

# Backing the Bedrock 2021

## Five Heritage Fiscal & Funding Priorities

# The Heritage Alliance



## The voice of England's independent heritage movement

**H**eritage has never been more important to our future. It is one of our greatest national assets and an integral part of what makes Britain special. It breathes life into our towns, cities, coasts and countryside, creating places that people want to live and invest in, and engages groups and individuals with their local community. Heritage 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. The positive impacts of engagement with heritage on health and wellbeing save the NHS money and improve quality of life.<sup>1</sup>

Never has this been more apparent than over the last 18 months. The COVID-19 pandemic has laid bare how much we need culture and heritage, with growing numbers of people experiencing culture online during lockdown and joyfully returning to heritage sites once allowed.

**Lockdown made me realise just how important these national treasures are to our wellbeing. (Questionnaire: Corfe Castle, 02.08.20)**

*A quote from surveys conducted for Heritage sites, value and wellbeing: learning from the COVID-19 pandemic in England<sup>2</sup>*

**Heritage is valuable.** England's heritage industry 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 people.<sup>3</sup> When complete, the Culture and Heritage Capital approach will give an even stronger understanding of heritage's significant value within society.

**Heritage is popular.** 99% of people in England live within a mile of a listed place<sup>3</sup> and 80% of people think local heritage makes living in their area better.<sup>3</sup> According to DCMS' Taking Part survey, an estimated 5.5% of the adult population in England undertook heritage volunteering during 2018/2019.<sup>4</sup>

**Heritage is a public good.** Heritage is at the heart of places with character from urban centres to the countryside. It brings our history to life, brings communities together, and gets people active. We have a mixed economic model of caring for our heritage, no one can do it alone. Private, independent, public and charity owners are all passionate about heritage surviving and thriving.

As custodians, we aim to find new and innovative ways to preserve our heritage and help the public engage, 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".<sup>5</sup> This year in particular, when most at risk, Government has widely acknowledged the public value of heritage. We are immensely grateful for the support of Government and arms-length bodies through the Culture Recovery Fund for Heritage run by Historic England and the National Lottery Heritage Fund, the Job Retention Scheme and other emergency funding. We now need to look beyond this financial year to address the longer-term impact of the 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 heritage.<sup>6</sup> We welcome the investment from the Department for Digital, Culture, Media and Sport and the Treasury in heritage recovery and look forward to the upcoming Heritage Statement, which will pave the way for heritage priorities across Government.

## These funding & fiscal measures will give our world-leading heritage sector a positive future:

### DON'T LOSE IT

#### **Ensure continued funding for the heritage sector and its workforce beyond the immediate pandemic period.**

- Continue to deliver financial support to the heritage, tourism and leisure industries to help mitigate the ongoing and longer-term impacts of Covid-19;
- Ensure all UK Shared Prosperity Fund Projects benefit heritage wherever possible, and put heritage at the heart of renewal;
- Protect the National Lottery Heritage Fund's 20% share of National Lottery funding;
- Ensure Historic England, Arts Council England and other arms-length bodies, and through them the support infrastructure of the sector, such as national amenity societies, are adequately funded to deliver their core functions effectively, including financially supporting the independent heritage sector and heritage at risk;
- Ensure DCMS is adequately supported in order to develop and strengthen the capacity of the heritage sector as a whole.
- Provide sufficient annual funding for the management and protection of the UK's important Underwater Cultural Heritage to enable DCMS and the UK government's heritage agencies to improve the management of their existing commitments and deliver their statutory responsibilities.

### USE IT

#### **Champion our world-leading heritage sector on the international stage. Make the most of the role of heritage in supporting communities and levelling up opportunity. Use heritage to create vibrant places and homes.**

- Utilise heritage and the historic environment as a core element of levelling up and helping the economy recover in the wake of Covid-19 as we build back better;
- Continue to commit to Horizon 2020, and consider rejoining other pan-European funding schemes such as Creative Europe and Erasmus;
- Fix issues with tariffs on heritage restoration materials in the aftermath of Brexit;
- Ensure the new Environmental Land Management System provides sufficient long-term funding to deliver the public good of the historic rural environment; with appropriate monitoring in place with the historic and natural environments on an equal footing;
- Ensure heritage goals and projects are at the heart of Levelling Up funding and recognise the role of heritage in the wellbeing of communities;
- Encourage local authorities to invest in their planning, conservation and archaeological staff who look after our heritage, by ring-fencing funding for proportionate staffing levels;
- Build on the welcome announcement of the High Streets Heritage Action Zone scheme and Future High Street Fund for the regeneration of heritage high streets with increased funding and support;
- Work with the sector to develop positive relationships between the heritage sector, regulators and developers, in order to ensure adequate maintenance and re-use of heritage assets to help the UK meet its net zero targets;
- Work with the sector to continue to develop a Culture and Heritage Capital approach and champion this with HM Treasury and others as essential to decision making.
- Bring forward the Law Commission reforms of wedding licensing, to enable a wider range of sites to function as venues for wedding ceremonies.

### SUSTAIN IT

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

- Equalise VAT on repair and maintenance of existing buildings, with that of new build. Gather evidence of its impact on productivity and repair, creating a level playing field with new build housing and removing the incentive for wasteful demolition, paving the way for greater sustainability;
- Reduce the income tax on the proceeds of heritage maintenance funds from 45% to 20%;
- Lift the cap on Sideways Loss Relief for heritage attractions open to public access;
- Continue the Listed Places of Worship grant scheme so that VAT incurred can be recovered, on a 3-year basis;
- Reduce the burden of business rates on the heritage sector through clearer treatment of historic sites and assets.

### GROW IT

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

- Create mechanisms to support skills training in smaller organisations and increase flexibility to enable apprenticeships for more organisations;
- Ensure heritage is front and centre of the Levelling Up funding and programmes, providing support for heritage projects that help create a sense of place and enabling heritage to continue to support other sectors;
- Support UKRI investment in a distributed research and innovation infrastructure for heritage research.

## These funding & fiscal measures will give our world-leading heritage sector a positive future:

### 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, a well resourced Historic England and other support for skills-building and apprenticeships.

The funding from the Government to support the sector in the wake of the devastating Covid-19 pandemic is immensely welcome; this lifeline funding has saved many organisations from immediate failure. However, we have growing concern for the impact of Covid-19 into the medium and longer term. There is huge risk of further failures and redundancies in 2021 and 2022. We ask for continued awareness and the appropriate targeted financial support through 2021 and 2022, and beyond, as our sector recovers from this crisis.

Historic England, the Arts Council, the National Lottery Heritage Fund and local authorities form the bedrock of the sector. 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. The 20% share of National Lottery funding for the Heritage Fund should be protected, and its ability to support the sector expanded. Historic England and other heritage organisations which receive Government funding have suffered standstill settlements or actual cuts over many years.

Their assured future, continuing stability and adequate funding are crucial, particularly given the challenges with reductions in finances and capacity at local authority level as well as the impact of Covid-19 and a potential increase in demands on their services as we move to a new planning system. 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.

Funding for the management and protection of the UK's Underwater Cultural Heritage would be welcome and enable DCMS and heritage agencies to improve management and deliver on statutory responsibilities. 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.

### Champion our world-leading heritage sector on the international stage, and make the most of its role in supporting communities and levelling up opportunity.

Our sector's expertise is world-leading. Heritage is a key part of what makes Brand Britain and contributes **£17bn per annum** in economic benefit from tourism alone.<sup>3</sup> Our international report includes eight recommendations for increasing our heritage as a diplomatic tool.<sup>2</sup>

Heritage is key to rebuilding our tourism industry after Covid-19. As we have remarkable heritage everywhere, financial investment in the historic environment can 'level up'

local areas across the country - attracting both domestic and international tourism. The UK Shared Prosperity Fund should be designed as a driver for **regeneration** - allocating funds to ensure all projects aim to benefit heritage wherever possible. To safeguard future collaboration and research, the UK should continue to engage with Horizon 2020. Heritage should be included in the development of any future international cultural and scientific cooperative agreements.

The new Points-Based Immigration System should take into account the unique position of the heritage sector as being **highly skilled but low paid**. The Heritage Alliance specifically supports an un-sponsored route for the creative sectors (including heritage) and support for students who are trained in the UK to stay and work in the sector. Our briefing on Heritage and Immigration sets out this case.<sup>8</sup> As the sector has traditionally relied on skilled EU labour, we need proper arrangements to ensure that heritage organisations can access the best heritage skills from across the EU. 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'.<sup>9</sup>

The Environmental Land Management (ELM) Scheme offers the opportunity for the Government to support **Goal 6 of the 25 Year Environment Plan**, and increase support for heritage and engagement with the rural historic environment. The Environmental Land Management scheme should "incentivise land managers to restore and improve our natural capital and rural heritage" by providing sufficient long-term funding to deliver public goods. We advocate for heritage and the historic environment being funded by all tiers of ELM and Goal 6 of the 25 YEP monitored and reported on by the Office of Environmental Protection.

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

Heritage drives positive social and economic change and is vital to creating distinctive places where people want to live or work. The revitalisation of the Piece Hall in Halifax is an excellent example.<sup>10</sup> As has been apparent during this pandemic, people value their local environment, and heritage plays a significant role in fostering community and place-making. Reusing existing building stock for new homes allows for local areas to meet housing needs, while maintaining that sense of place. Reuse of existing buildings also supports the Government in meeting its net-zero commitments. Part of the solution should be removing permitted development rights for demolition to encourage sustainable reuse, lowering the UK's carbon emissions.

The Government has recognised that public money is needed in order to conserve heritage, protect the character of areas across the country, and stimulate the potential of places. This is reflected in the welcome Towns Deals and Future High Streets Fund. Funding schemes such as this and other targeted investments should continue to support heritage projects to create a sense of place for communities and enable heritage to align with policy priorities such as Levelling Up.

The sector is already working to develop the **Culture and Heritage 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; some are barely functioning or under threat of closure. The sector is working to determine whether 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 planning system will need to be informed by good quality data. A statutory requirement and funding for local authorities to provide historic environment services and Historic Environment Records would support this aim.

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

We must **equalise the VAT between repair and maintenance and new build**. 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 £7.1bn in construction sector output.<sup>3</sup> Not only would a VAT equalisation with new build preserve the local historic environment and places communities love, it would represent an immensely positive response to climate change. The carbon emitted during a new build almost always outweighs that of the embodied carbon in a renovation project in a historic building.<sup>11</sup>

Our departure from the EU allows for simplification so that VAT is equal for all construction work whether new build or repair and maintenance. Doing so will help to encourage UK homeowners to carry out energy efficient repairs and improvements, reducing future carbon emissions from buildings. A reduction in the VAT rate for repair and maintenance would spur investment, create jobs and reduce the wasteful carbon effects of demolition and rebuilding helping us reach our legally binding net zero targets.<sup>12</sup>

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 visit. The tax system should better recognise owners' burdens and support sustainable economic use and re-use of heritage buildings, through a decrease in the tax burden on Heritage Maintenance Funds. 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.<sup>13</sup>

A commitment to **reducing the burden of business rates** on the heritage sector would help those 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 in recognition of the significant repairs liability on owners of businesses based in listed buildings – is important in light of the Government's regeneration agenda.

The Government should commit to continue the **Listed Places of Worship grant scheme** where historic religious buildings can recover VAT incurred on eligible costs. We ask the Government to continue this scheme for the lifetime of this Parliament to allow buildings to plan for their future 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. The National Churches Trust's 'The House of Good' report, published last year, showed that church buildings, many of which are historic and listed buildings, contributed at least £12.4 billion to economic and social well being.<sup>14</sup>

### **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. There's no Poldark without the Mines, as demonstrated by our Creative Industries Report<sup>15</sup>. Evidence demonstrates the positive role heritage plays in mental and physical wellbeing, illustrated in our report on Heritage, Health and Wellbeing<sup>16</sup>. Future targeted funding should continue to support heritage projects to create community pride and enable heritage to continue to support other sectors.

But without our skilled workforce, including those trained on secondary and university courses and apprenticeships, 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 and environmental sustainability would be a positive development, supporting a levelling up agenda across the UK.

Support for UKRI investment in a distributed research and innovation infrastructure for heritage 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 spread<sup>17</sup>).



## About The Heritage Alliance


Established in 2002, The Heritage Alliance represents the independent heritage movement in England.

We have a [unique role](#), promoting and championing the sector in all its diversity:

- **We influence legislation and policy** through our extensive links with Government, Parliament and Sector Networks
- **We bring the sector together** in our advocacy and working groups, events and publications
- **We help our members grow** through both member-only initiatives and broader sector support programmes with partners like the Chartered Institute of Fundraising, Media Trust and Clore Leadership

[Our membership](#) ranges from large bodies such as the National Trust, Historic Houses, Canal & River Trust to specialist charities and community organisations, across the breadth of sector, from museums, conservation, archaeology to science and construction. 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.

### Footnotes

1. [Heritage, Health and Wellbeing: A Heritage Alliance Report.](#)
2. [Heritage sites, value and wellbeing: learning from the COVID-19 pandemic in England.](#)
3. [Heritage Counts 2019: Heritage and the Economy.](#)
4. [Rebuilding Volunteering Capacity in the Heritage Sector.](#)
5. [2017 Heritage Statement.](#)
6. [ComRes, Public Perceptions of Heritage.](#)
7. [The Heritage Alliance International Report 2018.](#)
8. [Heritage and Immigration.](#)
9. [Heritage in the context of Britain's Future Relationship with the EU.](#)
10. [The Piece Hall: The Project.](#)
11. [There's No Place Like Old Homes - Re-use and Recycle to Reduce Carbon.](#)
12. [Cut VAT on home improvements to reverse drop in building activity, says FMB.](#)
13. [Grayling Historic Houses Fit for the Future Infographic.](#)
14. [House of Good.](#)
15. [Inspiring Creativity, Heritage & The Creative Industries. A Heritage Alliance Report.](#)
16. [Heritage, Health and Wellbeing: A Heritage Alliance Report.](#)
17. [What the archaeological record reveals about epidemics throughout history – and the human response to them.](#)

Photo Credits (from left to right): Victorian School experience at Old Clifton School, Birmingham - credit to Chris Lacey (courtesy of Heritage Open Days); Whitby - credit to Youth Hostel Association (YHA); Big Bang Fair, Llandudno - engaging children with STEM subjects through heritage and archaeology - credit to Wessex Archaeology; Conservation of wallpaintings at Longthorpe Tower, Cambridgeshire (2019) - credit to English Heritage.