

The Heritage Alliance

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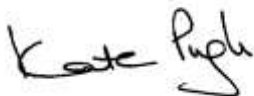
I am sure you have noted with interest the Government's decision in the Budget to withdraw VAT relief on approved alterations to listed buildings. This unexpected announcement came as a shock to the heritage sector, which is now grappling with the devastating implications of this change for our irreplaceable protected buildings.

The Heritage Alliance is the largest coalition of independent heritage interests in England, representing over 90 major national and regional non-Government organisations – from specialist advisers, practitioners and managers, volunteers and owners, to national funding bodies and organisations leading regeneration and access projects. Their specialist knowledge and expertise across a huge range of issues - including planning matters and asset transfer - is a highly valuable national resource much of which is contributed on a voluntary basis for public benefit.. They are in turn supported by over five million members, thousands of local groups and over 450,000 volunteers.

The Alliance is very concerned about this proposal and would appreciate any support you might be able to give in the House this week and in forthcoming parliamentary business. I have attached a short briefing outlining our concerns, and you may also find of interest our Chairman Loyd Grossman's comments in The Telegraph, available [here](#).

Should you require any further information, please do get in touch with me on 0207 2330 800 or kate.pugh@theheritagealliance.org.uk Many thanks for your support.

Yours,



Kate Pugh
Chief Executive

Our members are non-government, voluntary and private organisations that promote, conserve, study and involve the public in our heritage.

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Withdrawal of VAT relief on approved alterations to Listed Buildings: briefing

April 2012

The Heritage Alliance calls for a complete reversal of the Budget measure removing the zero VAT rating on approved alterations to listed buildings.¹

The Heritage Alliance will be briefing MPs fully when the secondary legislation introducing these changes to VAT is laid before the House later in the summer. But there may be Parliamentary opportunities this week for MPs to raise the widespread concern in the heritage sector on the Budget measure to withdraw the current zero rate of VAT on approved alterations to listed buildings.

1. The current position

- VAT is charged at 20 per cent on repairs and maintenance to our building stock but at 0 per cent on new build
- VAT is charged at 0 per cent on approved alterations to listed buildings, i.e. approved under Listed Building Consent.

2. The Budget proposal

- Due to come into force on 1 October 2012, this measure would add 20 per cent to the cost of alterations approved under listed building consent
- This will affect listed buildings used for charitable purposes such as places of worship, village halls, community spaces, etc as well as listed residential dwellings, and may make the difference between them having a viable future or disappearing forever.

The withdrawal of zero rating for alterations to listed buildings penalises desirable and sympathetic alterations. The heritage movement has campaigned for decades to remove the higher rate of VAT for repairs and maintenance, as the positive way to incentivise such work.

3. Our Concerns

Viability

The withdrawal of this VAT concession will act as a sharp disincentive to just the sort of sympathetic adaptation of historic buildings that is so often necessary to secure a viable use for these buildings for the future.

- As direct public funding for heritage declines, it is all the more important for Government to promote - not remove – any leverage that encourages the charitable and private sector to take on responsibility for our heritage. This measure will have severe consequences for our listed buildings where the financial viability is often marginal
- This change could have a devastating impact on the future of listed community buildings, village halls, community spaces and places of worship across the UK, as it raises

¹ This measure appears in the Red Book 2.179 under the heading 'VAT: addressing borderline anomalies'.

significantly the fundraising targets for communities working to give them a new lease of life for the 21st century, through alterations such as adding toilet facilities, disabled access or kitchenettes. This is in effect a tax on disability and community use. Where heritage buildings are the catalyst for wider regeneration, the adverse effects will be felt even more widely.

Sustainable development

- This proposal runs counter to the Government's policies on re-use of materials to minimise greenhouse gas emissions. There is much evidence that re-using existing buildings is much more positive for the environment than new construction, but instead of putting right an anomaly this measure exacerbates the differential
- Making the best use of existing resources avoids the loss of embodied energy, prevents landfill associated with demolition and waste and avoids the high levels of carbon emissions and energy involved in new development.

Economic context

- Our listed buildings (some 400,000 in England) are the heart of our outstanding national heritage, the backbone of our tourism industry and essential to many working in the creative industries – two of the sectors acknowledged by Government to be fastest-growing. Our heritage is one of the drivers for economic recovery, not a brake on it²
- We believe the withdrawal will have a hugely negative effect on our heritage. HMRC says the consultation is intended to 'address some of the loopholes and anomalies in our VAT system', but this is a rare fiscal incentive to help our historic environment earn its own keep. This anomaly remains firmly in place, creating a disincentive to invest in historic buildings and promote sustainable development
- Distinctive historic buildings are often the centrepiece of regeneration schemes, which generate income for HMRC in different forms
- The measure threatens to undermine the positive initiatives in the Penfold Review and the newly published National Planning Policy Framework to encourage the economic use of historic buildings and to realise the potential of these buildings to support economic growth.

The Heritage Alliance calls for this Budget measure to be withdrawn.

There should be no special exemptions - the zero rate for approved alterations to listed buildings should be retained for all listed buildings, regardless of building type or ownership.

For further information contact: Kate Pugh, Chief Executive, The Heritage Alliance
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² The tourism sector - driven by our heritage - is Britain's third largest export earner, worth around £115 billion a year to GDP and supporting around 2.6 million jobs (Source: Visit Britain 'GREAT campaign' 2012 <http://bit.ly/HtZ6RI>). Heritage remains the most cited reason for people to visit Britain (Source: Heritage Lottery Fund 'Investing in Success' 2010 <http://bit.ly/lGnbm>). Every pound invested in the historic environment directly contributes on average an additional £1.60 to the local economy over a ten year period (Source: English Heritage 'Heritage Counts' 2010 <http://bit.ly/fshbet>).