was recognised by the government's recently published *Levelling Up White Paper*.

According to the written submission to the inquiry from The Heritage Alliance, the conservation, care and regeneration of historic building and areas also delivers social gains. The alliance's *Heritage, Health and Wellbeing report (2020)*, showcases over 30 case studies of projects which have provided benefits to public physical and mental health, such as the Human Henge.

Heritage also offers opportunities for involvement in community projects and volunteering, accounting for 5.5 per cent of all voluntary work undertaken in England. Voluntary work at heritage sites gives participants opportunities to develop new skills, connect with new people and places, access enjoyable physical activity, and give back to the community.

An example is the *Improving Futures: Volunteering for Wellbeing* project, a training and volunteering programme which ran across ten heritage sites in Greater Manchester, working with local people who were long-term unemployed or socially isolated. Every pound invested in this project recouped a socio-economic return on investment of £3.50, the project calculated. Three quarters of volunteers



reported a 'significant increase' in wellbeing after a year and 60 per cent reported sustained wellbeing during the following two to three years. Nearly a third (30 per cent) of volunteers soon found employment as a result of skills gained. The report cites overall improvements in volunteers' self-confidence and sense of purpose and belonging.

More broadly, research conducted by the National Churches Trust shows how church buildings provide a strong, positive economic return by providing and hosting food banks, youth groups, drug and alcohol support and mental health support. The NCT estimates that every pound invested in church buildings generates £3.74 worth of social return on investment.

The provision of such public welfare services provides an economic value to society, said Leeson.

Visiting and engaging with heritage like parks and historic buildings contributes to our health and wellbeing.

## BARRIERS TO REALISING THE POTENTIAL OF HERITAGE

While heritage has clear value in terms of economy, society, the environment and regeneration, clear barriers exist to the repair and refurbishment of the historic environment.

The tax system continues to act as a major barrier to the restoration of historic buildings. The standard 20 per cent rate of VAT applies to repair, maintenance and retrofit work to historic buildings. No VAT is charged though on building new homes with HMRC regulations stipulating that for a development to qualify for zero rating 'any pre-existing building must have been demolished completely, all the way down to ground level'.

The Heritage Alliance described this unequal tax treatment in its evidence to the APPG as a 'perverse incentive' against the repair or maintenance of historic buildings. A reduction in the rate of VAT on refurbishment would benefit investment and job creation, according to the Heritage Alliance.

Reducing or eliminating VAT would give the 'tens of thousands' of rural businesses based in historic buildings the extra cash and confidence they need to get on top of repair and maintenance backlogs, bring back staff, invest in their businesses and generate supply chain work in rural Britain, says Historic Houses in its submission.

According to written evidence submitted to the inquiry by the Federation of Master Builders (FMB), cutting the VAT rate would make tax less of a barrier for homeowners repairing and upgrading their properties, while stimulating the construction industry. The current rate of VAT deters about a quarter of homeowners from renovating their properties, it added.

Two thirds (64 per cent) of the FMB's small construction firm members said a VAT rate cut would be the single most effective potential policy the government could introduce to benefit their business.

The HMRC is often losing out on this revenue anyway, said Jessica Levy, the FMB's director of communications in her oral evidence at the inquiry's economy session, citing the body's estimate that approximately 5.3 million homeowners would pay cash for home improvements in order to avoid paying VAT, exposing themselves to the risk of poorer quality work.

As well as helping to preserve local historic environment and places, which are valued by communities, equalising VAT on refurbishment and new build would reduce the emissions of embedded carbon that are created when buildings are demolished and redeveloped.

In his oral evidence to the APPG's regeneration session, Historic England's Smith said the current VAT regime is 'at odds' with efforts to retain historic buildings.

Redressing the VAT inequality between new and existing development must 'become a priority', according to Historic England's written submission to the inquiry. 'The taxation system must encourage retention, repair, maintenance and retrofit if we are to meet our 2050 carbon targets.'

The inquiry also learned that the existing business rates regime favours out of town over town centre development, partly because it could not keep up with the recent collapse in high street retail values.

The alliance also proposes that the government should reduce business rates on the heritage sector in order to help those heritage organisations and museums, which have suffered from recent sharp increases in their rateable values.

Such a reduction would recognise the 'significant' repairs liabilities, which owners of businesses based in listed buildings face, said the Heritage Alliance in its evidence. However, redressing taxation inequalities will not be sufficient to reverse the wider socio-economic trends which have damaged high streets and many other historic neighbourhoods.

The rise of internet shopping 'accelerated' the decline as shopping locations of historic high streets, said David Tittle, chief executive of the Heritage Trust Network (HTN), in his evidence to the APPG's regeneration session.

This process which was then 'turbocharged' by the pandemic, he added. The result has been a shift in the nature of the goods and services that people want from their town and city centres with profound consequences for place making, Tittle said: '100 years ago, 80 per cent of people were in town centres for essential activities. That has totally flipped: 80 per cent of people in town and city centres are now there for non-essential activities.'

This shift has fuelled an appetite for a higher-quality experience amongst users of high streets and town centres, which too many are failing to supply. According to a survey, carried out in August 2021 by Historic England, nearly half (49 per cent) of people who live and/or work within a quarter of an hour's walk of a High Street Heritage Action Zone were not satisfied by the choice or availability of cultural activity on their high street.

There is also a need to rethink the philosophy, underpinning much economic development and regeneration, which has

‘for decades’ focused on ‘replicating and exporting approaches from prosperous to non-prosperous places’ based on the assumption that productivity gains can be directly transferred, Historic England said in its evidence to the House of Commons culture, media and sport committee’s inquiry into levelling up. ‘This resulted in developments that were the same, no matter where they were located, that failed to reflect the unique character of places’, it said.

Instead, ‘approaches that nurture and build on what is unique and special in the local economy’ are needed with local heritage and culture having a ‘huge role to play’.

David Tittle backed this latter approach in his evidence to the inquiry’s regeneration session, pointing to post industrial areas which have in the past received substantial regeneration investment. Too often, whole sites have been demolished to create a blank sheet for investment, he said, including heritage buildings and structures that could have provided the development with greater character, he said: ‘We need to change that culture and understand the value of the existing place even when it’s not got a heritage designation on it so that it can be used productively to add character to a development.’

While ‘lots of’ good examples exist of post-industrial heritage being used Tittle said in other sites, it has been ‘simply erased where it could have really added value’.

As an example, he pointed to a former pit site near Coventry, which has been replaced by big distribution sheds. ‘In the middle of that there used to be an old pit baths building, that could have been a nice café or children’s nursery for the workers in those sheds. And it would have given identity to a distribution park that, without it, could be anywhere.’

‘We need to change the culture so we’re thinking positively about heritage in those sorts of settings, not just in historic town centres.’

The importance of this change is illustrated by the highly successful regeneration of King’s Cross in London, an area rich with historic buildings and industrial archaeology. However, the area was mooted for clearance in the 1980s to make way for a business park development which would have erased its historic character.

The government’s Levelling Up White Paper, which was published earlier this year, proposed 20 new ‘transformative regeneration’ projects, starting in Sheffield and Wolverhampton which may spark



concerns that a similar ‘blank sheet’ approach could be used to facilitate investment in these places.

Chetwyn said it is ‘a misconception’ and ‘false dichotomy’ that economic development and conservation should be treated separately. Pointing to his home city of Liverpool, he highlighted the regeneration of the city’s Albert Dock area as another showpiece example of a truly transformational heritage-based project.

Heritage is part of the infrastructure of most modern cities, towns or villages, and can be a ‘really powerful economic driver’, Chetwyn said. There is a need for an improved understanding of how heritage can deliver more sustainable and inclusive forms of economic development.

In addition, more targeted heritage funding will be required in those parts of the country identified for levelling up, partly because of the issues such areas face in terms of development viability. Relatively low land values in parts of the north and the midlands, compared to the southeast of England, ‘make it really hard for developers and even for us to spend grant money sometimes in areas of the north because there isn’t the investment appetite to match fund and make things happen,’ said Smith.

The VAT taxation system provides ‘a perverse incentive’ for total demolition and reconstruction, which can be zero-rated, while repairs, maintenance and even the insulation of old and traditional buildings are charged at 20 per cent.

## SOLUTIONS

Inequality in the rate of VAT for new and refurbished properties has been identified as a key barrier to encouraging the reuse and refurbishment of historic buildings. For many years, the government has said it could not lower or abolish VAT because the tax was governed by the European Union.

However, the UK's departure from the EU provides an 'opportunity' for VAT to be set equally for all construction work whether new build or refurbishment, according to The Heritage Alliance. Glithero-West said: 'Brexit is no longer the excuse: there is no longer a reason not to equalise in this space.'

The Duke of Wellington, a member of the APPG and a former English Heritage commissioner, cautioned the group that the Treasury is unlikely to agree to an across the board cut in VAT for property repairs and refurbishments. He suggested a more targeted intervention, such as repairs to listed buildings or particular types of improvements like heating and insulation, which should qualify for lower rated VAT. This could extend the zero rate level treatment for energy saving materials announced in the Chancellor's Spring Statement earlier this year.

To test the benefits of harmonising VAT rates on new build and refurbished properties, The Heritage Alliance proposes that the government could pilot a grant scheme to repay VAT spent on the repair of listed buildings in most at need areas with a view to a wider roll-out. Glithero-West told the inquiry that a VAT cut could be trialled in Heritage Action Zones, which have already been identified as areas requiring intervention.

This report recommends that the government should exploit the UK's new post-Brexit freedoms over VAT to introduce

targeted of the rate on new construction and refurbishment of existing properties in order to encourage insulation and installation of low carbon heating in listed buildings. This would stimulate work in the repairs and maintenance sector of the construction industry, providing a valuable boost to employment at a time when the economy is threatening to enter a recession. It could also cut heating bills for the owners of listed buildings, many of whom are not wealthy individuals and face the prospect of substantial bills to improve their homes' energy efficiency.

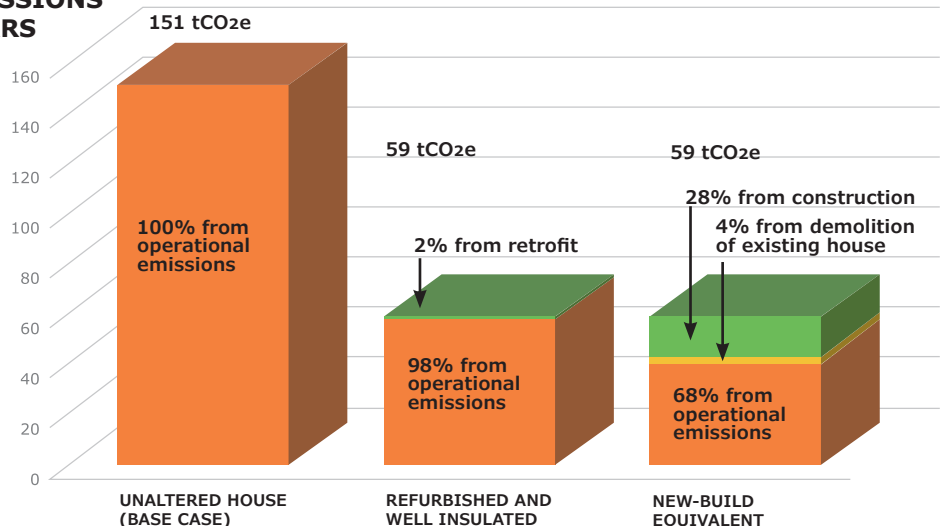
Establishing a VAT level playing field between new construction and refurbishment would also assist the UK's efforts to decarbonise its building stock.

Tittle, in his evidence to this inquiry's regeneration session, advocated a presumption against demolition, arguing that applications would have to make a 'strong case' on sustainability and social capital grounds for redevelopment.

This report recommends establishing a presumption in the planning process against demolition for redevelopment in order to encourage the reuse of historic buildings. Evidence submitted to the inquiry shows that so called 'embodied' emissions involved in demolition and construction, are often under-estimated when assessing the carbon footprint of buildings. By taking a 'whole life' approach to buildings, the embodied and operational emissions of a new building can be shown to outweigh the operational emissions of a retrofitted historic building by 2050, the date by which the UK has committed to reach net zero.

However, Prof. Cassar expressed concern about the impact well-intentioned retrofit proposals can have on the special character

### CARBON EMISSIONS OVER 60 YEARS



Life cycle carbon emissions for the Victorian terrace case study presented by Carrig Conservation demonstrated the impact of embodied energy on the performance of a newbuild.





The regeneration of Liverpool's Royal Albert Dock provides a showpiece example of a truly transformational heritage-based project.

of historic buildings. She suggested exemptions from zero carbon requirements for important heritage buildings and that there must be more discrimination regarding proposed energy efficiency retrofit measures.

This report recommends the introduction of an amnesty for some of the UK's most significant historic buildings from the requirement to meet the zero-carbon emissions goal. Some of these very oldest and most highly prized buildings will require extremely expensive works, which may result in unsympathetic changes to comply with modern energy efficiency standards. Given the huge financial and logistical challenges that the UK faces in decarbonising its building stock by 2050, it may be prudent to exempt some of our most significant historic buildings from this broader zero carbon requirement.

The APPG has also seen evidence that some members of society value heritage more than others. Younger, Asian and black ethnic origin, poorer and disabled people are less likely to visit heritage sites.

Overcoming these barriers must start at a young age. Research commissioned by insurer Ecclesiastical, in conjunction with The Heritage Alliance, found that cost, lack of activities for children, and a perception that heritage organisations are not child friendly are the top three reasons that put off parents from taking their children to heritage attractions. 'If this connection with heritage is not fostered from a young age, the perceived barriers to heritage can remain in place, which limits youth interaction with heritage and impacts the next generation,' it says.

Historic England's Heritage Schools programme aims to remedy this perception by helping school children to develop a better understanding of their local heritage and its significance within the school curriculum, raising awareness of the role of place and boosting the pupils' sense of pride. This Department for Education-funded scheme

offers a cost effective and proven way to increase knowledge and understanding of local heritage in young people and their families, while boosting civic pride in areas of deprivation.

The important contribution place-focused regeneration approaches can make to unlocking the competitive advantages of places has been recognised in recent government policy and funding decisions.

The Towns Fund and Levelling Up Fund both explicitly refer to the 'positive contribution' heritage-led regeneration can make. One of the three themes for the Levelling Up Fund's first round includes a reference to how 'upgrades in local heritage sites strengthen the local economy and build civic identity'. £107 million of the government's Future High Streets Fund was dedicated to the regeneration of heritage high streets.

To support efforts to recover from the impact of the Covid-19 pandemic, this and other targeted investments should continue to support heritage projects that create a sense of place and enable the historic environment to address wider public policy priorities, according to The Heritage Alliance. The government should build on the success of such projects by considering how it can better support bringing back under-utilised heritage buildings, such as mills and factories, into use as housing.

In addition, the government's recently published Levelling Up White Paper highlights the contribution culture and heritage can make to improving people's pride in the places where they live.

This acknowledgment in national policy is reflected in local decision making. A report, commissioned by Historic England together with the Arts Council and the National Lottery Heritage Fund, noted a high prevalence of cultural and heritage elements in bids to the Towns Fund.

The Heritage Alliance says schemes should continue to support heritage projects

to create a sense of place and enable heritage to address public policy priorities.

For example, the government should consider how it can better support under-utilised heritage buildings, such as mills and factories, being brought back into use as housing. Research, carried out by Historic England, has demonstrated that refurbishing underused historic mills in West Yorkshire and Greater Manchester could provide workspace for 283,000 jobs or 52,000 new homes.

This report recommends that the government should continue its welcome recent targeted funding for improvements to the historic environment, including that awarded during the pandemic. Funding streams, such as any successor to the Future High Streets Fund, can use heritage projects to refashion failing areas by creating a stronger sense of place and bolstering local pride.

Research by Historic England has demonstrated that refurbishing historic mills in West Yorkshire and Greater Manchester could provide workspace for 283,000 jobs or 52,000 new homes.



As part of the government's levelling up programme, Historic England's Heritage Schools scheme should be scaled up with additional funding to reach all Levelling Up priority areas, which have been identified for additional help due to below average exam results. The extension of this scheme would help young people in these neighbourhoods to gain a better understanding of how their areas have developed and bolster their sense of local pride.

Chetwyn told the inquiry's regeneration session that achieving the Levelling Up White Paper's success will come down to how it is delivered but that the emphasis in the document on improved local decision-making is 'promising'.

Providing local bodies with 'long term sustainability' in terms of finance could 'really make a difference', said Tittle, as opposed to dependence on bespoke deals or competitive bidding programmes.

Historic England's Smith told the same inquiry session that mayoral combined authorities, like Greater Manchester's, have proved valuable partners in efforts to regenerate mill buildings across the north of England.

'They go across multiple local authority areas which have very similar issues in terms of that particular building type.

'They can take a bigger picture approach about what is important to the whole landscape in their patch, rather than individual local authorities looking at it in a more isolated way. That has been really helpful.

'That can have real benefits, particularly when you're looking at a bigger landscape across a regional area.'

This report recommends that local and combined authorities should be given greater control over levelling up and regeneration funding because these local bodies have a stronger understanding of what is significant in terms of the heritage of their areas, and therefore they are best placed to make decisions about it.

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or its committees. All-Party Parliamentary Groups are informal groups of Members of both Houses with a common interest in particular issues. The views expressed in this report are those of the group.



**IHBC**  
**25**

*CREATIVE*  
*CONSERVATION*  
*FUND* **IHBC**

This publication is supported as part of the IHBC 25th anniversary programme by the IHBC's CREATIVE Conservation Fund.



IHBC Registered & Business Office: Jubilee House, High Street, Tisbury, Wiltshire SP3 6HA  
Registered as a charity in England and Wales number 1061593 and in Scotland number SC041945  
Company Limited by Guarantee, registered in England number 3333780