



PART 2: NEEDS AND PRIORITIES

Conservation-led renewal: unlocking the value

The historic environment is an irreplaceable asset representing the investment of centuries of skills and resources. It gives places a unique competitive advantage. It generates jobs. It attracts people to live in an area, businesses to invest and tourists to visit.

Most of it is in everyday use; it is capable of an economic future; it is an asset we squander or degrade at our peril.

15 **The historic environment is the context within which new development happens.**

Major inner city renewal, rural diversification, edge of village development, traffic calming measures: all have the potential to enhance or degrade the existing environment and to generate time- and resource-hungry conflict. An early understanding of the character and value of the historic environment prevents conflict and maximises the contribution historic assets can make to future economic growth and community well-being.

The sector lacks an in-depth and hard-hitting analysis of the *total* contribution of conservation to the economic prosperity and social success of towns and cities.

Save Britain's Heritage

16 Independent research into the economic and social benefits of Conservation Area Partnership schemes, published in *The Heritage Dividend*, showed that, on average, £10,000 of English Heritage grant levered in £48,000 of matching funding from other public- and private-sector sources. It helped to deliver 177m² of improved commercial floorspace, together with two new or safeguarded jobs and a new home, as well as improving the historic environment.

17 **Conservation-led regeneration encourages private-sector investment**

both by retaining businesses in an area and by providing an incentive to relocate into it. Putting resources into a neighbourhood because of the value of what is already there, rather than labelling it as deprived, builds community and business confidence. So do works to improve the maintenance of the public realm of streetscape and public parks and gardens.

18 **Most historic buildings are fully capable of economic use.**

Listing often adds to the value of private houses, despite the extra responsibilities. In 1998 the investment return on listed office property was 11.9%, compared with 11.4% for unlisted property. Over 18 years,

listed and unlisted office property have achieved near-identical returns (8.8% as against 8.9%). The intangible value of using well-loved buildings which add character to an area is difficult to measure, but is recognised by businesses that give high priority to employee and customer satisfaction.

19 **In many cases planning conflict is created by over-optimistic purchase prices.**

The value of a cleared site with planning permission for development may be greater than the value of an existing building. Yet a key principle of Government policy, set out in *Planning Policy Guidance Note 15*, is that demolition of an historic building is not justified simply because redevelopment is economically more attractive than repair and re-use, or because a developer has acquired a building at a price reflecting the potential for redevelopment. Wider understanding of the constraints at an early stage would help developers to avoid such conflict.

20 **Historic landscape confers economic advantage.** It stimulates tourism and enables farm diversification. The Countryside Agency's *Eat the View* campaign is using the quality of the rural environment to support farmers' markets and create marketing opportunities such as *Made in the High Weald*.

21 **Conservation and regular building maintenance create long-term, sustainable jobs.** Pound for pound, repair and maintenance create more employment than new-build. A recent European pilot study has shown that, for new-build most of the cost is in materials, not labour. For repair and restoration projects 70% is the value of labour, 30% is materials.

22 **Tourism can be a great catalyst for regeneration** in both countryside and urban areas. Historic landscapes and buildings have been saved by adapting them creatively and sympathetically for tourism.

23 **Existing buildings embody historic environmental capital** – the bricks have been fired, the aggregates won, the timber felled, and energy and effort have gone into the process of design and construction. Even where new buildings are more energy-efficient than the existing building stock – by no means always the case – the non-renewable resources involved in the process of demolition and reconstruction are energy-consuming in themselves.

Case Study 1

**The Old Granary,
Pinkney Park,
Malmesbury**

Traditional farm buildings can be important assets for economic revitalisation of the rural economy as it diversifies from farming. At Pinkney Park, Malmesbury, a group of traditional farm buildings has found new uses, employing 80 people – a tenfold increase in those previously employed in farming. The listed Old Granary building has been sensitively converted to house a saddler and two software companies. It is a winner in the Country Landowners Association's Farm and Country Buildings Award scheme.



Photo: Country Landowners Association

Case Study 2

Whitehaven, Cumbria

This coastal town is rich in heritage. Its prosperity has suffered serious economic decline and was based on rum imports, shipbuilding, iron production and coal and mineral exports. A conservation-led regeneration partnership has brought together £23.4m of public funding and £38.8m of private-sector investment to renew its historic fabric and regenerate its economic life and community. 300 new jobs have been created, a further 300 safeguarded, and 220 properties restored, of which half are businesses.

Wapping Hydraulic Power Station, an 1890 Grade II* listed building in the East End of London, derelict for 16 years, has been transformed by the Women's Playhouse Trust into a multi-media arts venue and restaurant/bar. It received the 1998 Art for Architecture Award for collaborative work between a visual artist and an architect. The electric pumping machinery and pipes, now restored, provide the background for modern designer furniture products and performance art.



Photo: Iain Nicholas

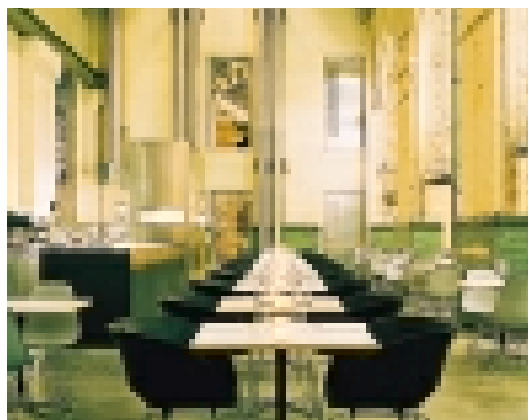


Photo: John Spinks East Photographic

24 But the effective re-use of existing fabric will not always be market-led. In the short term, new-build may be easier and cheaper. Intervention may be needed to ensure that external long-term costs and benefits are taken into account.

25 Planning for regeneration and renewal requires strong, effective partnerships. New strategic partnerships are emerging at regional level around the economic, transport and cultural strategies and planning guidance being developed by Regional Development Agencies, Cultural Consortiums, Assemblies, other regional planning bodies and Government Offices. At neighbourhood level, Local Strategic Partnerships, bringing together representatives from many different sectors, are likely to emerge as the best way of preparing effective community strategies under the Local Government Act 2000.

26 Regeneration budgets are set to grow by an average of 15% a year. Regional Development Agency (RDA) budgets will rise from £1.2 billion in 2000/01 to £1.7 billion in 2003/04. From April 2002 RDAs will have more flexibility in using these resources. Many RDAs have already highlighted the significance of the historic environment. It is valued by the people who live and work there. It helps give their region its unique character. It is a major tourist attraction. It can provide the basis for the regional branding of agricultural produce and manufactured goods.

27 Thorough and systematic understanding and assessment of the character of an area

are needed to make best use of existing environmental capital and provide a sound basis for managing change in a flexible and responsive way. The House of Commons Environment, Transport and Regional Affairs Committee's report in advance of the Urban White Paper endorsed the value and importance of character-based appraisals. Integrated spatial masterplans are proposed by the Urban Task Force as the basis for forward planning in their report, *Towards an Urban Renaissance*. The essential shift is for strategies at all levels of government to identify the historic environment as an opportunity, locally and internationally, rather than seeing it as a constraint. Tools to do this are identified in 2.5: Managing change.

28 Conservation-led regeneration is successful because places matter to people. Neighbourhood renewal works because the quality of the places in which people live directly affects their quality of life. Slum clearances swept away the physical fabric and with it the social networks. When communities are helped to develop their own sense of what matters for them, and why, the results can transform a neighbourhood and act as a catalyst for further private- and public-sector investment. The heritage environment contains countless examples of successful and sustainable neighbourhoods. It provides both a model and a firm base for regeneration.

Recommendation 1

Put conservation at the heart of renewal and regeneration

For the Government:

- a Require Regional Development Agencies and Local Strategic Partnerships to take full account of the historic environment in preparing economic and community strategies and implementing neighbourhood renewal
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For Regional Development Agencies:

- b Use their investment programmes to promote conservation-led renewal as a catalyst for sustainable economic growth, enterprise and regeneration
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For local government:

- c Take full account of the historic environment in preparing the community strategies required by the Local Government Act 2000

VAT reform

29 The single most frequently raised issue in the consultation for this review has been VAT: an example of a Government intervention which, instead of overcoming market failure, has made that failure worse.

The Government is keen to preserve Britain's rich built heritage for both current and future generations.

The Chancellor of the Exchequer, Pre-Budget Report, Nov 2000

We find it galling that our careful conservation and repair work is subject to VAT while replacement and new work is VAT-free. Many contractors think we must be barmy to spend a lot on repairing half a sash window when a nice new one, VAT-free, could be installed.

Building Preservation Trust

No Government should be taken seriously as respecting the historic environment in all its guises if repairs to historic buildings are taxed at 17.5% whilst alterations to them are tax free.

Joint Committee of the National Amenity Societies

30 Both repairs and alterations to non-listed buildings attract VAT; new-build does not. Repairs to listed buildings are subject to VAT; alterations requiring listed building consent are not. This provides an incentive to make alterations where repair would have been just as satisfactory. Unnecessary listed building consent applications clog an already under-resourced system.

31 Last year, the Joint Committee of the National Amenity Societies commissioned a report on *VAT and the Built Heritage*. It powerfully demonstrated the way in which the VAT burden on historic buildings falls most heavily on those least able to bear it: those who do not trade. Large country houses pay at an average rate of 1.5%, private owners of smaller listed buildings at an average rate of 11.9%.

The Joint Committee argued for a single harmonised rate of 5% for all building work, regardless of its nature. This would have a major impact on the current disincentive to refurbish empty properties rather than building new.

32 The Government's decision to reduce VAT to 5% on the costs of converting residential buildings – listed or unlisted – into new dwellings, and to zero on renovated houses which have been empty for more than 10 years is a welcome beginning. Its decision to seek a reduction in the rate of VAT for the repair and maintenance of listed places of worship will be welcomed by the churches and other faith communities. However, there are estimated to be only 11,210 listed places of worship in over 370,000 list entries. In the vast majority of cases, the VAT rules will continue to discourage maintenance and promote new-build at the expense of rehabilitation and re-use. This makes neither economic nor environmental sense.

33 What would make sense is equalising VAT on all new-build, repairs and maintenance.

Empty property strategies

34 In his Pre-Budget statement (Nov 2000), the Chancellor of the Exchequer identified the blight of vacant and under-utilised properties. Both in rural areas and deprived inner cities, historic buildings that could be an asset are under-used and neglected. Empty property strategies oblige authorities to set out their priorities for action. The Urban White Paper, *Our Towns and Cities: the Future*, encourages local authorities to prepare them. This should become accepted good practice across the country. Flats over shops on key urban road corridors have already been targeted by English Heritage and local authorities for area improvement grants, and will be further helped by the capital allowances announced by the Chancellor.

Recommendation 2

Encourage the repair and use of neglected buildings

For the Government:

- a Equalise VAT at 5% for all building work
- b Require every local authority to produce an empty property strategy

For local government:

- c Produce empty property strategies



Photo: Neil Casson (1982)

Case Study 3
Ditherington Flax Mill

There are 286 Grade I listed buildings in private ownership on the Buildings At Risk register, and 56 in public ownership. Ditherington Flax Mill is of international importance as the first iron-framed building in the world and the direct ancestor of the modern skyscraper. It was built in 1796–7, is Grade I listed and has stood empty since 1987, in the highest category of risk. A private developer, assisted by public grants through Advantage West Midlands and English Heritage, is now involved in an economic regeneration project which will include retail units, offices, art gallery and conference centre, plus some residential accommodation. More funds are needed to rescue listed buildings at risk.

Case Study 4
Ward Jackson Park, Hartlepool, and its Victorian fountain

With funding from the Heritage Lottery Fund's Urban Parks Programme, the local authority has revived an important public amenity in a deprived part of Hartlepool. Expenditure on public parks and open spaces has dropped by 18% over the last 20 years. Local authorities need the resources for essential maintenance and management, often requiring special skills, if regeneration work is to be sustained.



Photo: David Mansell