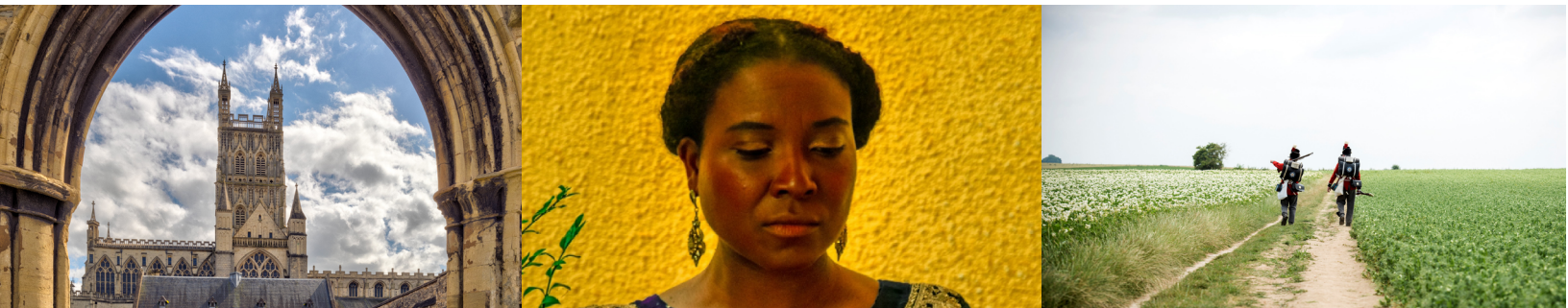


Backing the Bedrock 2020

Five Heritage Fiscal & Funding Priorities 2020



The voice of England's independent heritage movement

Our heritage has never been more important to our nation's identity. It is our great national asset and an integral part of 'Brand Britain'. It breathes life into our towns, cities and countryside, creating places that people want to live and invest in, and underpins the success of other sectors from construction to the creative industries. It tells our nation's stories, supporting social cohesion, pride in place, learning and identity. Its positive effects on health save the NHS money and improve quality of life¹. Heritage is economic; it is green; it is for everybody.

England's heritage industry is valuable. It produces a total GVA of £31 billion and provides over 464,000 jobs. Heritage tourists spend £17bn each year at our sites. In 2018, heritage-related construction activities generated £7.1 billion in GVA in England employing over 100,000 people².

Heritage is popular. More people volunteer in our sector each year than live in Sheffield. There were 616,000 heritage volunteers in England in 2016, which was 5.7% of all volunteers in the country³. 99% of people in England live within a mile of a listed place⁴ and 80% of people think local heritage makes living in their area better⁵. The Covid-19 pandemic has highlighted the crucial role of heritage in people's lives and wellbeing and as the bedrock of a strong economy. Surveys demonstrate how much we craved physically accessing these spaces again, and lockdown brought into clear relief how much local environments matter and are integral in placemaking.

For example, a survey of 2,000 UK adults found that the number one attraction people wanted to visit once out of lockdown was a National Trust park or property⁶. It is essential we protect the important contribution of heritage to place-making and happiness.

Heritage is also a public good. The majority is cared for by private owners - from buildings to vintage vehicles. The private, independent, public and charity sectors must continue to work together for it to survive and thrive. We are great custodians who don't constantly ask for ever increasing subsidies, but as recognised in the Government's 2017 Heritage Statement - "a variety of measures are needed to support the sector and ensure its continuing success". We are immensely grateful for the support of Government and arms-length bodies over this challenging period through the Culture Recovery Fund for Heritage run by Historic England and National Lottery Heritage Fund, the Job Retention Scheme and other emergency funding. We now need to look beyond this financial year to the long tail of this Covid-19 crisis. An investment in the future of our historic environment is an investment in our country's future prosperity and in the public, who use and value it. 73% of UK adults agree that the UK government has a moral obligation to protect our heritage⁷.

The Heritage Alliance supports capacity in the heritage sector, for instance through our current National Lottery Heritage Funded programmes 'Heritage Digital' and 'Rebuilding Heritage', and our British Council Travel Grant Scheme. This is our current set of overarching messages on fiscal and funding priorities.

Five funding and fiscal measures will give our world-leading heritage sector a positive future:

Don't lose it:

- 1. Champion our world-leading heritage sector on the world stage - maximising Brexit's opportunities, and minimising its challenges for heritage.**
 - The UK Shared Prosperity Fund, which is set to replace EU Structural Funds, should ensure that all projects benefit heritage wherever possible;
 - Buy into Horizon 2020, Creative Europe, Erasmus and other schemes;
 - Avoid imposing tariffs on restoration materials after Brexit; and
 - Ensure the new Environmental Land Management System provides sufficient long-term funding to deliver public goods with the historic and natural environments on an equal footing.
- 2. Ensure continued funding for the heritage sector and its workforce as we recover from the dual challenges of Brexit and Covid-19, including through the National Lottery Heritage Fund, and a well resourced Historic England.**
 - Protect the National Lottery Heritage Fund's 20% share of National Lottery funding and continue to maximise the return to The Good Causes;
 - Continue to deliver financial support to the heritage, tourism and leisure industries as long as the impacts of Covid-19 endure;
 - Ensure Historic England is adequately funded to deliver effectively its core functions, including financially supporting the independent heritage sector and heritage at risk,, leading research, identification and understanding, capacity building, and supporting local authorities and their communities to deliver their responsibilities; and
 - DCMS to support, fund and encourage other heritage organisations, including other relevant arms-length bodies, in order to develop and strengthen the capacity of the heritage sector as a whole.

Use it:

- 3. Promote heritage assets as part of creating vibrant places and more homes, and as a key ingredient in rebuilding the economy post Covid-19.**
 - Utilise heritage and the historic environment as a core element of building beautiful and helping the economy recover in the wake of Covid-19 as we build back better and build back greener;
 - Encourage Local Planning Authorities to invest in their planning, conservation and archaeological staff who look after our heritage, by ring-fencing funding for proportionate staffing levels;
 - Building on the welcome announcement of the High Streets Heritage Action Zone scheme and £107 million of the Future High Street Fund dedicated to the regeneration of heritage high streets, work with the sector to develop further programmes that help heritage address important public priorities (including housing delivery), and facilitate positive relationships between the heritage sector and developers, in order to ensure adequate maintenance and creative use of heritage assets in development projects; and
 - Work with the sector to develop a Cultural Capital approach akin to the natural capital approach, and champion this with HM Treasury and others as essential to decision making.

Sustain It:

- 4. Reform the tax regime to promote the repair and maintenance of our nation's irreplaceable heritage assets.**
 - Equalisation of VAT on repair and maintenance of existing buildings, with that of new build, in areas of greatest need and gather evidence of its impact on productivity and repair, creating a level playing field with new build housing.
 - Reduce the income tax on heritage maintenance funds from 45% to 20%; and
 - Continue the Listed Places of Worship grant scheme so that VAT incurred can be recovered, on a 3 year basis; and
 - Reduce the burden of business rates on the heritage sector through clearer treatment of historic sites and assets.

Grow It:

- 5. Help the heritage sector to attract more investment and engagement and build sector skills and capacity.**
 - The Government cannot deliver the levelling up agenda without addressing spatial inequalities. The Government's various funding schemes, such as that for high streets and other targeted investment, should continue to support heritage projects to create a sense of place and enable heritage to continue to support other sectors;
 - Ensure a cross-subsidy mechanism to support skills training in smaller companies and more flexibility to enable shared apprenticeships; and
 - Support UKRI investment in a distributed research and innovation infrastructure for heritage science and conservation research and sign up to the European Infrastructure for Heritage Science ERIC (European Research Infrastructure Consortium) to ensure that the UK maintains its internationally recognised strength in the field.

1. Champion our world-leading heritage sector on the world stage - maximising Brexit's opportunities, and minimising its challenges for heritage.

Our sector's expertise is world-leading. Government recognises that *'heritage is the glue that binds together our Brand Britain'*. It is rightly at the centre of our unique national offer with our internationally recognised strengths in heritage science and contribution of £17.0bn per annum in economic benefit from tourism alone.⁸ Our international report's eight recommendations⁹ are a starting point for the Government to provide the support promised in The Heritage Statement. These recommendations include funding to facilitate international exchange in a heritage context. Heritage can be the asset which supports the rebuilding of our tourism industry after Covid-19; and as we have fantastic heritage everywhere, financial support for the historic environment can 'level up' local areas across the country - attracting both domestic and international tourism.

The Government should clarify how EU funding previously received by the sector will continue after Brexit. To maximise the impact of the UK Shared Prosperity Fund it should recognise heritage as a driver for regeneration and reflect this in its design - allocating funds to ensure all projects benefit heritage wherever possible.

Heritage projects and scientific research received at least £450m in funding via the EU over the last decade, bolstering tourism and saving important parts of our identity.¹⁰ UK heritage organisations have been very successful in bidding for such funding, but this is already in jeopardy for future programmes. Archaeology ranks top of all sectors in % income from EU sources (38%).¹¹ To safeguard future collaboration and research the UK should buy into Horizon 2020 and other schemes such as Creative Europe and Erasmus. Heritage should be included in the development of any cultural and scientific cooperative accords - either with the EU directly or included as part of any bilateral accords with Member States.

The heritage sector relies upon skilled EU labour and while we are developing domestic training and retention programmes, we will need EU staff to supplement current demand. Proper arrangements are therefore needed to ensure that heritage organisations can access the best heritage skills from across the EU. We welcome that the Government has added Archaeology to its Shortage Occupation List, but it must go further. Other key heritage professions (e.g. construction, including heritage craft skills) also employ large numbers of EU nationals. For example, in the construction industry, EU nationals account for 10% of the workforce.¹² A survey of our members in 2019 found that for over 15% of respondents, more than half of their workforce were EU nationals. Restrictions on their ability to employ EU nationals will have a tangibly negative impact on their ability to work effectively. Further detail on the opportunities and challenges that Brexit presents to the heritage sector can be found in our latest briefing: *'Heritage in the Context of Britain's Future Relationship with the EU'*¹³.

The new Points-Based Immigration System should take into account the challenging position of the heritage sector as being highly skilled but low paid. The Heritage Alliance specifically supports an unsponsored route for the creative sectors (including heritage) and support for students who are trained in the UK to stay and work in the sector.

The Government's intention to replace the CAP with its own scheme, the Environmental Land Management Scheme, offers the opportunity for the Government to consider how heritage protection and engagement could be better served. We welcome the Government's intention to replace blanket subsidies to farmers with money for specific environmental and heritage services. This will provide public money to those providing a public good. The Environmental Land Management scheme should "incentivise land managers to restore and improve our natural capital

and rural heritage" as set out in the Government's 25-Year Environment Plan, by providing sufficient long-term funding to deliver public goods valued by the public. We continue to advocate for a sustainable replacement for the CAP, that takes the needs of our sector into account, through our Rural Heritage Advocacy Group.

We are pleased that the 25 Year Environment Plan takes an integrated approach, seeing the natural and historic environments as inseparable, and giving parity of approach to both, which has translated across into the Agricultural Bill. In contrast, the drafting of the Environment Bill, which provides a statutory basis for the 25 Year Environment Plan and future Environment Improvement Plans, excluded the historic environment from its definition of "natural environment". Heritage and nature conservation are two sides of the same coin (think heritage barns and bats for example). It is more effective and cost efficient to deliver both in a coordinated way. All Government departments should recognise the value of heritage as a public good.

Our latest Brexit Briefings can be found [here](#).

2. Ensure continued funding for the heritage sector and its workforce as we recover from the dual challenges of Brexit and Covid-19, including through the National Lottery Heritage Fund, and a well resourced Historic England.

The £1.57 billion of funding from the Government to support the sector in the wake of the Covid-19 disaster is immensely welcome; this money will save many organisations from immediate failure. However, our concern also follows the longer tail of Covid-19 into the medium term. Many organisations have sufficient reserves to see them through next Spring, however, the unknown nature of future social distancing rules and regulations give no guarantee about the future of tourism and what being open to visitors or delivering projects on-site will mean between now and next summer. There is huge potential for further failures and redundancies in 2021 and 2022; particularly amongst umbrella organisations and those which rely on other heritage organisations for funding. With the end of the Coronavirus Job Retention Scheme, there is an extremely high risk of redundancies this year. We ask for continued awareness and financial support through 2021 and 2022 as our sector recovers from this crisis.

The National Lottery Heritage Fund has awarded over £8 billion to over 44,000 projects since 1994. It has saved numerous heritage assets from damage or loss, generated jobs and growth, and inspired communities, not least through recent emergency funding. The 20% share of National Lottery funding for the Heritage Fund should be protected, and its ability to support the sector expanded. The National Lottery Heritage Fund should seriously consider raising the ceiling on applications from private owners, from £100,000 to £200,000 or higher, as private owners look after two thirds of our built heritage and, it is estimated, a similar proportion of the landscape associated with them.¹⁴

Historic England, the Arts Council, the National Lottery Heritage Fund and local authorities form the bedrock of the sector. The National Lottery Heritage Fund should not be the only body expected to resource heritage projects. Historic England and other heritage organisations funded by the Government have faced disproportionate cuts in recent years - their future, stability and adequate funding are crucial, particularly given the challenges with reductions in funding and capacity at local authority level as well as the impact of Covid-19. The Arts Council's National Portfolio Organisations system funds sector support in museums and the arts. An equivalent scheme for the independent heritage sector would greatly enhance its long-term sustainability. Focussed and effective joint working between arms-length bodies through this crisis has been a real positive; financial support for continued collaboration would be welcome.

3. Promote heritage assets as part of creating vibrant places and more homes, and as a key ingredient in rebuilding the economy post Covid-19.

New homes don't have to be new-build. Heritage drives positive social and economic change and is vital to creating distinctive places where people want to live. Every place has local heritage that can transform communities and make people proud of their localities. The revitalisation of the Piece Hall in Halifax is an excellent example. The Government cannot deliver on their levelling-up agenda without addressing spatial inequalities when it comes to heritage. As has been made clear during this pandemic, people value their local environment, and heritage plays a significant role in fostering community and place-making. We must recognise the importance of heritage, the historic environment and the nature of vernacular buildings. Reusing existing building stock for new homes allows for local areas to meet affordable housing needs while maintaining a sense of place which is important to both the community and in attracting tourism.

Government has clearly recognised that some public money is needed in order to conserve heritage, protect the character and stimulate the potential of places. This is reflected in the welcome announcement of the £107 million of the Future High Street Fund dedicated to the regeneration of heritage high streets. Funding schemes, such as this, and other targeted investment, should continue to support heritage projects to create a sense of place and enable heritage to address public policy priorities. The Government should consider how it can better support under-utilised heritage buildings being brought back into use as housing e.g. mills and factories. Research has demonstrated that refurbishing underused historic mills in West Yorkshire and Greater Manchester could provide space for 283,000 jobs or 52,000 new homes. ¹⁵ Reusing historic buildings to meet office and housing needs reduces carbon footprint significantly as illustrated in the 2019 Heritage Counts report entitled 'Carbon in the Built Historic Environment' ¹⁶.

The sector is already working to develop a cultural capital approach akin to the natural capital approach. The Government should champion this approach with HM Treasury and others as essential to future decision making.

Well-funded and responsible local authorities are needed to protect our valuable historic environment and use heritage to create vibrant homes and places. Severe cuts to local authorities have meant that local museums, archives and planning departments have suffered. Since 2006, the number of conservation specialists has fallen by 37% and the number of archaeological specialists has fallen by 35%. The sector is working on how heritage consent processes can be streamlined while maintaining the current level of protection for the historic environment to allow local planning authorities to deliver a more effective heritage and design-led service. In tandem, the Government should encourage Local Planning Authorities to invest in their planning, conservation and archaeological staff who look after our heritage, by ring-fencing funding for proportionate staffing levels. Any future zonal planning system will need to be informed by good quality data. A statutory requirement for local authorities to provide historic environment services and Historic Environment Records would support this aim.

4. Reform the tax regime to promote the repair and maintenance of our nation's irreplaceable heritage assets.

Most heritage, including that which the Government has designated as nationally important, is looked after by private owners at their own cost, and often by volunteers, creating places where people want to live and supporting tourism. The tax system should better recognise owners'

burdens and support sustainable economic use and re-use of heritage buildings, which in turn is better for the environment.

At present 20% VAT applies to repair, maintenance and retrofit work to historic buildings, yet no VAT at all is charged on building new homes. This is a perverse incentive not to repair or maintain historic buildings. Nevertheless, repair and maintenance work of historic buildings generated £7.1 bn in construction sector output. ¹⁷ Not only would a VAT equalisation with new build preserve the local historic environment and places communities love, it has been made clear by research from Historic England that the carbon emitted during a new build outweighs that of the embodied carbon in a renovation project in a historic building. ¹⁸ We believe it is the collective responsibility of the sector, Government, the construction industry, and the wider population to promote the repair and maintenance of the existing building stock in the UK. We advocate for the implementation of a more positive, and simpler, tax regime for repair, maintenance and conservation of heritage assets. Creating an equalisation at 0% VAT will be particularly impactful on levelling up to a greener infrastructure and way of life. With our departure from the EU, there is an opportunity for simplification where VAT is set equally for all construction work whether new build or repair and maintenance. This will encourage UK homeowners to carry out energy efficient repairs and improvements, avoiding future carbon emissions from buildings. To test the benefits of an equalisation of VAT, the Government could pilot a grant scheme to repay VAT spent on the repair of listed buildings in areas of greatest need, like the Listed Places of Worship Grant Scheme with a view to a wider roll-out. A reduction in the VAT rate would spur investment, create jobs and reduce the wasteful carbon effects of demolition and rebuilding.

A commitment to reducing the burden of **business rates** on the heritage sector would help the heritage organisations and museums who have suffered from a sharp increase. Clearer treatment for historic buildings - both in terms of reducing the burden of rates on heritage organisations, and recognising the significant repairs liability owners of businesses based in listed buildings suffer - is important in light of the Government's regeneration agenda.

A strong (and costed) business case has been developed, supported by the sector, showing that reducing income tax on **Heritage Maintenance Funds** from 45% to the basic rate of 20% would generate a net benefit of £85.5m by 2023. This benefit derives from the additional tourism visits that would be carried out (because more historic houses would be open to the public), the additional maintenance and repair work that would be carried out, and the general enhancement to wellbeing that arises from greater public access to well looked-after heritage assets.

The Government should commit to continue the **Listed Places of Worship grant scheme** so that these important buildings can recover VAT incurred on eligible costs. We ask the Government to continue this scheme for the lifetime of this Parliament whilst also taking forward the recommendations of the Taylor review to ensure a more sustainable funding package for historic places of worship in the future.

5. Help the heritage sector to attract more investment and engagement and build sector skills and capacity.

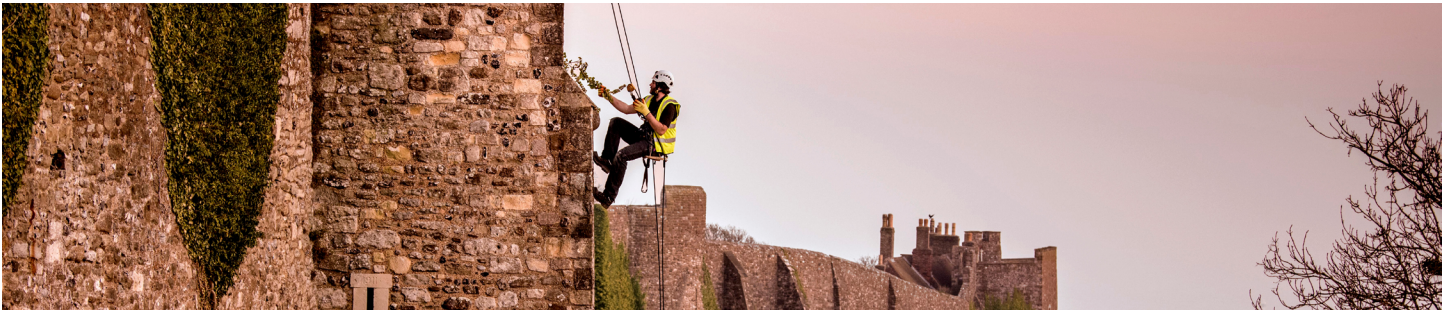
The historic environment is fundamental to the success of many other thriving sectors from construction to the creative industries - it is the backdrop to our successful TV export creative industry. There's no Poldark without the Mines, as demonstrated by our Creative Industries Report ¹⁹. Evidence is building to demonstrate the positive role heritage plays in mental and physical wellbeing, such as our new report on Heritage, Health and Wellbeing ²⁰. Future targeted funding should continue to support heritage projects to create a sense of place and enable heritage to continue to support other sectors. But without our

skilled workforce, including courses and apprenticeships for young people, we will lose what makes our sector both successful and special - our people. Our sector workforce is what keeps heritage alive, transforms places and allows our heritage and historic environment to be the fundamental support to so many other sectors. Apprenticeship funding needs to work for specialist sectors and organisations. Government should ensure that the voice of small contractors working on, for instance, repair and maintenance of traditional buildings or vintage vehicle restoration, are heard in discussions about skills and apprenticeships. A cross-subsidy mechanism to support skills training in smaller companies and more flexibility to enable shared apprenticeships would also be welcome alongside initial financial support for providers and placement hosts. Funding or schemes to support the sector's digital skills, such as the latest Heritage Lottery scheme of which the Alliance's Heritage Digital Programme is a part, and environmental sustainability would be a positive development, as well

as levelling up skills and training across the whole of the UK.

Support for UKRI investment in a distributed research and innovation infrastructure for heritage science and conservation research would also help address strategic gaps, unite facilities and expertise, and increase access to infrastructure through wider research community and commercial partners. In this way, the UK can leverage the value of heritage assets to address research questions in other sectors and issues of paramount current importance (e.g. climate change and contribution towards achieving net zero or the work of bioarchaeologists on how pandemics spread²¹). We also recommend that the UK Government (BEIS) sign-up to the European Infrastructure for Heritage Science ERIC (European Research Infrastructure Consortium) to ensure that the UK maintains its internationally recognised strength in this field.


Our wider 2019 Heritage Manifesto can be accessed [here](#).



About The Heritage Alliance

The Heritage Alliance is England's largest coalition of heritage interests. It brings together independent heritage organisations from English Heritage, the National Trust, The Canal & River Trust and Historic Houses, to specialist bodies representing visitors, owners, volunteers, professional practitioners, museums, mobile heritage, funders and academics. Between them, over 7 million volunteers, trustees, members and staff demonstrate the strength and commitment of the independent heritage movement. The Heritage Alliance is ready to put our resources and expertise at the disposal of decision makers to secure the best future for England, built on its invaluable past.

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The Heritage Alliance is a company limited by guarantee in England and Wales no 4577804 and registered charity no 1094793.

¹ [Heritage, Health and Wellbeing: A Heritage Alliance Report](#).

² [Heritage Counts 2019 Heritage and the Economy](#).

³ [Ibid.](#)

⁴ [Ibid.](#)

⁵ [Heritage Lottery Fund: 20 years in 12 places](#).

⁶ [Country Living](#), The first attraction Brits want to visit after lockdown.

⁷ [ComRes](#), Public Perceptions of Heritage.

⁸ [Heritage Counts 2019 Heritage and the Economy](#).

⁹ [The Heritage Alliance International Report 2018](#).

¹⁰ [EU Funding of Historic Environment in England and Scotland Tops £486 million](#).

¹¹ [The Royal Society: The role of EU funding in UK research and innovation](#).

¹² [ONS: Migrant labour force within the UK's construction industry](#).

¹³ [Heritage in the context of Britain's Future Relationship with the EU](#).

¹⁴ [The National Lottery Heritage Fund: Investing in privately owned heritage](#).

¹⁵ [Historic England: Engines of Prosperity: new uses for old mills](#).

¹⁶ [Historic England: Carbon in the Built Historic Environment 2019](#).

¹⁷ [Heritage Counts 2019 Heritage and the Economy](#).

¹⁸ [Historic England: Carbon in the Built Historic Environment 2019](#).

¹⁹ [Inspiring Creativity, Heritage & The Creative Industries. A Heritage Alliance Report](#).

²⁰ [Heritage, Health and Wellbeing: A Heritage Alliance Report](#).

²¹ [What the archaeological record reveals about epidemics throughout history - and the human response to them](#).

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