



**Government Response  
to ODPM Housing, Planning,  
Local Government and the Regions  
Committee Report on the  
Role of Historic Buildings  
in Urban Regeneration**



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Presented to Parliament by the  
Deputy Prime Minister and the First Secretary of State  
by Command of Her Majesty  
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# GOVERNMENT RESPONSE TO ODPM HOUSING, PLANNING, LOCAL GOVERNMENT AND THE REGIONS COMMITTEE REPORT ON THE ROLE OF HISTORIC BUILDINGS IN URBAN REGENERATION

## Introduction

The ODPM Housing, Planning, Local Government and the Regions Committee published its report on *The Role of Historic Buildings in Urban Regeneration* on 29 July 2004.

The Government welcomes this report as an important contribution to the issue of how best to integrate the historic environment into regeneration. It provides a thoughtful and detailed analysis of the opportunities and challenges for all of us who are committed to putting the historic environment at the heart of regeneration. The Committee has highlighted some issues requiring further consideration by Government. This response addresses the Committee's recommendations on these issues.

The Government's policy on the historic environment (*A Force for Our Future*, published by the Department for Culture, Media and Sport (DCMS) and the Department for Transport, Local Government and the Regions (DTLR), now ODPM, in December 2001) set out our vision for the historic environment to be at the heart of our national life. It recognised the contribution that the historic environment makes to regeneration, education, the economy and community cohesion. Three years on, there have been many further examples of heritage-led regeneration schemes delivering significant benefits to local communities all over the country. Heritage was at the heart of Liverpool's successful bid to become European Capital of Culture in 2008. The historic environment is a key part of the public realm: it supports both formal and informal education, it contributes to community cohesion and it helps to create rural employment.

Examples given later in this response demonstrate where the Government, local authorities and others have made the historic environment a key part of regeneration projects.

## The Government's Response to the Select Committee's Conclusions and Recommendations

### The Contribution of Historic Buildings to Urban Regeneration

**Recommendation 1 (Paragraph 17):** The historic environment has an important part to play in regeneration schemes helping to create vibrant interesting areas, boosting local economies and restoring local confidence. When historic buildings including churches and theatres are no longer needed for their original use, they are capable of conversion for a wide range of other purposes.

We agree wholeheartedly with the Committee that the historic environment has an important part to play in regeneration. The Government agrees with the Committee's findings that historic buildings have already provided a foundation for the regeneration of many towns and cities and that heritage-led regeneration reinforces the sense of community pride, makes an important contribution to the local economy and acts as a catalyst for improvements to the wider area.

In June 2004 DCMS published *Culture at the Heart of Regeneration*. This includes a number of examples of successful regeneration schemes of the kind being advocated by the Committee. It invites comments on the role of culture in regeneration. These will form the basis of a detailed delivery plan outlining how DCMS will work with its sponsored bodies and wider stakeholders to tackle the identified priorities.

The Government recognises that sympathetic conversion of historic buildings is often at the heart of regeneration. This reduces the use of natural resources and energy and helps add value and distinctiveness. We are also seeing increasingly imaginative re-use schemes such as the conversion of the former Baltic Flour Mills into the BALTIC Centre for Contemporary Art in Gateshead.

**Recommendation 2 (Paragraph 18):** The Government must ensure that the historic environment plays a central part in regenerating the areas suffering from low housing demand and in the South-East where a major house-building programme is planned to ensure that distinctive neighbourhoods are created.

ODPM encourages modern construction alongside, and complementary to, historic buildings and the historic environment. The Regeneration of Park Hill Estate project in Sheffield is an example of this. This is designed to achieve the extensive refurbishment of Park Hill, the largest Grade II\* listed building in the country. The nearly 1,000 units of council accommodation for rent will be converted into one third for sale, one third for rent and one third for commercial use. Resources of around £3.6 million from the Government's Housing Market Renewal Pathfinder initiative will allow the relocation of the existing tenants and businesses, some preparatory demolition of unlisted buildings, and commencement of environmental works. Pathfinder resources will allow this early stage work to be completed, prior to investment from English Partnerships and a private developer/Registered Social Landlord consortium. The desired vision is to create a mixed use iconic building on the most prominent site in Sheffield (adjoining the mainline railway station and overlooking the city centre).

The Government is already taking steps to ensure that historic environment issues are considered and incorporated into the wider agenda of growth in the South East. Funding from the ODPM has been allocated to a number of schemes in the four Growth Areas (Thames Gateway, Milton Keynes and South Midlands, London-Stansted-Cambridge-Peterborough and Ashford) to enhance the historic environment of their respective areas:

- At Wolverton funding of £7.3 million will restore historic buildings by the Grand Union Canal, including two Victorian listed buildings, currently neglected and derelict. These include the old Royal Train Shed and the Triangle Building. It is planned that this development will be mixed-use, including affordable housing.
- The proposed development scheme of Bletchley Park has been awarded £3 million of Growth Areas funding which will help support and maintain conservation of these historically important buildings, bring them into productive use, and also facilitate new employment/residential development on currently unused space. It should provide a catalyst for regeneration of central Bletchley.
- South Northamptonshire Council has been allocated £1.56 million of Growth Areas funding to purchase land at Moat Lane, Towcester, for the restoration of the local Scheduled Ancient Monument and appropriate development of the site.
- In Northamptonshire, £900,000 was provided from the Growth Areas funds to purchase a site and building situated close to Irchester County Park to establish a Heritage Park on the Scheduled Ancient Monument at Irchester Roman Town, making the site accessible to the public for recreational and educational purposes.

The Thames Gateway Growth Area also provides a number of examples where the historic environment has played a major part in regeneration. In Gravesend the Government is funding studies to identify and plan the renovation of the old Town Hall. These will address essential repair works and improvements to the building while ensuring that it continues to be of important local significance, with appropriate use for the community.

In Medway, listed buildings are being converted into new facilities for the expanding university. Throughout the Thames Gateway, the ODPM is promoting the policy that regeneration areas build from, not against, their historic identity and sense of place. We will continue to promote this outlook with partners as part of local regeneration programmes.

English Heritage has completed a Historic Landscape Characterisation for the whole of the Thames Gateway area. This maps character differences within the area and brings together historic environment data in a single place, providing an easy-to-use database that will help to ensure that the best use can be made of the considerable historic resource in the area. Similar work is going on in the M11 corridor and Milton Keynes South Midlands Growth Areas.

In the Midlands and the North, English Heritage is developing techniques to identify historic significance in areas of low demand housing in order to inform their regeneration. With input from ODPM, English Heritage is shortly to publish *Low Demand Housing and the Historic Environment* and it is working with Pathfinder authorities to ensure the best possible use is made of the historic environment.

**Recommendation 3 (Paragraph 19): It is not only important that the historic environment is improved, but that social and community benefits are also secured as**

**part of the schemes including social housing and other local facilities to avoid creating socially exclusive neighbourhoods.**

The Government is actively involved in the renewal of disadvantaged areas in which historic buildings may be located. We encourage local residents to play an active role in neighbourhood renewal through Community Chests, Community Empowerment, New Deal for Communities, and Neighbourhood Management programmes. Local Strategic Partnerships have been set up to ensure that service providers and the communities that they serve work together in partnership to drive the renewal of areas. We endeavour to ensure that our programmes are socially inclusive and encourage the participation of all groups in the neighbourhood renewal process.

With urban regeneration projects, it is ultimately up to the key partners in each project (including local authorities, regional development agencies and developers) to involve the local community and ensure that their interests and needs are properly reflected in the final scheme. The regeneration of the city centres of many of England's major cities has often involved modern developments being integrated around the historical features that make these cities distinct. This has helped to secure a sense of 'ownership' by the local community of these changes including improvements to public realm areas (such as parks and public spaces).

In the Growth Areas, local communities and key stakeholders will be closely involved in the development of the proposals for their respective areas. For example, in each of the major growth locations we are establishing a Local Delivery Vehicle (such as urban development companies or local partnerships) to drive forward sustainable growth.

ODPM has also part funded the Adventure Capital Fund that provides grants to community enterprises to enable them to purchase the building in which they operate. The ability to acquire such a valuable asset enables the enterprise to maintain its use of the building and have greater control over its future development as a community resource.

In terms of economic development, historic buildings help give an area character at a time when many high streets look similar due to the presence of national and multi-national chain stores. The buildings' adaptability can be a good selling point for attracting new and expanding businesses through incubators and start-ups. They may also be used by different types of business and for mixed use projects.

**Recommendation 4 (Paragraph 20): The reuse of historic buildings can be more environmentally sustainable than, and the environmental performance can be, as good as, new-build projects.**

The Government recognises that well designed new extensions, and the imaginative use of internal spaces can help some older houses meet today's needs, whilst retaining the character that is part of their value. The problem of size can be overcome by simply combining two houses into one (or three into two) to create larger units.

The adaptation and reuse of historic buildings is environmentally sustainable. Our current building stock represents a huge investment in terms of environmental capital and energy. Recent research undertaken by English Heritage in the North West of England found that, on the basis of repair cost projections stretching over 30 years, the cost of repairing a typical Victorian terraced house was between 40% and 60% cheaper (depending on the level of refurbishment) than replacing it with a new home.

Repair and refurbishment is cost effective. Much of the historic building stock that survives is robust, highly adaptable and with regular maintenance could survive almost indefinitely. Research for *Heritage Counts 2003* has demonstrated that older housing costs less to maintain and occupy over the long-term life of the dwelling than more modern housing.

When the energy used in demolition, site remediation and the construction of new houses is considered, there is an even stronger environmental argument for promoting the reuse of the historic built stock.

The Government will work with the heritage sector to monitor the contribution that the historic environment makes to our social and economic well being, and to demonstrate how well we are preserving our nation's assets for the future. These indicators will be published in *Heritage Counts*, the annual state of the historic environment report published by English Heritage.

## **Local Authorities, Strategies, Staff and Skills**

**Recommendation 5 (Paragraph 29): Councils need to develop a vision for their historic buildings which provides a framework for their regeneration. The framework should be flexible and allow for change of use where the original use of a historic building is no longer viable. Historic buildings should not be valued solely for their heritage but incorporated into strategies meeting social, economic and physical objectives.**

We recognise the key role played by local authorities. They are directly responsible for managing many historic buildings, streets, parks, cemeteries and other landscapes, and they facilitate the management of privately owned historic assets through planning policies, grants and local strategies. The Government agrees that the historic environment should be at the heart of these strategies. Andrew McIntosh and Keith Hill have recently written to local authorities urging them to appoint a Councillor as Historic Environment Champion to ensure that this is not overlooked. Already, more than 100 champions have been appointed.

**Recommendation 6 (Paragraph 30): A wide public debate is required around the feasibility and desirability of retaining some historic buildings before any decisions are taken to demolish them. Councils need guidance on how to incorporate the historic environment in the new local development frameworks and masterplans.**

Local authorities are required to publicise an application for listed building consent (needed for demolition of a listed building) through a site notice and through an advertisement in a local newspaper. The local community has the opportunity to comment in writing to the local authority. The Government would welcome as good practice local authorities publicising applications through local amenity societies and other avenues in order to encourage a debate about the merits of an application.

*Planning Policy Statement 12 (PPS12): Local Development Frameworks* was published in September 2004 and sets out how local planning authorities should prepare the local development framework for their area. Further guidance has been provided in the form of *Creating Local Development Frameworks*, a companion guide to PPS12, which was published at the beginning of November 2004. The system of local development frameworks is set out below.

## Local Development Frameworks (LDF)

The local development framework will consist of local development documents, including development plan documents (part of the statutory development plan) and supplementary planning documents (which expand policies set out in a development plan document or provide additional detail). The local development framework will also include the statement of community involvement, the local development scheme and the annual monitoring report.

## Statement of Community Involvement

The statement of community involvement should set out the local planning authority's policy for involving the community in the preparation and revision of local development documents and planning applications.

PPS12 sets out the consultation bodies which local planning authorities must include in the statement of community involvement together with a wider list of bodies whom local planning authorities should consider consulting. These bodies include the Environment Agency, English Heritage and the Countryside Agency.

## Area Action Development Plan Documents

Area action plans should be used to provide the planning framework for areas where significant change or conservation is needed. A key feature of area action plans will be the focus on implementation. They should:

- i. deliver planned growth areas;
- ii. stimulate regeneration;
- iii. protect areas particularly sensitive to change;
- iv. resolve conflicting objectives in areas subject to development pressures; or
- v. focus the delivery of area based regeneration initiatives.

Area action plans should provide an important mechanism for ensuring development of an appropriate scale, mix and quality for key areas of opportunity, change or conservation.

The plans can be used in areas that are particularly sensitive to change or development, such as areas of significant natural or cultural heritage value. Plans for such areas would establish the conservation and enhancement objectives and how these might be reconciled with sensitive development, for example, in an area of heritage led regeneration or a historic market town.

English Heritage, working with the Countryside Agency, the Environment Agency and English Nature will shortly be producing guidance for local authorities, entitled *Environmental Quality in Spatial Planning* on the consideration of environmental issues in the new LDF and Regional Spatial Strategies (RSS) frameworks.

**Recommendation 7 (Paragraph 34): All local authorities need to be encouraged to set up multi-disciplinary teams including conservation, planning and transport officers alongside regeneration specialists and experts in development finance to oversee the regeneration of neighbourhoods with historic buildings. Councils should provide advice on sources of funding to improve historic buildings and make their contact details readily available to the general public.**

The Government welcomes this recommendation from the Committee. Since April 2004, local authorities (with the exception of county councils) have been subject to planning best value performance indicator BV 205 — Quality of Service checklist. The purpose of the checklist is to assess whether authorities have quality services in place that would lead to quality outcomes. Section D of the checklist encourages authorities to provide specialist advice on the historic environment which should also include advice from appropriately qualified specialists in conservation and archaeological techniques.

Section E of the checklist encourages the use of a multidisciplinary approach when dealing with major applications, including those applications in which more than one council department has an interest. Although the checklist question is concerned with the multidisciplinary team approach in the context of dealing with major applications, it does make local authorities focus on the benefits of integrating contributions from a variety of specialists rather than taking an isolated approach.

Some local authorities keep up-to-date information on a wide range of potential grant sources and make that information accessible but the practice is far from universal. This is in part due to the complexity of the number, type and availability of funds, many of which do not have the historic environment as a primary focus. Although local authorities are perhaps best placed to provide such information, English Heritage can offer advice on potential funding sources beyond its own grant schemes, particularly for difficult or complex cases.

**Recommendation 8 (Paragraph 46): Local authorities require well trained staff who have a good understanding of the historic environment to enable them to take the initiative in promoting regeneration schemes.**

The Egan Review examined the area of capacity building. In agreement with the Egan Review Team, the Planning Directorate within ODPM are continuing to work on specific initiatives to promote the capacity of planners within local authorities.

Over the past 12 months, ODPM have conducted three survey and research exercises focused on capacity building. These are:

- An ODPM, Local Government Association (LGA) and Employers Organisation, Skills and Vacancy Survey of all English Local Planning Authorities. This research was undertaken by Oxford Brookes University. Volume 1—Literature Review was published in May 2004 and Volume 2—Statistical Analysis of Survey of all English Local Planning Authorities (LPAs) was published in July 2004.
- The ODPM, Royal Town Planning Institute (RTPI) and LGA *Survey of Training Needs for Elected Members* was published in March 2004.
- ODPM commissioned a research paper on the role planning technicians and planning support staff can play in Local Planning Authorities. The research exercise was completed in March 2004 and informed an ODPM led seminar (with stakeholders) on this subject on 21 May 2004. Along with our stakeholders, ODPM is developing a policy relating to the future role of Planning Technicians and Planning Support Staff.

In addition, the Government is undertaking or considering a number of practical initiatives:

- ODPM has funded Historic Environment, Local Management (HELM), designed to increase knowledge of the historic environment within local authorities. More information about HELM is provided under Recommendation 9.
- ODPM is funding up to 139 postgraduate bursaries on RTPPI accredited one year planning courses. These bursaries can be taken up at the 11 universities in the UK offering these courses. The students will receive a maintenance grant (£6,000) and have their tuition fees paid (£3,010). By autumn 2005 there will be up to 139 additional newly qualified planners available for recruitment by local planning authorities.
- ODPM is taking forward the recommendation from the Egan Review, to set up a new National Centre for Sustainable Communities Skills, which will provide learning opportunities for conservation officers and others involved in the core occupations.

All of the above initiatives are aimed at strengthening the planning profession in order to produce a greater number of planners with the knowledge and skills needed to work in the area of historic conservation and regeneration activities.

ODPM has also invited the Improvement and Development Agency (IDeA) to set up a new Planning Advisory Service (PAS) to work in partnership with other agencies providing support and advice to local planning authorities in England on all aspects of planning. In particular PAS will focus on improving performance, and will support the planning reform agenda. It will also provide sign posting to specialist sources of advice, including on the historic environment.

**Recommendation 9 (Paragraph 47): There is a severe shortage of conservation officers employed by local authorities. English Heritage's new scheme to promote the sharing of skills and expertise across subregions will help smaller authorities but in many areas additional staff will be required. The Government's new Planning Delivery Grant is intended to encourage the employment of additional local authority planners and conservation officers. ODPM needs to monitor closely the effectiveness of the grant, particularly in terms of the employment of conservation officers. Other incentives may be required if the numbers do not increase.**

The first two years of Planning Delivery Grant (PDG) have been allocated to local authorities. Monitoring of spend and assessment of the impact of the grant is underway. The Government recently published research on spend and impact of the first year of the grant. This indicated that a significant percentage of the grant was spent on permanent staff. However, the research does not provide details of the amount of grant spent on conservation staff.

The Government is also keen to encourage the sharing of best practice across local authorities, and an increased knowledge and understanding of the historic environment as a whole. English Heritage launched HELM on 31 March 2004 with £100,000 funding from ODPM. HELM is a part of English Heritage's wider commitment to provide the tools for local authorities to manage change in the historic environment with skill and confidence. The skills needed for regeneration play a key part in this initiative.

The HELM website ([www.helm.org.uk](http://www.helm.org.uk)) now provides an information resource of current English Heritage policy and guidance, case studies of national good practice, training courses and a database of local authority guidance on the historic environment. The HELM CD has been completed and distributed amongst local authority councillors, chief executives, heads of planning and conservation staff. Training seminars for local authority chief executives are taking place from November 2004 and further sessions for local authority officers will start in January 2005. Workshops on specific topics such as regeneration, managing historic streetscapes and Conservation Area Appraisals will also be offered and, where appropriate, these may involve external partners.

**Recommendation 10 (Paragraph 48):** The training of conservation officers needs to be broader so that they can have an understanding of development issues affecting historic buildings. The Urban Task Force highlighted the shortage of skills more than five years ago. It is disappointing that so little has been done since. It is important that the new National Centre for Sustainable Communities Skills being set up by the ODPM following the Egan Review provides training for conservation officers in broad issues associated with regeneration and the reuse of historic buildings.

The Egan Review identified a wide range of core occupations, including conservation officers, as essential in delivering sustainable communities.

A Task Group has been set up to advise the ODPM on the National Centre for Sustainable Communities Skills, and members of this group include representatives from professional institutions, central and local government, national and regional organisations. The Director of Policy and Communications for English Heritage is a member of this Task Group, providing good linkages to ensure that heritage skills are considered in the work of the National Centre.

The National Centre will be taking forward a number of the messages from the Egan Review, including:

- the importance of generic skills (such as communication, leadership, project and finance management) for built environment professionals and others involved in delivering sustainable communities;
- the importance of cross-occupational learning, and learning from others who already demonstrate good practice; and
- the importance of comprehensive and continuous job-related training opportunities for development of generic skills.

## Central Government

**Recommendation 11 (Paragraph 60):** The ODPM and the DCMS have co-operated closely on the review of the Government's heritage policies and the built environment. However, the split in responsibilities, particularly in terms of heritage protection and development control between the DCMS and ODPM continues to create confusion and additional complexity. DCMS' commitment to the heritage agenda must be questioned. It is disappointing that there is no link between the Planning and Compulsory Purchase Act 2004 and the reforms of the regimes protecting historic buildings.

We welcome the Committee's recognition that the ODPM and the DCMS have co-operated closely over the review of the Government's heritage policies and the built environment. The publication of *A Force for Our Future*, and the Review of Heritage Protection are good examples of this. The two Departments continue to work closely in providing joined up strategic guidance to English Heritage through the new Funding Agreement which is overseen by DCMS, ODPM and DEFRA. This joint-working will continue and strengthen as the two Departments take forward these initiatives.

The Government disagrees with the conclusion that the split in responsibilities creates confusion and additional complexity. At a local level where decisions on individual sites are made and where any confusion and complexity would be revealed, there is a very strong working relationship between local planning authorities and English Heritage. English Heritage has a strong regional presence and has recently reviewed its regional teams to increase front line staff time and capability to engage with partners. We wish this relationship to be developed and strengthened further.

The Government also rejects any suggestion that DCMS is not fully committed to the historic environment. The publication of *A Force For Our Future* followed the first comprehensive review of the historic environment for many years. It represented a significant shift in the way Government approaches the historic environment. Since then the Government has taken forward various pieces of work with the sector which, taken together, are transforming the way we manage and care for the historic environment. These include:

- the Review of Heritage Protection and the decision document on next steps. In July 2003 DCMS published *Protecting our historic environment: Making the system work better*, a consultation document for reforming the heritage protection system. The response to the consultation demonstrated widespread support for the existing protection system, as well as the need to improve it further. Having taken account of these responses, DCMS published the decision document *Review of Heritage Protection: the Way Forward* in June 2004. This set out a number of actions, both short-term and long-term to improve our system of heritage protection. Central to these was the idea that the historic environment had an important part to play in regeneration schemes, as well as being important in maintaining the nation's history and culture;
- publication by English Heritage, on behalf of the sector, of annual state of the historic environment reports (*Heritage Counts*) which allows us to monitor how well the historic environment is being cared for, as well as identifying threats and opportunities; and
- modernisation of English Heritage which is ensuring a more efficient and customer focused approach. In particular, English Heritage is now committed to providing consistent, high quality advice within 21 days. This period of time is consistent with their duties to respond to consultation under Section 54 of the Planning and Compulsory Purchase Act 2004 (PCPA 2004), which is likely to come into force in Spring 2005. English Heritage adopted the 21-day turnaround a year in advance of the statutory requirement and is already achieving its response target. It has also published a charter to advertise its commitment to improved performance and is devoting much more time to pre-application discussions, which is already being welcomed by developers.

We are confident that the proposals from the Heritage Protection Review that have planning implications complement the reform of the planning system brought into place by the PCPA 2004.

**Recommendation 12 (Paragraph 61): The relationship between CABE and English Heritage needs to be reinforced in order to rationalise their operations, to minimise duplication and ensure that their advice is consistent.**

The Commission for Architecture and the Built Environment (CABE) and English Heritage have different remits and responsibilities. CABE was set up by Ministers as a strategic body to act as the national champion for better design of England's buildings, spaces and places. Its purpose is to demonstrate the ability of great architecture and design to transform people's quality of life, and its primary focus is the design of new buildings and spaces. English Heritage is charged with protecting and conserving the best of the past and has a wide remit: it is a statutory consultee, gives grants, leads on research, manages over 400 historic sites and provides support to the heritage sector as a whole.

English Heritage and CABE have close links and share a common interest in enhancing the quality and distinctiveness of the built environment. Although their remits are different, there are therefore areas of common ground. This is particularly the case in relation to the design of buildings and landscape in historic contexts, and in the production of related guidance, training and outreach.

A notable achievement has been the successful evolution of the English Heritage Urban Panel, which advises on major development issues in historic towns and cities, into a jointly sponsored initiative with CABE. This has added greater breadth and depth to the advice offered. English Heritage also participates in the Design Task Group which was established by CABE as a best-practice sharing forum for Housing Market Renewal Pathfinder Partnerships to discuss design quality, sustainability and heritage issues in the Housing Market Renewal areas.

Publications produced by English Heritage and CABE include *Building in Context* (2001), *Moving towards Excellence in Urban Design and Conservation* (2002), *Guidance for Tall Buildings* (2003), *Design and the Changing Image of English Seaside Towns* (2003) and *Building Sustainable Communities: Actions for Housing Market Renewal* (2003). These offer decision-makers practical advice on how to tackle design issues. Further documents are planned.

English Heritage and CABE are also working together on encouraging local authorities to appoint Historic Environment and Design Champions at elected member level. Both English Heritage and CABE have published guidance on this, and are jointly funding training that is aimed at leading to the development of regional networking groups to share good practice and further develop these roles.

Nevertheless, there may be occasions when it is entirely appropriate for the two organisations to take different viewpoints. These will reflect the organisations' distinct purposes and responsibilities and the Government welcomes the healthy debate that they stimulate.

**Recommendation 13 (Paragraph 64): Building Preservation Trusts perform an important role in bringing back into use neglected buildings which the private sector are not interested in. They are severely short of money particularly in terms of core revenue funding. The Government needs to review the level and nature of funding to the trusts.**

We recognise and welcome the important role that Building Preservation Trusts play in rescuing and restoring historic buildings, particularly those where commercial development is not feasible. The enthusiasm and support these trusts enjoy and their degree of commitment has been well demonstrated through media coverage such as the BBC's 'Restoration' series.

Direct Government support for the historic environment is channelled through English Heritage. English Heritage supports Building Preservation Trusts both through a direct grant for specific projects and through support for the Architectural Heritage Fund and the Association of Preservation Trusts. Currently, English Heritage's national priorities for grant aid centre on projects designed to secure significant elements of the historic environment at risk, and projects that do not qualify for other funding sources. Many Building Preservation Trusts will fall within these categories and will continue to be a high priority for English Heritage.

## Regulation

**Recommendation 14 (Paragraph 81): Too many consents and permissions are required before a historic building can be altered or adapted. The listing system is important in obliging developers to recognise the value of the historic buildings and to adopt a more creative approach. However, the listing system lacks transparency and appears haphazard and so can delay regeneration schemes.**

The Government has long championed the place of the historic environment at the heart of regeneration, and numerous responses to our Heritage Protection Review supported this. However Government also understands that the success of regeneration plans can only be achieved by clear and cohesive policies that support those involved in these schemes.

There was an awareness that the present system of protection, which had built up over time in a piecemeal way, was often confusing and over-complicated. The Heritage Protection Review was initiated to bring increased clarity and openness for those involved. Responses to the consultation showed wide public support for many features of the present system, which had successfully prevented the destruction of our communal history by safeguarding many different components of the historic environment. The Government therefore recognises that it is important not to make changes for change's sake, but to build on and enhance what is good and effective.

ODPM and DCMS will be working closely with English Heritage on forming cohesive and practical schemes to ensure that the Review's recommendations are taken forward in a constructive way. Research for ODPM by Halcrow on the possible unification of consent regimes recommended the creation of a heritage consent. *The Way Forward* stated that the Government will now consider how to develop an integrated consent regime administered by local authorities, unifying listed building consent and scheduled monument consent. This would incorporate statutory management agreements, with reference to English Heritage as appropriate. The Government will also consider further the findings of the Halcrow report, including the possible unification of planning permission and conservation area consent.

The Government recognises that the use of spot-listing at the last minute can cause delay for both planners and developers. Equally, spot-listing has saved a number of nationally iconic historic buildings, such as the Hoover factory. We see merit in tackling this issue. Any proposals for amending the existing arrangements will be the subject of public consultation in due course.

**Recommendation 15 (Paragraph 82):** The Government's commitment to review the regime regulating the historic environment and to introduce legislation is welcome. It is disappointing that legislation is not being considered before 2006/2007 which will be at least eight years after the reforms were first considered.

*The Way Forward* report contains a series of measures for improving the system of protecting the historic environment, and we welcome the Committee's support for this Review. Some of these reforms would require primary legislation and gradual introduction over a period of years. DCMS is committed to seeking parliamentary time at the earliest opportunity. However *The Way Forward* also contains a number of short-term measures that we will implement as soon as possible, starting in April 2005.

We are aware that we are holding the historic environment in trust for future generations and it is therefore vital that we fully explore the proposals for change and get them right before embarking on primary legislation. English Heritage are therefore undertaking a series of 15 pilot projects which will allow us to test and develop the proposals in *The Way Forward* before publishing a White Paper.

The pilots have been selected to focus on the most innovative aspects of the new system, including a unified register of historic sites and buildings that gives equal statutory recognition to different elements of the historic environment; a single designation regime that allows separate archaeological, architectural and landscape elements all found on one site to be treated as one entity; and the establishment of statutory management agreements.

**Recommendation 16 (Paragraph 83):** Historic buildings are part of the built environment which the planning system is intended to control. The DCMS's proposals to reform the listing system are not co-ordinated with the reforms which have been introduced by the ODPM to the planning system and are limited to integrating the various regimes specifically controlling historic buildings. They do not reflect work by the ODPM on integrating historic buildings controls into the planning system. At the very least, the DCMS' pilot studies should consider how an integrated regime can address planning issues as well as the various historic building controls.

We reject the suggestion that the DCMS Heritage Protection Review is not being properly coordinated with the ODPM reform of the planning system. The two Departments are working very closely together (and with English Heritage) to ensure that the two reform programmes support and complement each other. We will take account of the Committee's comments on an integrated regime as we take the work forward.

**Recommendation 17 (Paragraph 84):** Research by the ODPM has demonstrated the feasibility of integrating the protection of historic buildings within the planning system. The forthcoming White Paper should include proposals to bring the protection of historic buildings within the planning system. This would require the responsibility for the protection of historic buildings to be transferred from DCMS to ODPM. This would also involve the Commission for Architecture and the Built Environment and sections of English Heritage involved with listing and regeneration becoming the sole responsibility of ODPM.

In preparing the White Paper, the Government will consider the case for bringing the protection of historic buildings within the planning system.

The Government notes the Committee's recommendation that responsibility for the protection of the historic environment should transfer to ODPM, as well as CABE and English Heritage responsibilities in relation to listing and regeneration.

However, effective management of the historic environment cuts across the work of several departments. The historic environment can be at the heart of issues ranging from urban regeneration to environmentally friendly farming, and from cultural heritage to education. It also provides a valuable market for traditional craft skills and a major draw for tourism. As such, it is of interest to many Government Departments. That is why English Heritage's Funding Agreement is now jointly overseen by DCMS, ODPM and DEFRA. This new arrangement is working well.

**Recommendation 18 (Paragraph 85): The delays in the revision of PPG 15 are disappointing. It is widely agreed that new guidance is required on how the priorities for regeneration and conservation should be integrated. The Government should set a timetable for the publication of the new Planning Policy Statement which is intended to succeed PPG15. Many of the reforms proposed in this report can be implemented through planning guidance without legislation.**

Keith Hill's Parliamentary statement of 17 June 2004 set out those Planning Policy Guidance notes (PPGs) that the Government is treating as a priority for review. PPGs 15 (Planning and the Historic Environment) and 16 (Archaeology and Planning) were not on this list. The statement also said that the review and replacement of other PPGs would only take place as and when necessary in the light of their policy and strategic significance. ODPM considers that it would be premature and inefficient to review PPGs 15 and 16 until it is clearer over what time scale any possible legislative changes will take effect.

## **Government Departments as Land and Property Owners**

**Recommendation 19 (Paragraph 89): Some Government Departments are felt to be neglecting the historic buildings on their estate and disposing of their properties for inappropriate redevelopments which maximise commercial return and fail to enhance their historic qualities. We recommend that the Government monitor the implementation of its guidelines on the sale of Government assets and take action where they are not applied and report biennially to the House on the outcome.**

English Heritage's Government Historic Estates Unit (GHEU) gives advice to government departments and other Crown bodies on all aspects of their historic estate. In 2003, DCMS published the *Protocol for the Care of the Historic Government Estate*. The Protocol sets out standards for managing heritage property. Following the recent publication by DEFRA of the *Framework for Sustainable Development*, Government Departments are required to adopt the *Protocol for the Care of the Historic Government Estate* as part of their estate management strategies by 31 January 2005.

In June 2004, DCMS published the Biennial Conservation Report for 2001-2003, which provides an overview of the Government's historic estate throughout the United Kingdom. This includes annexes on acquisitions and disposals, as well as on the Government owned buildings that are on the English Heritage Buildings at Risk Register.

We have asked English Heritage to review the content of the Biennial Conservation Report. The Committee's comments will be considered in that review.

In June 2004 the GHEU held its annual conference in the refurbished Treasury Building in Great George Street for those directly involved with the care of historic buildings from government departments, agencies, other public bodies and non-for-profit organisations from all parts of the UK. Under the theme of sustainability, the conference provided an opportunity for those involved to disseminate new policy initiatives and to share best practice.

The Treasury Building itself is the embodiment of a sustainable approach to the built environment. Here the retention and repair of a historic Grade II\* listed building went hand in hand with the creation of a high quality contemporary office environment that incorporates award winning environmental benefits and delivers access for all. Other examples range from reorganisation of British Waterways in order improve the stewardship of its historic network of canals, bridges, aqueducts, locks, reservoirs and buildings through to the development of a Private Finance Initiative scheme to adapt a Grade I listed Shire Hall in Derby for use as magistrates' courts.

## **The Funding and Fiscal Regime**

**Recommendation 20 (Paragraph 104): Funds for the reuse of historic buildings come from a very diverse range of sources. The Government should consider promoting greater collaboration between the different funders to make them easier to access. English Heritage's review of its grant programme should consider how it can work better alongside other initiatives and broaden the scope of the projects it can fund.**

We recognise that funding for the historic environment comes from a range of sources. We are already promoting initiatives to make these sources easier to access. For example in July 2003, English Heritage and its Welsh counterpart, Cadw, supported the Architectural Heritage Fund in launching an online directory of sources of funding available for rescuing and restoring historic buildings in England and Wales. This directory can be found at [www.ffhb.org.uk](http://www.ffhb.org.uk). Additionally, English Heritage has recently completed a review of its funding programmes. All grants will now be considered at a regional level against a set of national and regional priorities, which were published in April 2004. This new approach will allow English Heritage to target its resources better and link more effectively into the strategies and agendas of local and regional partners and other stakeholders in the historic environment.

We are also looking at this issue in more depth as part of the Government's review of the structure of Government support for the historic environment in England. English Heritage and the Heritage Lottery Fund (HLF), the two main providers of grants to the historic environment, are already working together on a number of funding programmes, such as the jointly funded Repair Grants for Places of Worship in England scheme. They are also looking at the scope for closer working in a number of other areas, including the integration of area based regeneration schemes, increasing the numbers of policy areas on which English Heritage offers the HLF advice and sharing best practice and evaluation on the impact of grant programmes.

**Recommendation 21 (Paragraph 105): The Heritage Lottery Fund needs to recognise the important role that heritage led projects can play in creating jobs, homes and commercial floorspace. It also needs to simplify its application procedures so that funds can be more easily accessed by smaller organisations.**

The HLF wrote to the Chairman of the Committee on 4 August 2004 correcting a number of factual inaccuracies in the Committee's report about HLF's work, explaining HLF's contribution to heritage-led regeneration and how its application procedures have been simplified for smaller organisations.

HLF fully recognises the important role that heritage-led projects can play in creating jobs, homes and commercial floorspace. The Government has specifically asked HLF to address regeneration as part of its policy directions, whilst its strategic plan states that it will seek to promote heritage conservation as an integral part of urban and rural regeneration. One of HLF's primary aims is to conserve and enhance the physical fabric of the UK's heritage. It has become one of the UK's major funders of regeneration programmes. For example, since 1999 it has awarded over £74 million through its Townscape Heritage Initiative. HLF's written evidence to the Select Committee demonstrated how HLF grants can provide a community focus for regeneration, create employment, contribute to attractive living and working conditions, encourage sustainable tourism, enhance people's quality of life and contribute to social inclusion, learning, health and safe environments.

HLF has refined its application process over the years to ensure a balance between ease of application and the proper use of lottery funds. In direct response to public consultation, HLF lowered the threshold on partnership funding requirements and increased the time limit for activity grants from three to five years. A specially redesigned and simplified application pack was launched in June 2002 and offices were opened in each of the nine regions of England, with development teams responsible for working with local groups who may not have previously accessed HLF funding. They also introduced project planning and development grants, so that organisations can apply for grants to undertake studies necessary for larger applications. HLF has designed its Local Heritage Initiative (LHI) and Your Heritage programme to enable smaller, less experienced groups to have access to funding (almost 90% of LHI projects are first time recipients of an HLF grant) whilst ensuring that applications for major sums of money still fulfil an appropriately rigorous set of criteria.

**Recommendation 22 (Paragraph 106): It has taken the Government too long to secure a replacement to English Partnerships' Partnership Investment Programme. It is disappointing that five years since the EU banned the programme the Government is only now putting in place the detailed guidance for the new scheme. It must issue guidance as soon as possible to the Regional Development Agencies and English Partnerships to promote the new programme and allocate sufficient funds for applications.**

Since the demise of the Partnership Investment Programme, the Government has negotiated with the European Commission a number of state aid decisions, which can be used for the regeneration of historic buildings. The state aid decisions allow support specifically for the repair and restoration of historic buildings, support for the development of business and commercial premises, support for housing developments and the remediation of derelict (and contaminated) land and property. We are, therefore, now in a position to provide a wide range of support for the regeneration of historic buildings — and regeneration activities more widely.

The Historic Environment Regeneration Scheme allows grants of up to 100% for the additional heritage-related costs of repairing and restoring designated historic buildings. This limit is available anywhere in England and is not restricted by size of firm or location — as some state aid schemes are. Guidance on supporting projects under this decision has been issued and some agencies have already reported using the new powers.

All the state aid schemes represent powers to support projects within the state aid rules; none of them have specific funds allocated to them. Any funding will be at the discretion, and from the existing budgets of, the Regional Development Agencies (including the London Development Agency), English Partnerships, the local authorities and the new Urban Development Corporations.

**Recommendation 23 (Paragraph 112): The tax system needs to favour the preservation and reuse of historic buildings rather than deter it. The imposition of VAT on the repair of historic buildings whilst new-build projects are exempt deters developers from taking on complex projects involving historic buildings and runs counter to the Government’s sustainability agenda and its policy on promoting the reuse of historic buildings.**

Agreements with our European partners allow us to keep our zero rates as they currently stand, but do not allow us to extend them or introduce new ones. It is therefore not possible to remove VAT from the repair or maintenance of buildings. As such, in order to apply the same rate of VAT to all building work, we would have no option but to give up the existing construction zero rates (set out in the memorandum from the Economic Secretary to the Treasury, dated 29 April 2004).

EU Member States are currently permitted to introduce VAT reduced rates on the prescribed list of goods and services set out in Annex H of the EC Sixth VAT Directive. The current reduced rates list includes a category for the ‘supply, construction, renovation and alteration of housing provided as part of a social policy.’ We have used the existing provision to target relief on those services where a price cut will have the greatest effect on the regeneration and renewal of the UK housing stock, such as certain residential conversions and the renovation of housing that has been empty for more than three years.

The current reduced rate list does not include repair and maintenance work but the Commission has made proposals to amend the list by specifying the inclusion of the repair and maintenance of social housing. If that proposal is agreed, the Government will examine the potential costs and benefits of applying a wider relief in the UK, focusing on those measures that offer the best-targeted and most efficient support for its key social objectives.

In particular we would consider whether the absence of a reduced VAT rate on repairs hinders the maintenance of historic buildings, and the likely distributional impact of any VAT reduction.

We note the Committee’s recommendations and will continue to keep the impact of VAT on different types of building work under review. However, we have no current plans to give up our existing construction zero rates.

**Recommendation 24 (Paragraph 113):** It is unclear why the Treasury is committed to the zero rating of VAT on repairs to listed churches and places of worship but appears unconvinced on any other reductions. This committee has received clear evidence that zero rating VAT on the repair and alteration of historic buildings could bring major benefits in promoting the reuse of historic buildings, particularly on commercial schemes which are on the margin of viability.

Our agreements with our European partners allow us to keep our zero rates as they currently stand, but do not allow us to extend them or introduce new ones. There is, therefore, no commitment to VAT zero-rating for repair and maintenance work to listed places of worship.

The Government is particularly concerned about the position of listed buildings used as places of worship. We recognise the importance of these buildings within their communities, and that the need to use specialist craftsmen and costly materials means that their upkeep can be a heavy burden, particularly on small congregations.

That is why we have asked the European Commission to bring forward proposals to extend the categories of permitted reduced VAT rates to include the repair and maintenance of listed places of worship. In the interim we have extended the duration and scope of the Listed Places of Worship Grant Scheme so that it now reimburses the full rate of VAT on repairs. To date almost 5,000 places of worship have benefited from support totalling £22.9 million.

We will continue to keep the impact of VAT on different types of building work under review. However, we have seen no compelling evidence that the absence of a reduced VAT rate on repairs significantly hinders the maintenance of historic buildings, and no evidence that most of the benefit of a blanket relief for repair and maintenance work would not just go to middle and higher income households making improvements to houses already in a good state of repair.

**Recommendation 25 (Paragraph 114):** Developers require incentives to take on difficult projects involving historic buildings. The Government should consider offering tax credits which allow companies to offset some of the construction costs against their tax liability.

The Government has introduced several measures that support the regeneration of deprived areas. These include flat conversion allowances; VAT reductions for residential conversions and renovations; enhanced tax relief for cleaning up contaminated land; stamp duty exemptions for all residential properties up to £150,000 in enterprise areas; abolition of stamp duty on all non-residential property transfers in enterprise areas; and the introduction of the Community Investment Tax Relief (to stimulate private investment in enterprise areas). Restoration schemes on historic buildings within these areas also benefit from these measures, where they qualify.

The Government is taking forward the recommendations of the *Review of Housing Supply* ('*The Barker Review*'). As part of this work, the Government is looking to extend the contaminated land tax credit to land that is long-term derelict. It is currently examining the effectiveness of this proposal. If the Government introduces this tax credit it would benefit historic buildings that are derelict.



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