

## SENSITIVE

### MINUTES: 8th Heritage Council - 27th June 2023 11am - 12.30pm

1.1	Lord Parkinson committed to sharing a note from DfE to respond to the points raised on sector skills as they were unable to attend	DCMS/DfE
1.2	Departments to consider the findings of the Heritage and Carbon report and to discuss with sector stakeholders as appropriate	DfE, DESNZ, DLUHC, DCMS
2.1	DCMS, DESNZ, DLUHC and other relevant government departments to meet with heritage organisations to discuss next steps once the EER was published	DCMS/DLUHC/D ESNZ
3.1	HMT, DCMS and the sector to hold discussions to examine the current evidence on the effectiveness of fiscal incentives in achieving behaviour change, and determine what further evidence may be required	HMT, DCMS
4.1	Lord Parkinson added Railway 200 commemorations to the agenda for the next Heritage Council, to take place in the Autumn.	DCMS

#### In attendance

- *Lord Parkinson, Minister for Arts and Heritage (Lord Parkinson)*
- *Lord Callanan, Minister for Energy Efficiency and Green Finance (Lord Callanan)*
- *Department for Levelling Up, Housing and Communities (DLUHC)*
- *Department for Culture Media and Sport (DCMS)*
- *His Majesty's Treasury (HMT)*
- *Department for Energy Security and Net Zero (DESNZ)*
- *Local Government Association (LGA)*
- *Historic England (HE)*
- *National Trust (NT)*
- *Church of England (CofE)*
- *English Heritage (EH)*
- *Historic Environment Forum (HEF)*
- *Historic Royal Palaces (HRP)*
- *The Landmark Trust (LT)*
- *Natural England (NE)*
- *Historic Houses (HH)*
- *National Lottery Heritage Fund (NLHF)*
- *Heritage Strategies International (HSI)*
- *The Heritage Alliance (THA)*

#### Apologies

- *Department for Education (DfE)*

#### Welcome and introductions

- Lord Parkinson welcomed everyone to the eighth meeting of the Heritage Council, his first since his appointment as Minister for Heritage; set out the agenda items; and introduced the speakers.

## **1. Next steps following the Heritage and Carbon report**

- Lord Parkinson introduced HE and NT.
- HE summarised the Heritage and Carbon report's research and findings.
- NT discussed the recommendations made by the report, with particular reference to the Apprenticeship Levy and Local Skills Improvement Plans. Further work to disaggregate and regionalise data at local authority level would be beneficial.
- Lord Parkinson thanked HE and NT for the presentations and asked the sector to provide a view on the extent to which work already being taken forward by the sector to address skills gaps and shortages was addressing some of the issues highlighted in the report.
- NT noted that more support is needed to make significant progress, including strengthening existing demand for skills.
- LT highlighted the struggle to find qualified workers to retrofit their properties, and emphasised the importance of guidance and evidence on what works.
- DLUHC noted parallels with the planning system's lack of skills and capacity. It would be important to develop a clear understanding of the end to end process for retrofitting historic buildings so that dependencies could be identified.
- EH noted that developing a more robust pipeline of core heritage building skills was key, and would support the wider ambition of carbon and retrofit-specific heritage skills.
- HE noted that many homeowners felt they were lacking advice and guidance, and that a mix of training programmes to upskill the existing construction workforce was required, alongside traditional apprenticeships. They noted a need to build a better understanding and knowledge base within the existing construction workforce around how traditional and historic buildings operate and perform. HE highlighted their Heritage Building Skills Programme in the North East, funded by the Hamish-Ogston Foundation, but this was comparatively small in scale compared to the size of the sector skills challenge. A strategy owned centrally by government would send a clear message and would be an effective way to coordinate the systemic and procedural changes required to bring about meaningful change.
- THA added that the apprenticeship model doesn't necessarily work for smaller organisations, and emphasised the importance of incentivising the right behaviours.
- Lord Parkinson responded to comments from the Council and confirmed that incentivising behaviour is on government's radar. Committed to sharing a response from DfE on the points raised (see annex for response)

### **Actions**

- **1.1. Lord Parkinson committed to sharing a note from DfE to respond to the points raised on sector skills as they were unable to attend [received and annexed to minutes]**
- **1.2 Departments to consider the findings of the Heritage and Carbon report and to discuss with sector stakeholders as appropriate.**

## 2. Update on the Energy Efficiency Review of Historic Properties (EER)

- Lord Parkinson introduced the item and introduced Lord Callanan and colleagues from DLUHC.
- DLUHC summarised the review process. DLUHC outlined their plans to consult on changes to the National Planning Policy Framework, and with an ambition to produce a clear policy on energy efficiency and historic buildings, including better information on current gaps. The EER has led to interest in Listed Building Consent Orders (LLBCOs) as a mechanism to support energy efficiency through the planning system. LLBCOs would only work if there was capacity in the sector to implement them.
- Lord Callanan updated on DESNZ's work as part of the EER, including the provision of help and advice to homeowners through tailored advice on gov.uk. DESNZ have committed £5 million to support low carbon heating training. The Energy Efficiency Task Force was launched in partnership with the private sector, to leverage funding and support the UK energy demand reduction target of 15% by 2030.
- HE noted that the publication of the review would allow it to engage with local authorities on a range of issues relating to energy efficiency and adaptation.
- NT highlighted NT's work conducting assessments to see how traditional buildings perform, which would provide transformative real data from historic buildings. Asked about the insulation scheme - as insulation is often not the right answer for historic buildings. What standards or knowledge are in place to ensure the right work is done?
- Lord Callanan responded that the insulation scheme was not specifically targeted at historic buildings, but the work is done to PAS 2035 standards and suppliers must be registered with trustmark.
- HH welcomed the update on the review and was happy that LLBCOs were being considered. A common issue for its members was misdirection given in relation to Energy Performance Certificates, which could cause damage to historic buildings, and therefore a framework to provide additional guidance and information would be valuable.
- CofE highlighted its Net Zero programme, which had allocated £190m to reduce carbon emissions by 2030. It would share results of pilots and evaluations throughout, and was keen to work with other organisations around the table to share learnings. They noted that churches have a significant role to play given they would effectively operate as early adopters for energy efficiency and adaptation measures in many communities.
- THA asked for a commitment from DESNZ, DLUHC and DCMS to have a working level discussion with heritage organisations to keep work moving forward, post-publication of the review report.
- Lord Parkinson agreed and said it would be good to hear the sector's thoughts once the EER had been published.

### Actions

- **2.1. DCMS, DESNZ, DLUHC and other relevant government departments to meet with heritage organisations to discuss next steps once the EER was published.**

### 3. Fiscal incentives to encourage adoption of energy efficiency measures

- Lord Parkinson introduced the agenda item and acknowledged that the issue of fiscal incentives has been raised by the sector many times in the past. Introduced HEF and HSI as speakers.
- HEF set out the issue. There was a need to unlock the potential of the built environment to contribute to energy efficiency and net zero, as well as supporting the maintenance of the existing stock of heritage assets, which could be achieved using fiscal incentives. There were international examples of this having worked and lots of evidence was already available. However, it was acknowledged that the evidence base needed to be more effectively collated and interrogated, with an associated need to test assumptions and collect more evidence through trial schemes. The complexity of the current economic environment was also acknowledged.
- HSI spoke to the US tax credit system, which had been in place for 50 years. Research by Rutgers had shown that every dollar in tax credits generated \$1.23 back to the treasury. Suggested it was an approach that was worth considering and testing, as it has been very effective at leveraging private sector money for historic building works.
- Lord Parkinson asked HMT how the UK can draw on international experiences as evidence, and what additional information was needed from the sector to take forward future discussions on fiscal incentives.
- HMT apologised that the Finance Secretary was unavailable, but assured the Council that she was aware of this issue. International comparators were useful, but needed to be considered alongside evidence from the UK tax system. The bar for new tax relief was high, so HMT would need evidence that it was the best use of government resources, over and above other types of intervention. It was supportive of efforts to collate evidence and get a clearer picture of the policy problem.
- NT highlighted that it had an academic from UCL to work with DCMS on translating international comparators for the UK system. Asked for a conversation with HMT about what the best outputs from this would be. A stronger evidence base would come from piloting to see what incentives would work.
- THA agreed, and asked to understand what HMT sees as the evidence gaps. There is precedent for fiscal incentives, for example VAT relief for solar panels.
- HMT committed to a further conversation on the data and information that would be needed, and stated they would be happy to work with the sector from an early stage to develop a rigorous evidence base. It would be important, for example, to take account of and align with the Office for Budgetary Responsibility's accounting methodologies. One of the current main gaps was effective comparison of fiscal incentives compared to other types of government intervention.
- HE agreed that it would be good to move the conversation forward and ensure that the sector could provide the right evidence to allow for a more robust analysis of the effectiveness of fiscal incentives.
- CofE highlighted the DCMS-owned Listed Places of Worship Grant Scheme as an example of an effective incentive for repairs to historic places of worship. It offered to share evidence of how this has worked and the results at a future conversation on this topic.

- Lord Parkinson thanked HEF, HSI and HMT. He asked the sector to keep working with government to sharpen the case for change and gather further evidence as required.

#### **Actions**

- **3.1 HMT, DCMS and the sector to hold discussions to examine the current evidence on the effectiveness of fiscal incentives in achieving behaviour change, and determine what further evidence may be required.**

#### **4. AOB and closing remarks**

- Lord Parkinson raised his commitment to expanding the official Blue Plaques scheme nationwide and the work that DCMS has been undertaking with HE and EH. Further details will be announced in the coming months.
- Lord Parkinson flagged the Railway 200 commemorations, with further discussions to take place at the next Heritage Council in the Autumn.
- Lord Parkinson thanked CofE for hosting and attendees for their time and engagement.

#### **Actions**

- **4.1 Lord Parkinson added Railway 200 commemorations to the agenda for the next Heritage Council, to take place in the Autumn.**