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Inquiry on

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10.10 am

Witnesses: Duncan Wilson, Henry Russell and Ros Kerslake

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Members present

Baroness O’Cathain (Chairman)
 Baroness Andrews
 Baroness Finlay of Llandaff
 Lord Freeman
 Lord Inglewood
 The Earl of Lytton
 Baroness Parminter
 Baroness Rawlings
 Baroness Whitaker
 Lord Woolmer of Leeds
 Baroness Young of Old Scone

Examination of Witnesses

Duncan Wilson, Chief Executive, Historic England, **Henry Russell**, Chairman of Spatial Planning Advocacy Group, The Heritage Alliance, and **Ros Kerslake**, Chief Executive, Prince’s Regeneration Trust

Q159 The Chairman: First of all, welcome to this evidence session of the Select Committee on National Policy for the Built Environment. You have in front of you a list of the interests that have been declared by Members of the Committee. In our few minutes that we had together before you arrived, we realised that there are three people in the room who have listed buildings.

Baroness Young of Old Scone: Four.

Baroness Rawlings: Five.

The Chairman: I just said that I have not. Thank you for giving up your time for this, and we are very much looking forward to your evidence. As we have three witnesses, a number of questions and a short amount of time, could you keep your answers brief and avoid any duplication of answers given by other members of the panel? This ad hoc committee is up against it, which is a real problem, because we have to report by 23 March, so we have very few evidence sessions and, as a result, we are trying to make the most of them. We are unlikely to require three sets of answers to each question put by the Committee, so please do not feel that all three of you have to answer every question, but I do not want to stop you in any way.

I would also like to point out that it is my intention to suspend the meeting briefly at 10.59 am, so that we can observe the two minutes' silence for Remembrance Day, as they do throughout the House at this time. I am told that the division bell will ring briefly at the beginning and at the end of the silence. You do not have an annunciator, but they are up there; there is a monitor. Could I begin the session, please, by asking each of you to briefly introduce yourselves to the Committee, for the purposes of the record?

Ros Kerslake: Good morning. My name is Ros Kerslake. I am Chief Executive of the Prince's Regeneration Trust, which is an organisation that works across the UK, rescuing and reusing buildings at risk. It has been in operation for about 20 years. My own background is that I have been largely in the private sector for much of my career, working in property, the oil industry and a range of other industries, but I have more recently worked in regeneration, and most recently at the Heritage Alliance.

Henry Russell: I am Henry Russell and I am representing the Heritage Alliance. I chair the spatial planning advocacy group. We have a number of advocacy groups through which we focus a lot of our work, and this is the one that deals with this particular area. The Heritage Alliance now has 100 members and they range from organisations like the National Trust to much smaller organisations, and my own background is that I am an academic and I work at the University of Reading.

Duncan Wilson: I am Duncan Wilson. I am the Chief Executive of Historic England, which is the newly set up body from the old English Heritage, as of the beginning of April, which discharges the Government's responsibility for statutory advice and research in respect of the historic environment. I have come from a background in large project management, I suppose you could say, at Alexandra Palace, Greenwich and Somerset House.

The Chairman: Thank you very much. I am sure we are in for a very interesting session. I am going to ask the first question, and it is: does the NPPF have adequate regard for the importance of the historic environment? How can the historic environment be better incorporated in built environment policy?

Duncan Wilson: Maybe I could take this first. Our view is that the National Planning Policy Framework does work quite well, in respect of the historic environment. It allows us and the historic environment to have an effective voice in making the case for retention or moderate alteration, but of course the decisions are made by local planning authorities and

occasionally by the Secretary of State or a planning inspector. The reservations we have are about the application of the National Planning Policy Framework, rather than its design.

Henry Russell: I would echo the thoughts there. We did lose in the National Planning Policy Framework the presumption in favour of conservation, on the basis that the NPPF was only going to have one presumption and that was in favour of sustainability. The problem really is implementation and resources, particularly in skills at the moment. There may be an opportunity to discuss skills later on, I suspect.

The Chairman: Did you actually make representation that this should still remain included in the National Planning Policy Framework? Did you make any suggestions to Government that we should actually have the historic in mind as well as sustainability in the National Planning Policy Framework?

Henry Russell: The presumption in favour of conservation?

The Chairman: Yes.

Henry Russell: We did at the time, yes.

The Chairman: What was their reason for it?

Henry Russell: The reason at the time was that they only wanted to have one presumption in the NPPF, and that was to be the presumption in favour of sustainable development.

The Chairman: I will just ask around the table. Does anybody know if this happens in any other Government department—allowing just one presumption?

Baroness Andrews: Could I answer, Lord Chairman? I have declared my interests, and the NPPF was being worked through at the time when I was chairing English Heritage, so we had very close engagement, as I think our witnesses remember, with the making of the NPPF and the then Minister, Greg Clark. We had quite robust discussions about where and in what sort of language the protections for heritage would sit. The argument that Government made was essentially, because the country depends so heavily now on development and especially housing development, that had to take priority. However, the language around historic protections about significant harm was thought and agreed by us all, at that point—and it was a consultation process that went across the heritage industry—to be sufficient providing, as Mr Wilson has said, it was observed not only in terms of the letter of the NPPF but also with the capacity and with the spirit of everyone responsible for the planning system being able to use it properly.

Duncan Wilson: If I may summarise, we would have had some trouble with, in effect, having a veto over development on historic environment conservation grounds, because that would have put us in the position of making a judgment that is more properly made democratically by the local planning authority. We need to make sure that the case for conservation is put within that framework as effectively as possible, and there are some issues with that.

The Chairman: Do you think it is possible for that to be put within the framework?

Duncan Wilson: Yes, I absolutely do.

The Chairman: That is some consolation.

Q160 Lord Inglewood: I would just reiterate my declaration about listed buildings. My understanding from some of the other evidence we have heard is that many people consider that sustainability includes conservation. Is that in fact a correct definition?

Ros Kerslake: I think it does—it absolutely does. The issue is in the implementation, which is the point that has already been made. The emphasis as it has been implemented has very much been about economic sustainability and the ability to contribute to economic growth. What has been insufficient is the recognition of social, environmental and cultural aspects of sustainability. It is the cultural aspect in particular. What you do not see within the implementation is heritage sitting there as a positive driver of sustainability. It is very much seen as: “By the way, while we are at it, we need to think about heritage”.

Baroness Young of Old Scone: In that context, could I ask Mr Wilson? English Heritage used to provide very useful guidance to supplement the formal planning framework. For a whole variety of reasons, a lot of useful guidance across subject areas is now not even on the main Government website but is archived. Is that proving to be a problem?

Duncan Wilson: It is still our intention to continue to provide that generic guidance. There is certainly no intention that we withdraw from that area of guidance, and local planning authorities do find it useful.

Baroness Young of Old Scone: Can they actually get at it?

Duncan Wilson: Yes, all our current guidance is available electronically. I am not exactly sure which document you might be referring to that had been archived and was not available, but I can certainly follow that up with you.

Baroness Young of Old Scone: This seems to be a pattern across a variety of fields at the moment. A lot of the environmental guidance, for example, that supported the planning framework has gone.

The Chairman: If you could give us some evidence on it that would be very useful, just to clear it up.

Baroness Andrews: Briefly, I want to pick up on what Ros Kerslake has said about sustainability. We have quite a lot of evidence about the need for proactive planning, and clearly spatial planning. Would it be your opinion, therefore, that a genuine proactive planning policy would be bound to do what Ros has described: building in the historic environment as a driver for sustainable and very high quality design, and so on? Bearing in mind that Duncan has just said that the NPPF is all right, why is it that we are still seeing significant harm done to buildings? What is going wrong? There are two parallel short questions.

The Chairman: You said that was a short question, but it could carry us for the whole day.

Duncan Wilson: In terms of the instances where we believe something does go wrong, they are normally down to the judgment of the local planning authority, a planning inspector or occasionally maybe the Secretary of State, where we have recommended one course of action and it has been overruled. The problem is that this is of course a matter of judgment and that is what the NPPF is based on. It attempts to circumscribe the judgment as reasonably and objectively as can be done, but ultimately it is a judgment. We would not claim that there have not been decisions we were unhappy with, but they are relatively small in number. It is down to the operation of the system, rather than the system.

Henry Russell: History shows that, over the last few years, the NPPF has generally worked well. I made the comment about the loss of the presumption, but that has been covered by substantial harm in most cases and the requirements around that. Much of the problem lies in the lack of resources, particularly in local authorities, because of the loss of conservation officers and the loss of archaeological officers in local authorities. That has meant that they have not had the specialist advice that would really help them see heritage as a benefit rather than as a barrier to development.

Q161 The Chairman: This is not the first time we have heard about resources being scarce at county councils and local councils. You have obviously discussed it endlessly, I suspect. Can you come up with any positive recommendations for how to overcome this? You are not going to say, "Just hire more planners". I am a bit concerned people are saying that we do not have the resources, so therefore we cannot do it. These problems are sent to us to try to

solve and we want to make sure that, whatever we report on, we have these sorts of positive suggestions.

Henry Russell: As you say, it is a situation that is not going to resolve itself in the short term or even the longer term.

The Chairman: It is going to get worse.

Henry Russell: Therefore, we need to think inventively about how we can deal with the problem and how we can provide advice to people when they need it, and that comes back to the issue of providing good guidance. There is a lot of good advice available on the Historic England website, but it is a matter of people being able to find it when they need to have it. It would be a matter of perhaps trying to reduce the burden on local authorities from enquiries about listed building consent. That may be by providing some guidance that does not exist at the moment on what requires listed building consent and what does not.

The Chairman: Actually, Mr Russell, I am just wondering; I have thrown this one at you. In the interests of time, do you think you can go away and give us a brief résumé of what you think it might be—open sky so to speak? Thank you.

Henry Russell: Yes.

Duncan Wilson: Maybe I could just add something very briefly to that. A focus on the quality of local plans, against which planners can test their decision-making, would be something of a shortcut to improving decision-making. As you have suggested, the problem of resourcing conservation officers is not immediately soluble, but encouraging local authorities to complete their local plans within the deadline, to a satisfactory standard, would at least mean there was some way of making sure that decisions were made against a suitable benchmark.

Q162 Baroness Rawlings: Mr Wilson, what have been the main consequences of the creation of Historic England as a separate body? What do you think might be the benefits or not of the responsibility for heritage being transferred from DCMS to DCLG? Very quickly, what is being done from your side regarding VAT on refurbishment of existing properties?

The Chairman: Lady Rawlings, that is the next question, so the only one they have not had notice of is responsibility for the heritage transfer.

Duncan Wilson: On the creation of Historic England, I would have to say that it is a bit early to say, because we are only six months in, but I can give you what I believe are the advantages and possible risks associated with the split of English Heritage. The advantage for

Historic England is that we are able to focus on precisely these difficult issues for us as a nation, frankly, in terms of development and the importance of balancing the interests of heritage and conservation against those of development. As a single organisation that was inevitably focused on the day-to-day management of 400 properties with all these other things attached, that was going to be more difficult, so it has simplified the situation and allowed us to focus, both in terms of our day-to-day activities and our communications, on the preservation of the historic environment generally, which is a challenge. It has allowed us to get out some more difficult messages and, as an organisation, it has meant that we can come together and think about these issues more single-mindedly. I genuinely believe, although that sounds slightly soft, that is a really important change of emphasis and benefit. In terms of risks, obviously we have a smaller budget. If we had a good year for properties, we could sometimes move money into grants that needed it. That flexibility is no longer available to us. The settlement for English Heritage is pretty clearly circumscribed.

The Chairman: I am afraid that is in every area of our activity now.

Baroness Rawlings: Do you think that is a good format for other similar bodies to follow?

Duncan Wilson: Yes, I do. It is born of a clarification of the commercial against the statutory and advisory in policy work. There are plenty of other departments of government where the two are mixed up. It is a good example; it will be a good example, particularly if the Government stick to their commitment to stand behind the new arrangement because, if they did not, that would set a rather bad example for others to follow.

The Chairman: We shall remember that when we are writing our report.

Ros Kerslake: If I could just add to that, as an organisation we welcome the clarity that is brought by the separation of what was English Heritage into two separate bodies. Having a focused organisation like Historic England looking at the key policy and implementation issues is wholly welcomed.

The challenge in relation to the built environment—and our focus is very much on buildings at risk and how you address those issues—is a mix of the resources issues that Duncan has just mentioned, coupled with the issues that we have just touched on in relation to reductions in local authorities. Added to that, there is a growth of buildings coming on to what I would call the at-risk market, as a result of public sector cutbacks. It is hard to look at any one of those in isolation. All of these factors coming together are putting severe

pressure on those organisations that are attempting to address it. I know funding is an issue for everybody, but the level of funding available is increasingly challenging.

As has already been said, simply saying we need more money and we need more resources is the answer to every problem that comes in front of you, I am sure. One of the answers must be to simplify some of the processes that we are all trying to implement. I would quote as an example things like compulsory purchase. At the moment, there is far too much risk for any local authority to take it on, unless there is a really strong reason to do so. Historic England has historically provided a lot of support. I wonder whether they are going to be in a position to provide the same level of support for that. Although there are changes coming through in the CPO legislation, I am not sure they go far enough to simplify it.

The issue for me is that you cannot pick out the different elements and say, “Is this the one?” The problem is that the number of buildings at risk across the country is very significant and growing in some sectors. Our estimation across the UK is that there are about 20,000. That includes Grade II listed buildings, which are not properly captured around the country at the moment. It does not include any of the locally important but unlisted buildings. There would be a far greater number than that, particularly in deprived areas, where the level of investment going in from the private sector is very low, if anything.

The Chairman: I am sure you are absolutely right on this. Again, I am going to throw this one back at you and wonder if you could prioritise your wish list—it is a horrible term—on that one and let us have the most important. In the mean time, several Members have queries.

Q163 Baroness Andrews: I want to pick up this issue of risk. It takes a long time to save a building at risk, and it might be interesting just to have a very short explanation as to why. Both Historic England and PRT are involved in that. You have mentioned CPO and we are going to have some other suggestions. My anxiety is that we have a perfect storm. At the time when the number of buildings at risk sounds as if it is increasing, if I have heard you correctly, English Heritage potentially has fewer resources to address that problem. Am I overstating that, or is that a possibility? At the same time, we are losing capacity in local authorities. To what extent can English Heritage compensate for the loss of capacity? Will it have to reorganise its advisory system for local authorities, for example? Will it have to have a different mechanism for deciding what it must save at all costs, as opposed to the things that are desirable to save? For example, how do you decide on one piece of industrial archaeology rather than another, which may have an equal economic and social claim?

Duncan Wilson: There are two separate elements to this question. One is the provision of advice, support and training to local authorities. We are now addressing the issue directly with planning departments, which previously we would probably have addressed only through conservation officers, because plenty of local authorities do not have conservation officers. I am not being Panglossian about this, but sometimes that is more effective because, if planners are more directly informed about the provisions around heritage and heritage value, sometimes that can be a more effective way of dealing with things. I would not pretend that we would not rather that every local authority had conservation expertise in house, but we are trying to address the situation as we find it. There are risks to that, frankly, because the more helpful we are, the more there is a perverse encouragement to local authorities to withdraw from costly expertise, so it is a delicate balance, but we have to address the situation as we find it, ultimately, because our main aim is to protect the historic environment as best we can.

Linked to that is the second point about buildings at risk. As Ros has indicated, our monitoring of the situation outside London is currently confined to Grade I and II* buildings, because we have to prioritise those ahead of the much larger risk areas relating to Grade II. That gives us a picture of what is happening at one level. There are a lot of sites joining the heritage at risk register and quite a few sites leaving the register. The commonest category of site on the register is round barrows, which of course we do not really think about when we think of buildings. Very often, the risks to a round barrow are relatively easy to solve with a decent partnership arrangement with the landowner. That is not to say that there is more joy in heaven over one difficult site saved than a large number of easy ones. Of course, in taking sites off the register, we now focus very much on sustainable solutions, rather than just patching up the place, saying it is no longer at risk and it being back in five years because nobody is using it, nobody is cleaning the gutters and nobody is actually generating any money to pay for regular maintenance. It is difficult, but we as an organisation have to prioritise those types of places. You are right that resources are increasingly squeezed. Last year, we had commitments of £19 million for heritage at risk grants, which is about half of what they used to be seven or eight years ago.

Baroness Andrews: How does that compare to the Heritage Lottery Fund?

Duncan Wilson: That is the other side of the coin. Overall, the HLF has introduced a massive amount of capital to saving and creating sustainable futures for heritage at risk. I would have

to say that I do not think we and the HLF cover any of the same ground. Historic England can intervene much earlier on a more discretionary basis, and it is really important that that flexibility exists within the system or, in the time it takes for an organisation to develop itself and develop an HLF bid, the asset may be lost.

Q164 Baroness Young of Old Scone: I have two questions, totally unrelated. I cannot remember whether your sponsoring department has been one of the ones that is already settled in the Spending Review. If it has, do you know what the impact is going to be on you?

Duncan Wilson: The answer is that I believe a settlement may be imminent, but I do not know whether one has been reached. Even if it had been reached, I probably would not know what level it had been reached at. As and when it is announced, it may not be representative of the settlement that is reached with us, because obviously DCMS has a very large number of NDPBs, and it is unlikely that “one size fits all”. We probably will not know until 25 November.

The Chairman: To be completely fair actually, every single Government department is at that stage at the moment, and we hope that the Autumn Statement will do something to clarify the situation.

Baroness Young of Old Scone: It would be useful to know, if you are prepared to tell us, what the planning parameters were that you were asked to plan for, in terms of reduction, and what your thoughts have been about where you could make a squeeze.

Duncan Wilson: I think they were the same as for every other department, which was up to 40%, which was well known—but up to, rather than at.

Baroness Young of Old Scone: Do you have a feel for what percentage of local authorities do not have conservation officers now?

Duncan Wilson: In the last six years, there has been a 35% attrition rate. I can certainly write to the Committee with the exact numbers.

Baroness Young of Old Scone: It would be useful to know which local authorities just do not have conservation skills on board at all.

Q165 Lord Inglewood: In your earlier comments, Ros Kerslake, you talked about compulsory purchase. I assumed you are talking about compulsory purchase in the context of historic buildings.

Ros Kerslake: Yes, generally.

Lord Inglewood: Generally in the historic building context, rather than the wider context.

Ros Kerslake: Rather than regeneration CPOs, if I can put it like that.

Lord Inglewood: The point I want to put to you is that the compulsory purchase mechanism is a rather strange one, in that compulsory purchase is normally used to acquire assets that will then do something and generate an income, while in this case the compulsory purchase mechanism is intended to enable the acquiring authority to expend a great deal more money than it otherwise would have. On the whole, particularly in the current climate, local authorities are not likely to look for extra ways of spending money. Therefore, is it not actually a busted flush? Is not the real solution to this to make sure that buildings never get into the mess that they find themselves in?

Ros Kerslake: If I could answer that, because I have a lot of experience in this area, absolutely—I could not agree more. The first and foremost focus must be to stop buildings getting into that situation in the first place. That must be possible within the context of public sector buildings being disposed of. Actually, the very clear guidelines that Historic England gives on the subject of disposal of public buildings would prevent many of the cases that are happening.

Some of them that exist, though, are historic, and they are historic because they relate back to a period of time when the market was much stronger and when people bought things believing, “It’s big; I must be able to make money out of it”. People’s thinking was not any more sophisticated than that. I am fresh back from Brussels, where I was on the panel for Europe’s seven most endangered historic sites, and a number of UK nominations were received. The vast majority of those related to what I would call difficult owners, which is, unfortunately, probably the biggest challenge for the ones we are dealing with. People had bought buildings historically, maybe before the 2006 crash. They have held them. They have very unrealistic ideas about the value of the site and what can be done with it. In the mean time, it continues to deteriorate. It is really quite interesting that, in the UK, that is one of the biggest causes.

Lord Inglewood: Is that the same issue in other countries in Europe?

Ros Kerslake: No, it is not. Interestingly, it is not. What you find in other countries is a whole range of things: natural environment hazards and quite a lot of political hazards actually, from countries that have been through very difficult times and still have big barriers in movement between different areas of the country, and things like that. This is very much a

UK issue, driven I suspect by the overegged property market that we had and the size of the crash that we had.

Your point about whether the legislation is unworkable because of the fact that these are sites that have been acquired not for economic reuse, in the way that a normal regeneration CPO is, is not right. No local authority, in the current circumstances, unless they are incredibly brave, is going to take on a difficult site, which is the point that you are making. What they do is work to make sure that they have a back-to-back arrangement with another organisation, us or some other form of trust. In some instances, we have helped to set up specific trusts to take on these buildings. Part of the CPO process is demonstrating that you have a better plan for the building than the owner. You are not going to get a CPO unless you can demonstrate that you have a deliverable plan that can be taken forward.

Obviously that can be challenging on some sites, because it can heavily rely on the availability of grant funding or enabling development. Baroness Andrews commented about the length of time that it takes. It does take a very long time. The longest part of that, I have to say, is persuading a local authority that they can or should implement CPO proceedings, because of the different aspects of risk.

Lord Inglewood: Given the scale of the problem that you yourself described, it does suggest that, while in particular cases this could work, there are many cases where it has not worked and we have not got to grips with the real difficulty, as it were.

Ros Kerslake: I would completely agree with that. It cannot be the general solution. It has to be the solution of last resort, for a number of different reasons.

The Chairman: Can I just interject again? You are saying that the way we do it is quite different from the other people in the European Union. Is there anything that we could actually access to support that comment? Is there anything we could highlight that would benefit either our report or at least the general public and the Government?

Ros Kerslake: I would be very happy to see if there is further evidence I could submit that would support that. There has been work done in a number of areas, through Europa Nostra and other organisations, to look at some of the European issues. I would also be very happy, if it would be helpful, to give you more information about what the areas of risk are that are barriers to local authorities, because there is more than one.

The Chairman: That would be very helpful indeed, because that is the sort of evidence we need. We do not want to be constantly criticising. We want to be suggesting. Thank you very much. Now, Lord Freeman. Sorry, Mr Wilson.

Duncan Wilson: Can I make a very brief comment? Of course local authorities have a range of statutory powers, of which compulsory purchase is one, but they can serve repairs notices and other types of statutory enforcement, which would pose a lower level of risk to the local authority. There are similar problems, but not quite as extreme.

The Chairman: Thank you for suggesting that. That is useful.

Q166 Lord Freeman: How can reforms to the tax system, in particular VAT, where we know VAT is 20% on repairs and 5% on new build, incentivise the preservation of the historic environment and of heritage assets?

Henry Russell: Can I lead on that one? The Heritage Alliance has had a strong campaign on VAT for the last few years. The situation used to be that VAT was recoverable for extensions and additions to listed buildings, and then the Chancellor removed that a few years ago. In one sense, that was always wrongly targeted and we do need some help on VAT. A 5% rate would be very useful to the bodies that we represent at the Alliance, which are mostly charities. Something along those lines would be very helpful and it would also, on a wider perspective, support the small householder, because they are the people who also work in, live in and have to repair buildings that are often fairly expensive to repair. It would encourage them to do it if the Government, the state, would recognise that these people are looking after and repairing buildings that are in the national interest.

Ros Kerslake: I could make a further point over and above the VAT point, which I completely support and for which the case has been made well over a number of years. The other area that would be much cheaper for the Government to implement and that would potentially have an impact on the issue that I mentioned earlier of public buildings is an improvement or a slight relaxation to the Building Premises Renovation Allowance scheme. It presently is focused on regeneration areas and enables former business premises to be renovated as business premises, and provides 100% tax relief against some of the costs involved in doing that. It is an excellent scheme. It has not been hugely used. There have been some issues in implementation. I completely understand why the ultimate use should be economic, which we would wholly support. Our organisation focuses very much on bringing economic growth and using historic assets to do that.

At the moment, though, the initial use requirement that it has to be business premises means that you cannot use the allowance for civic premises. Former town halls, former prisons and all sorts of civic buildings, which are flexible buildings that could be adapted for business premises in the future, are excluded from this allowance. It is a very simple change that could be made, and we think the cost is very small—probably under £5 million. It is a very small issue that we think could have quite a significant impact. The most recent statistics that I was able to find were that 1,250 public buildings have been vacated since 2010. I suspect that the number is higher than that, because it is an extremely hard one to track.

The Chairman: I am just wondering if you could make a case, as you have made it powerfully here. Which is your Government sponsoring department?

Ros Kerslake: We do not have one as such, but I guess we would submit information to DCMS.

The Chairman: Say that you have made this impact. You could actually produce an impact statement. They are the buzzwords at the moment. You never know; you might be knocking at an open door.

Ros Kerslake: The Heritage Alliance has in fact submitted some information, as part of its submission to the current review. We are very much hoping that this is something that will be looked at.

Baroness Andrews: That was my question actually, Lord Chair, because I was just wondering when you last had that conversation with the Chancellor.

Ros Kerslake: We have had it once or twice and we have certainly had it recently.

Baroness Andrews: You have had it before the Autumn Statement.

Ros Kerslake: Yes.

The Chairman: Keep your fingers crossed.

Lord Inglewood: Can we see a copy of the submission?

The Chairman: Would that be feasible? Am I allowed to ask for a copy of the submission?

Ros Kerslake: I am very happy to do that. It is a public document.

Henry Russell: It will also appear in our submission as well, so we can provide a copy of that too.

The Chairman: Thank you. You have been very co-operative. All our witnesses are.

Q167 Baroness Finlay of Llandaff: Can I just pursue this a little further, in terms of trying to create an incentive with slightly lower rates of VAT? I have been concerned about the number of boarded-up buildings that are around, which are often residential. You have spoken about wonderful looking properties that people have bought that have fallen into disrepair, effectively becoming uninhabitable. Secondly, because of the housing problem and the housing shortage that we have for accommodation for people, has anyone done any work on looking at whether incentivising refurbishment of those for residential use and making them fit for purpose might happen, if there was a slightly lower rate of VAT, rather than people just sitting on this large building, hoping that one day the price of it will go up and knowing at the moment that they cannot get anything for it?

Ros Kerslake: We have not done. We have done work on the general impact of reducing VAT and the positive impact it could have on the economy, because more would probably be declared and there would be a higher level of activity. We have submitted information on that. We have looked at the issue of conversion of buildings for residential and we think there is a real opportunity there. We have not looked at putting the two together. I have a vague recollection that there is a VAT incentive in relation to residential premises but, to be quite honest, I cannot recollect how it applies. It may well be worth exploring.

Duncan Wilson: If I may offer a generic comment, my experience of the Treasury, such as it is or was—I actually used to work for it at one stage, but that does not give me any special knowledge of tax, I must say—is that it does not like blanket tax incentives. It might be more persuaded by very closely targeted ones, and I think that is what happened in relation to VAT. We have to work out models whereby we can demonstrate that, for a relatively small loss of tax revenue, we can get a relatively large economic gain. I know that in Ireland, for example, they have geographically designated tax incentive zones in relation to historic town centres—just a few—and I believe the Republic of Ireland’s Treasury is no more or less difficult than ours.

Lord Inglewood: That is more like an enterprise zone.

Duncan Wilson: Yes, but it relates to VAT, as I understand it. There is probably some more work to be done there, rather than fighting yesterday’s battle.

The Chairman: It is always better to do that. You have to close the door on the past and then start afresh, I am afraid.

Baroness Young of Old Scone: I would just make a comment on that, because we have not yet taken evidence from anybody from the sustainable buildings sector, and I know that they are extremely interested in having that reduction for retrofitting and refurbishment of existing stock, in order to increase resilience, carbon reduction and various other environmental issues. I absolutely accept that targeting would be more attractive to the Treasury, but there may well be some other bidders for that reduction as well.

The Chairman: We could actually ask the Minister, when the Minister comes to the session.

Baroness Young of Old Scone: We are going to have some witnesses on the whole environmental sustainability and resilience front.

The Chairman: We will have another look after this meeting and see who we are next seeing.

Q168 Baroness Whitaker: There is a presumed tension between conservation and growth and, if this really is inherent, how can the need for conservation and preservation of the historic environment be reconciled with the demand for growth and new development? I wonder if you would answer not in terms of national treasures, which usually have their defenders, but more about the ordinary historic fabric of an area, which is often liked by residents and very much adds to their sense of place and identity, even if it is not a building of any great significance. I am interested in your views.

Duncan Wilson: I think your use of the word “presumed” is significant because, yes, indeed in some minds there is a presumed tension between conservation and development but, actually, very often the two go hand in hand. One very good example of that is the King’s Cross development, where the developer has taken an enlightened view, born of a very long-term approach.

Baroness Whitaker: Would you say that the preservation of various things like gas holders and all the things there enhances the asset value—that is, adds to growth?

Duncan Wilson: Absolutely, and the developer is very clear about that. The developer would not have attracted creative companies like Google to a standard city centre high-rise development. There is some fairly good evidence that creative industries and historic buildings are very good bedfellows, but it is born not just of an enlightened view of heritage but of a very long-term view. A developer that wants to maximise the realisable value of a site and sell it may not take that kind of long-term view. The two go hand in hand. I certainly believe that, in many instances, retaining listed buildings and developing them as part of a

wider development, also involving new build, is as economically sustainable as a more simplistic approach involving clearing the site. Obviously that is one of the arguments we have to keep pressing.

Henry Russell: I have in mind a development a few years ago in Oxford Castle, which reused the prison in that area and had a lot of well-designed new building in it too. There are plenty of examples where development and heritage can go hand in hand, but it does need a developer that understands what they are dealing with and is willing to take the right advice on doing it as well. Some years ago, there was also some research done by the British Property Federation and the RICS on the value of listed office buildings. I think English Heritage was involved with that research at the time. It has not been updated recently but, in central London, which they were looking at, it consistently showed that listed office buildings achieved higher rents than non-listed ones. It would be interesting to have that research updated. I do not know when it was last carried out; it was some years ago.

The Chairman: Our policy analyst is already on the case.

Ros Kerslake: On that particular point, the note that I have is that, in 2013, there was 4.4% higher rental for listed buildings than non-listed buildings. Very much picking up on the point that was made about the value that the heritage and historical environment brings to development, there are some very enlightened developers, like Argent, that completely understand that, get it, use it and get huge value from it. There are a number of others that, sadly, do not get it and feel that historic buildings are a bit of a problem within whatever site they have. I would argue very strongly that, actually, it is much easier to create a sense of place and to create value using historic buildings, and I come from a commercial property background. I come from working on large sites. There is, sadly, not the same recognition that there should be about how you drive that forward. I certainly do not think that the two are in conflict. Within our own work, we have been able to show that saving historic buildings can have a strong impact immediately within the site. We have saved a working pottery in Stoke-on-Trent, which immediately saved and created 116 jobs, but the impact within the area has been much stronger. We have been focusing a lot on how you see and measure the social impact, as well as the economic and environmental impact within an area.

One of the things that is important to help drive some of this forward is how you create investment mechanisms for these sorts of projects. Often much of our heritage sits in areas

that do not automatically attract commercial development. A lot of it is in the north of England, in parts of the world where we had formerly thriving industrial towns, which are now being much restricted.

The Chairman: My Lords, ladies and gentlemen, can we stand, please?

The Committee paused for two minutes' silence.

The Chairman: I am sorry we interrupted you, Ms Kerslake.

Baroness Whitaker: I think we were very interested in the incentives to encourage a developer to enhance the sense of place by a good use of the historic fabric. My own sense is that this is very much an answer about design and it is a matter of how the design of the place can be properly stimulated. Have you got any ideas?

Ros Kerslake: I do have a couple of thoughts on it. One is I wanted to make mention, particularly on the whole design issue, of some work that has been done by my sister charity, the Prince's Foundation for Building Community, on a project called Beauty-In-My-Back-Yard, which has been released very recently. It has focused exactly on how local communities can identify new development within their area that fits within the character of the area in which they live, rather than being antagonistic to it, so there is some work out there and some very useful tools that enable people to do that. The broader issue of how you persuade people to invest in these areas is a mix of stick and carrot. Partly it is about a more robust use of the existing mechanisms, including Section 106.

Baroness Whitaker: Is that on the part of the planning departments?

Ros Kerslake: Within planning departments, sometimes it is actually a more robust response to some of the proposals that come forward, robust use of the existing planning structures around Section 106 contributions to the historical environment, making it at the centre of what is coming forward more, rather than allowing developers to do the new bit first within their plans and then say they will sort out the old bit at the end. It forces them at least to do it in parallel or to have a phased approach. There are approaches that have been successful in doing that.

The other thing is about how you bring in new investment. We have just heard about the issue in terms of grant funding and the potential for Historic England's grant to be cut. I very much hope it will not, because it is hugely useful. The Heritage Lottery Fund is fantastic and one of the few resilient sources of funding that is around, but the demand on it is massive,

relative to the availability. The demand keeps growing and growing. The success of communities, and I think we are coming on to that, has a big impact.

One of the things we have to find a mechanism for is bringing in commercial investment, but in a way that works for those investors. Straight investment into these sorts of sites does not work. One of the things that we have been working on is what we have called an Old Buildings, New Lives fund, which is about how you create a social investment fund that balances the risk across a range of projects, so that investors into it can access projects in areas that they would not normally invest in directly, get a modest return, but none the less a return for it, and a strong social impact. The reason we are very keen to do it is to create a model that could hopefully attract more investment, particularly in the more deprived areas, when there is market failure. We need those mechanisms because public sector funding or grant funding generally, whether it is from the public sector, foundations or Heritage Lottery Fund, cannot meet the level of need and demand. That is self-evident with the thousands of buildings we have that need to be addressed.

Baroness Whitaker: Perhaps we could get hold of the details of that.

Duncan Wilson: If I may just amplify that, one of the issues is early engagement and understanding on the part of the developer.

Baroness Whitaker: Is this on the part of the planning department or the local community?

Duncan Wilson: It is on the part of the developer with one of these particular problem sites. We are doing our best to address that. We now have negotiated with DCMS, via Treasury, a scheme where we are allowed to charge the cost of early engagement, and additional resources to make that possible, to clarify listing descriptions and to provide pre-application planning advice. Very often that process of clarification will say which part of the asset is special and which is not, which will enable the developer to work up a scheme that leaves the most important parts of the place or the building intact within the scheme, but allows him or her the flexibility to develop around that. Sometimes old listings can have rather blanket descriptions, which is often a bar to such a scheme being developed. It is a scheme we have called Enhanced Advisory Services, but we have had some success with that with major projects, including not just building but infrastructure projects, and we anticipate that it will work a lot better. We have worked quite well with developers.

Baroness Whitaker: Is that in ordinary little places too, not just King's Cross and so on?

Duncan Wilson: Yes. It is available to anyone who wants to engage that way. We still provide 15 hours of advice free, but this applies across the board, whether it is a church, a listed building or a big scheme. Either way, we encourage people to engage with us early, so that we can provide that better targeted advice, which helps sustainable development.

Q169 Lord Inglewood: I would just like to ask Ros Kerslake, since you were talking about this vehicle for investment, what type of investor you anticipate would invest in this vehicle for development.

Ros Kerslake: A range of different investors, we hope.

Lord Inglewood: If you are a property developer, you are going for the maximum amount of money. If you are a private person who wanted an old house, you would buy the old house for yourself. I cannot quite see, other than possibly some publicly spirited charities, who would invest in this fund.

Ros Kerslake: So far the sort of support we are getting is from people like Big Society Capital, which is tasked specifically with investing in these sorts of vehicles. They have a strong interest in doing that. Some of the trusts and foundations also have a track record in investing.

Lord Inglewood: I have got the picture.

Ros Kerslake: Other than that, there are also high-net-worth individuals who we believe are willing to put a proportion of their investments into something like this, if it achieves social good. It is about corporate social responsibility of individuals.

Lord Inglewood: It is a kind of quasi-philanthropic target audience.

Ros Kerslake: That is absolutely right.

Lord Inglewood: Thank you. I now see where you are coming from.

Earl of Lytton: I just wanted to do a supplementary on this particular one. Ros Kerslake, you referred to the question of trying to get developers, where there was a listed building element, to invest in the building upfront. Now I am a chartered surveyor, so I know something about the development process. Cash as ever is king and, Mr Wilson, you referred to the question of getting some upfront cash to do certain other things that might be called for—more public sector input. At the end of the day, nobody has a magic wand, so how does one get upfront cash when you have a development that is within its special purpose vehicle, its company structure or whatever, and try to extract money upfront, when you have all the infrastructure, possibly the land purchase and all the other things that have to go in? I know

this debate has been going on regarding the point at which the Community Infrastructure Levy would actually be paid or indeed be payable out of the development. Could you enlarge on how you think spending money on the listed building as an upfront operation actually works in practice? I am not talking about where it is conversion, but where there is obviously a separate listed building element that sits alongside a wider project.

Ros Kerslake: It depends on exactly that. If it sits on its own, it can be quite challenging and then you probably are looking at issues like grant funding or possibly the sort of funding I have just talked about, if there is the ability to pay money back at some point in the future. Some community-type projects will not have an exit. The building is perhaps quite small and it will always be a community asset. It is not possible to do that. For larger sites, former hospital sites, former schools and ones that have land as well as buildings that need to be rescued, it is possible to do it. I am working on one right now, where the proposal is to dispose of a proportion of the enabling development at the start, in order to have enough money to kick off the development, and then the thing just rolls and recycles through, maybe with a bit of grant funding in there to make the whole thing work as a package.

Earl of Lytton: This is about the question of the role that community engagement can play in supporting the historical environment. I go back to something you said, Mr Russell, about skills. We have covered part of this already and I did think that Ros Kerslake's reference to Beauty-In-My-Back-Yard and how that might impact the community partially answered this question, but there still remains the question of the skills shortfall at community level, as I see it. Given that, what can improve community engagement, first and foremost, and what changes would we need? What should we as a Committee be suggesting should be changed in order to reinvigorate that and make it more likely?

Henry Russell: A key one is bringing local communities into the assessment of conservation areas more. For example, what do they see in the value of their own area? How can that be integrated into the assessment of conservation areas? In terms of their actual protection, there are limited powers for conservation areas, but they are very much a vehicle for policy for the future and are sometimes underused. Again, it comes back to the resources for the local authority to develop its conservation area assessments and policies. That comes back to that issue but, if it works well, it could be a vehicle for local communities to get involved. The other one is probably neighbourhood planning, which is becoming more and more successful in engaging communities as well. Those are two key ones at ground level for

bringing local communities into protecting, enhancing and enjoying their own local historical environment.

Duncan Wilson: Neighbourhood planning is a really important part of the process, where success has been patchy, to be honest. As Historic England, we are trying to support the process of preparing a neighbourhood plan to make sure that it is implementable and compliant, and therefore useful, but there is quite a deficit in the number of neighbourhood plans prepared and the degree to which they are sufficiently comprehensive and well informed. It is potentially a very useful part of the process.

The other thing I would mention is volunteering. Of course, Britain has an extraordinarily well recognised and admired system overall for heritage volunteering, certainly if you include the National Trust and lots of local amenity groups. We should recognise that and build on it, not just assume that everything is not working as it should. A very large number of people profess a passion for their heritage—over 90% in a survey we did. We just need to make sure that that is effectively harnessed and used.

Ros Kerslake: If I could build on that point, it is manifestly obvious that, for the size of the issue that we are dealing with and the number of buildings at risk, you need a range of solutions to it. The commercial property solution, for the reasons we have just discussed, would only apply in certain types of properties, either because of the area, the size or the adaptability, so in many instances you need another solution and it has to be an economically viable solution. Often it will be about communities taking ownership, in the broadest possible sense, of the future of that building or site. The experiences completely endorse what Duncan has said about the level of interest. There is huge energy and enthusiasm out there, in many areas, interestingly even sometimes in areas where people may have moved into that particular location but still value the heritage there.

What there is not is the understanding and skills about how you move forward. We have been operating, as indeed have a number of other organisations, an education programme under the auspices of the Heritage Lottery Fund. Ours is called BRICK, and it is focused specifically on going all round the country and helping people on a range of things: how do I identify the right building? How do I get people to agree? How do I get ownership? How do I fundraise for it? There are some solutions that are starting to be developed that are harnessing some of that enthusiasm but, again, like all these things, it needs to be invested in. Those programmes need to continue. We need to build the level of strength and capacity.

We have an online community that we are growing as part of that, so we are very much trying to get peer-to-peer nurturing happening, one community group telling another community group what needs to be done, rather than it always having to be a top-down process. There are some tools, but they need to be nurtured and developed.

The Chairman: That is very interesting and very helpful. Are there any more comments?

Duncan Wilson: I might just say that we should not leave the subject without mentioning mainstream education—secondary and primary education. We have what I consider to be an extremely good value project running, mainly funded by the Department for Education, which we hope to extend beyond the present planning horizon, but we do not know yet. It gives teachers the tools to engage children in their local environment and understand their local environment. Very often, buildings can be the physical key to unlocking quite difficult subjects like justice, health and prisons, and all the buildings in towns around people that embody those civic values and civic obligations. Teaching civics can actually be made that much easier by showing children how the town hall evolved.

The Chairman: What is the name of that programme?

Duncan Wilson: It is education in schools. I can write to you with some more details about the historic environment education.

The Chairman: We should be having written evidence from a group called Pupils 2 Parliament. We have to agree it first, but it is exactly along those lines: asking the future generations what they like about—

Duncan Wilson: The Heritage Schools programme, I should have said.

Baroness Parminter: You all made the point about the value of neighbourhood planning. It is quite a new initiative under the last coalition Government, but none of you mentioned the grants that were available from DCLG, which ran out quite quickly, because they were so popular. Given you have talked about investment and the need to get those communities engaged on a long-term basis, would you agree that continuing those grants and, if it were possible, extending them, but nevertheless continuing them, would be an important step in delivering some of the goals that you have talked about?

Duncan Wilson: I certainly think it would help, because preparing a neighbourhood plan is not a cost-free process. Often some professional advice is required to put it together. The frustrating thing is there is a lot of potential in that initiative, but it will not be delivered unless these plans are properly prepared.

Ros Kerslake: I would endorse that. The leverage is huge. For a fairly small investment upfront, you get a huge impact and a cost saving for local and national government out of it, but you do have to put in the investment upfront to achieve it.

The Chairman: Are you equally enthusiastic, Mr Russell?

Henry Russell: Yes. I was just pondering the fact that, for local communities working on and preparing their own neighbourhood development plan, it is quite a large exercise to do. They are going to need professional advice and that is going to need to be paid for, so any money, wherever it comes from, is going to be of benefit.

Q170 Baroness Young of Old Scone: Do you have any concern about the new propositions about brownfield registers and a more zonal approach to planning, in terms of heritage?

Duncan Wilson: Yes, we have concerns. At the moment—how can I put it?—our concerns could best be summarised as the law of unintended consequences. We have had plenty of reassurance from DCLG that no emasculation of the heritage protection provisions in the NPPF is intended, and I take that at face value, but we are concerned that we are not sure precisely how the role of heritage assessment within the brownfield land register will work to make sure that it is not treated as a bypass of all other planning legislation.

The Chairman: Thank you very much. I have been asked by Lady Andrews, who unfortunately had to go, to ask Mr Wilson and Ms Kerslake to give examples of heritage-led regeneration and its impact and sustainability. I am not asking you to do it now, because we are up against time, but if you can think of it. I know we have really bombarded you with requests for information, but it has been an extremely helpful session. Thank you all very much indeed.