

- SPEECH -

Heritage as a National Asset

By Sir Laurie Magnus

Roads to Freedom Lecture for the Legatum Institute

7 July 2015

(Slides available [here](#))

* * *

Introduction

- Imagine a world where history was outlawed.
- A world where Henry Ford's maxim "History is Bunk" formed the introductory paragraph to our written constitution. (Slide 1)
- Where the logic for this philistine vandalism was justified in the words of Herman Kahn "Everything we create is eventually garbage. So all we have in the world is a huge garbage making machine".

Imagine that world

- A law saying any building of more than 30 years in age should be demolished without mercy
- "Structural cleansing" a mantra of faith. What JB Priestley called the "Evil Principle which haunts planners and surveyors.....is hard at work amongst us"
- Removal of anything old - all archaeological remains, all ruins, all ancient buildings, all records

- No argument about Palace of Westminster - just pull it down! (Slide 2)
- No churches or mosques or temples - just modern manifestations
- The Romans did it in Tunisia to Old Carthage
- So called Islamic State is doing it to Palmyra (Slide 3) and will, no doubt, do the same in Libya if they take over Leptis Magna (Slide 4)
- Maybe it would not be all bad. (Slide 5) Canary Wharf inspires some. But it is shortly due to be demolished under this 30 year rule.

Kenneth Clarke (Slide 6) of “Civilisation” fame had a good riposte to “structural cleansing” when he addressed the AGM of the National Trust in 1970-

“The world of great homes and peaceful village streets and decent market towns once seemed absolutely inviolable. Now it has largely vanished, and is continuing to vanish at an incredible speed. But a great part of us - our laws, our language, our lyric poetry - belongs to that world. What a misjudgement if these parts of our life were without visible confirmation. The Built Heritage (sic) not only provides a great pleasure - and pleasure isn’t to be sneered at: it also plays an important part in stabilising and unifying our society”.

I have made one change to Lord Clark’s quote - where he said the National Trust, I have said built heritage. “The Built Heritage plays an important part in stabilising and unifying our society”.

My aim in this lecture is to make the case for the built heritage. Why it matters. Why it has an economic value. But also why it matters beyond economics, providing a sense of wellbeing and happiness and a sense of local, regional and national identity.

What is the Historic Environment?

National Heritage List for England (Slide 7)

	Number
Grade I	10,000
Grade 2*	20,000
Grade 2	350,000
Scheduled monuments	20,000
Wrecks	49
Parks and gardens	1640
Battlefields	45

Conservation Areas - IHBC says nearly 9,000, we say nearly 10,000

18 World Heritage sites in England.

In addition “local listing”. Many historic properties not listed. 20% of residential dwellings built before 1919. “Historic” generally applies after 30 years.

[99.2% of people live within a mile of a listed building]

Historic environment distinct from natural heritage

The Value of Heritage

At the most basic level, the historic environment - the impact that men and women have left on our landscape, from the first pre-historic settlement to 1970's brutalist architecture - constitutes a legacy which passes through generations. I can visit a church which my father knew and which my grandfather and great-grandfather knew as well. I can get some

idea of how they lived and thought from the historic fabric which they left behind, including furniture, pictures and archives.

But this emotionally appealing sentimentality cuts no ice with the “History is Bunk” brigade.

They argue that structural cleansing is essential for prosperity, removing constraints to economic regeneration and growth at a time of unprecedented technological change, population increase and competitive pressure. They argue that the UK’s future depends upon new build: new airports, new railway lines, new hotels, new homes with optimal energy efficiency, new offices and factories capable of embracing new technologies. Their argument is that the root cause of the UK’s poor productivity is a system of planning protection which prevents us from competing with the likes of Singapore (Slide 8) or China in developing an infrastructure fit for the 21st century. The delays associated with nimbyism are a luxury we can ill afford. We need to get real, stop hankering for an imaginary golden age of rustic tranquility and kick the Luddite promoters of nostalgic nonsense into touch. For them, the more tall buildings that are built in London like the Shard of Glass, (Slide 9) the better. They economise on space. They are energy efficient. They are beautiful. Never mind that they may blot out long stretches of the Thames from ever seeing the sun. More people will see the sun from within the tall buildings! The Thames, in any event, should be turned into a channel of fresh water, covered up (like so many of the old streams that used to run freely in London) in order to protect it from pollution and evaporation. It can then be built over, providing a super transport highway, exciting new cultural spaces and the Mayor’s dream of a new airport at its eastern end.

I find myself giving this lecture with no impressive academic qualifications to my name. I am a corporate financial adviser and a very amateur economist. I am suspicious of economic forecasts and of political predictions, mainly because they are so often wrong. I am also suspicious of "what if arguments". What if Boadicea's revolt had driven out the Romans? Or what if Britain had lost the First World War? Arguments, therefore, that protecting heritage impedes economic growth leave me deeply unconvinced. The facts suggest otherwise.

Economic prosperity depends upon the production of goods and services that people domestically and around the world wish to buy. Some countries are blessed with capital assets which they can exploit such as oil, other minerals, agricultural commodities or gas. Britain has few capital assets of this nature. We have exhausted our coal, laid waste to our timber and oil is running out (and may belong to Scotland anyway). Fracking is unlikely to be feasible. So what assets do we have?

Ask round the world and the answer which is most popular is our history, represented by our castles (Slide 10 - Kenilworth) , historic houses, churches, old towns, villages (Slide 11) and remarkable ancient landscape. It is the reason given by most overseas visitors as to why they come here. It is also a leading reason for staying at home from so-called staycationers - those who prefer to visit domestic attractions (Slide 12 - Stonehenge) instead of going abroad. But it is not just about inward and home-grown tourism. A huge industry exists in this country to restore historic buildings and to adapt them for alternative use. Heritage is a massive contributor to the building industry, representing a recognition by developers - large and small - that historic structures provide the fabric for places where people are happier to live, work and enjoy themselves. The evidence for this can be seen across the country in:-

- Kings Cross St Pancras Development (Slide 13 & 14 Granary Square)
- Bristol
- Brixton Market - (Slide 15)
- Great Yarmouth
- Regent Street
- Liverpool
- West London Hoover Building/Tesco Head Office (Slide 16)
- Gateshead(Slide 17)

It is generally accepted that the economic consequences of built and national heritage - through inward and domestic tourism together with construction - amounts to approximately 2% of UK GDP. It employs around 750,000 people. It also engages over 500,000 volunteers. The biggest contributor to the Big Society!

There is however, a further reason why heritage in the form of our historic environment is such an important capital asset for the UK. The great driver of our economy, as evidenced over the last 5 years, has come from the creative industries. The advance in GDP since 2010, including the increase in numbers employed by over 2.0 million, has come from small and medium sized enterprises - not the major corporations, many of which (such as banks) have contracted. These businesses typically are involved with digital technologies, the arts, media and other services. Their characteristics are flexible ways of working invariably involving application of the most modern technology. Their hallmark is their creativity and it is no surprise that many of these businesses have chosen to operate in old buildings adapted for their purposes. The Heritage Lottery Fund has recently published compelling research “New Ideas in Old Buildings”

(Slide 18) which supplies the statistical proof for this important linkage of Britain's two great capital assets - its historic fabric and its creativity.

The dynamism of this linkage can be seen in London, of course, in place such as Shoreditch (Slide 19) and Hoxton. But it can also be seen all over the country - Hartlepool, Margate (Slide 20), Boston, Bristol. It is a driver of regeneration in urban and rural areas, with the ability to transform those places so that they can again bring sustainability and pride to their communities.

Our heritage does not only bring powerful economic benefits. Beautiful surroundings contribute to a sense of wellbeing and happiness. 90% of respondents to a poll conducted in areas where historic environment investment had occurred agreed that it raised pride in their local area, increased sense of place and encouraged places that promote social activities such as shopping (Slide 21 Peterborough) and eating out (Heritage Counts 2010). 87% of people agree that better quality buildings and public spaces can improve quality of life (Ecclesiastical Insurance Community Census Report 2013).

According to "Taking Part", the national survey of culture, leisure and sport run by DCMS, 73% of adults had visited at least one heritage site over the course of 2013 and 69% of children aged 5-15 years old. In 2013, there were at least 58.6 million paid for visits to historic properties in England. That is at least 15.0 million more than visits to all premier and league football matches in the same period.

Engagement with heritage, whether living nearby, visiting or volunteering (Slide 22) (at least 500,000 of them) induces a sense of wellbeing and satisfaction. Volunteering can be particularly helpful in restoring a sense of self-worth and comradeship to unemployed people,

sick or disabled people, former prisoners. One in 3 volunteers responding to an HLF survey in 2014 reported an increase in self-esteem and confidence in their abilities.

The role of heritage in providing a foundation for developing a sense of community and local identity should not be underestimated. Over the last 3 years, Historic England has worked with 700 teachers (Slide 23) in 200 primary schools in eight locations to train them in engaging their pupils in bringing local history to life. This has focussed in part, on the First World War commemorations (Slide 24) with pupils researching the names of the fallen on local war memorials and sharing the stories at local events. This programme has touched over 100,000 pupils (Slide 25) in some of the more deprived areas of England (Great Yarmouth, Leicester, Bristol and North Tyneside) and increased the proportion of children with good knowledge of local history and heritage in these areas from 4% to 70%!

It is really important to recognise that our heritage reflects the input of a vast and diverse range of contributors. Every citizen has a stake in this. It is a legacy inherited from our forebears which we will manage and change and pass to successor generations. For example, Historic England's recent commissioned research on mosques (Slide 26) shows an asset class little understood which forms an important component of our historic fabric. Many mosques/Buddhist temples originated in the 19th century to accommodate citizens of the empire. This accelerated after Partition of India in 1947 and continues as Britain becomes a truly multi-racial society. We need to acknowledge the role and contribution of people from so many different ethnic groups in our national history. It is important that the multiplicity of cultures which have influenced our historic environment are understood, valued and celebrated for their contribution to our national identity and DNA.

Managing Heritage Assets

The principal custodians of the historic fabric of Britain are private owners. They own more historic buildings than any other category of owner - government, charity, company or other mutual body (such as religious institutions and housing associations). Much of Britain's high quality landscape is maintained through the commitment of private owners. They may be subject to planning rules (if their properties are listed) but there are few tax incentives for private owners of listed buildings and grants are only occasionally available for heritage deemed at risk. There is evidence that listed buildings command a market premium, but this is not universal (because of perceived regulatory constraints). A combination of fashion and market incentive fortunately ensures that most private owners want to keep their historic assets in good order.

Different operating and ownership models apply with the larger heritage assets in the UK. Some of these models are under considerable pressure, including some privately owned manor houses, a large number of churches and buildings owned by central and local government. Models which appear to be in good health include various heritage charities (such as the National Trust and Historic Royal Palaces) and some of the major corporate property groups (such as the Crown Estate, Land Securities, British Land and Grosvenor). (Slide 27 Grey Street Newcastle) There are also the major high-net worth investors, mainly from overseas, who have been buying significant properties in London and the Home Counties (supposedly as trophy assets) and returning them to the high standard of grandeur which they enjoyed when originally built. New wealth, however it may have been earned, has always had a crucial role in the construction and care of England's great country houses, parks and gardens. The likes of Roman Abramovich continue this tradition as do some of the great property companies.

When I arrived at Historic England (then called English Heritage) just under two years ago, my job was to help implement a demerger of its activities. (Slide 28) This involved transferring the care of our collection of 400 properties (ranging from Stonehenge to Dover Castle to Apsley House and archaeological humps in the ground) from an arms-length public body to a charity. The demerger became effective earlier this year. (Slide 29) Historic England adopted its new name and retained responsibility for advising on listing, planning applications, grant making, research and guidance. It continues to be funded mainly by government and remains the owner or guardian of our property collection. The charity, called the English Heritage Trust (with exclusive use of the English Heritage name) has received £80million from government as a one-off contribution to resolve its considerable backlog of conservation work. It is expected, within 7 years, to have used the advantage of its freedom as a charity to reach financial break-even and thereby cease to be dependent on the public purse. It is at the cutting edge of public service reform and a possible exemplar for other public bodies. It has embarked on this challenge from a position where, despite having over 800,000 members and charging for admission for 120 of its sites, it operates at a financial loss. So how will it reach break-even?

It will benefit from being free from the annual cycle of government budgeting. It can play to the gallery with greater commercial freedoms. (Slide 30) It can plan long-term. It will be better placed to attract philanthropic donations, particularly from such magnificent institutions as the Heritage Lottery Fund. Few philanthropists give money to government agencies. It can more readily appeal to volunteers. And it can circumvent the restrictive nature of government procurement rules and wage controls.

The charitable model has a great advantage over the private or corporate operator. Charities are exempt from income tax and corporation tax. They benefit from gift aid. They also enjoy wide-ranging exemptions from VAT. Inheritance tax and its predecessor, estate duty, does not

apply to them, which means that they can avoid massive capital sales at each generational changeover which otherwise breaks up collections and supporting estates. I will come back to these tax advantages given their profound impact on the private ownership of larger heritage assets.

The English Heritage Trust is following in the footsteps of the most successful independent heritage organisation in the world. The National Trust, (Slide 31) which was founded 120 years ago in 1895, now has over 4.0 million members and generates over £100million each year from its own resources to spend on cyclical conservation and new capital projects at its properties. It is supported by over 60,000 volunteers (Slide 32) and receives approximately £50million each year in legacies. Historic Royal Palaces, (Slide 33) operator of the Tower of London and Hampton Court, has vindicated the model that English Heritage is now seeking to follow, albeit with a concentrated portfolio of only 6 properties centred mainly in the London area.

The charitable or social capital model does not always work. It requires critical mass in terms of a collection of properties. It also requires leadership which balances the charitable purpose of access and education with hard-nosed financial realism. The National Trust came close to collapse after it purchased its first major country house, Barrington Court in Somerset, in 1907 (Slide 34). It paid £11,500 for the house, but made no provision for the cost of repairs or for an endowment. The Trust was so stung by the experience that it made no effort to acquire further major houses for 30 years - and did so only after it had secured some important tax concessions from government, including the incentive for properties and endowments to be gifted to the Trust in settlement of tax liabilities.

The tax regime in Britain, particularly so-called death duties, has forced many great houses and estates to be broken up over the last century. The National Trust and, to a much lesser extent,

English Heritage, have provided a safety net for some magnificent places. But many great houses have been lost, as highlighted in the exhibition in 1974 “The Destruction of The English Country House”. (Slide 35) Faced with the crippling costs of repair and maintenance and the refusal by the tax authorities to permit the offset of these costs against their income (either from their surrounding estate or other sources), many owners took the option of gutting their houses (Slide 36) and selling whatever could be removed - fireplaces, roof tiles, door frames - a dream for an architectural conservation business. Literally hundreds of great architectural masterpieces were destroyed before the planning regime and some relaxation of the tax rules staunched the flow.

Lord Lothian, who left Blickling Hall (Slide 37) and its estate of 10,000 acres to the National Trust in 1940, had warned about this threat in 1934, when death duties were set at 50%. He wrote “most beautiful country manor houses and gardens are now under the sentence of death and the axe which is destroying them is taxation and especially that form of taxation - known as death duties”.

Today, many private owners struggle to keep their historic properties going. While places like Chatsworth and Blenheim are able to benefit from their scale and visibility - and also from an ability to navigate generational succession through the inheritance tax system - many smaller properties cannot make ends meet. They are not part of a portfolio, they have difficulty attracting volunteers, their tax treatment has become increasingly burdensome (with the removal of any exemption from the full rate of VAT being one recent blow) and they face nightmares of regulation which increase their costs. The smaller private owner is definitely again under threat, with consequences which, whilst not leading to buildings being pulled down, will lead to a change of use. The Historic Houses Association, which represents private owners of historic houses open to the public, believes that at least 70 of its members are in

danger of closing their doors and selling up. Each such closure is likely to cause jobs to be lost and upset the momentum of some closely knit communities, particularly in rural areas, as well as resulting in public access to these places probably being denied. The severance of the link between house and owner, along with public access, closes an important window upon a distinct category of our great historic mansions. Private owners, through living in their properties, bring them to life for visitors in a way which is much more difficult (if not impossible) for an institution.

The National Trust has been acutely aware of the danger of institutionalising its properties. “Museum and Mausoleum sound alike” wrote one of its former senior executives, Robin Fedden, “the best curator of a house is normally the owner who knows and cherishes it”. It has been a deliberate policy at the Trust to encourage former owners to remain involved with their family properties. Visitor numbers and enjoyment ratings are markedly better when this happens in a constructive way. The Marquess of Anglesey, who gave Plas Newydd (Slide 38) in Anglesey to the Trust, but continued to live there, described his experience as “like living in the howdah of a white elephant which somebody else feeds”. James Lees-Milne advised the staff at Attingham (Slide 39) - “you should bear in mind that Attingham has always been a home as well as a repository of works of art, that on the gilt Neapolitan chairs people sat, and on the inlaid marble tops left their books and knitting. Clocks ticked on the mosaic encrusted chimney pieces and little dogs frisked, when they did not relieve themselves, upon the Axminster carpets. Attingham was not built as a museum and the Lords Berwick did not inhabit it primarily as curators”.

The corporate model for the ownership and management of heritage sites is generally in good health. Large estates such as the Crown Estate, Land Securities and Grosvenor generally take a long-term approach to their property portfolios, seeking to preserve the historic fabric (most

particularly important external and internal features) whilst adapting structures for a sustainable, financially viable use. Their efforts have resulted in spectacular examples of regeneration. The re-development of the Kings Cross area (Slide 40) by Argent has involved the conservation of redundant buildings associated with the railway and their adaptation as offices, shops and restaurants within an outstanding - and inspiring - landscape. A similar example of regeneration is now in progress around Battersea Power Station (Slide 41), with the great chimneys (which a succession of developers wanted to knock down) forming a central feature of a spectacular re-development. The Crown Estate's work in re-developing the area in Piccadilly around the Café Royale (Slide 42) is another case of successful adaptation and re-use. There are other examples of great projects in Manchester, Liverpool, Newcastle, Birmingham, Leeds, Bristol, Norwich and many other towns and cities across the country.

Increasing austerity has put pressure on funding for major heritage assets owned by central and local government. Some of these have been successfully transferred to management by charities, such as the Royal Naval Dockyard at Chatham (Slide 43) and the Victorian Baths in Manchester. It is sensible to do this where a visitor attraction exists or can be created which can provide a route to financial self-sufficiency. It is not so easy for City parks and gardens or buildings previously used as prisons, hospitals or courts. A critical requirement for the parks and gardens is to ensure continued access, preferably free of charge. The future for public buildings, perhaps, involving conversion to hotels, restaurants or some other commercial use, inevitably means that access will be restricted. But they can be viable and survive.

What is clear is that there are solutions which can be found for most heritage assets provided a realistic and constructive approach is taken. The dynamism of models involving either a social and charitable purpose or commercial use is more effective than it has ever been. Private owners of heritage assets are, however, under pressure with a number of tax reliefs having

been withdrawn and grant funding reduced. It is likely that some of these places will have to close their doors over the next decade and find alternative solutions unless they are absorbed by one of the charitable organisations.

The category of heritage asset which is truly facing a crisis are Christian places of worship, mainly operated by the Church of England (Slide 44). 4,500 of the Anglican Church's buildings are listed Grade I - 45% of the total of Grade I buildings in England. There are a further 12,000 or so churches in the CoE's care, most either Grade II starred or Grade II. Diminishing church attendance in rural areas combined with accelerating costs of repair and the need for some modernisation to provide facilities such as heating and disability access represent a massive burden. Possible solutions include adaptation for greater community use - maybe for teaching purposes or catering - but any such adaptation may challenge inviolable trust deeds or deeply held religious sensitivities. It is a huge issue which requires the attention of all who care about our heritage and those involved in managing places of worship. The Chancellor's recent one-off grant of £55million over two financial years for roof repairs certainly helps, but there needs to be a sustainable way ahead for buildings which, more even than our castles, constitute a timeless and enduring feature of the English landscape.

Championing History and the Historic Environment

I hope that I have given a sense of the resilience of what is often called the Heritage Sector - how the historic environment contributes to our sense of wellbeing, our sense of identity (the "unifying force" that Lord Clark described in 1970) and our national wealth and prosperity.

I have no doubt that heritage is a force for good. And the force is with us! There is increasing evidence (Slide 45) of popular enthusiasm for history and our historic fabric. It is not just the popularity of television programmes and the way that historians such as David Starkey, Dan

Snow and Bettany Hughes have become household names. It is evidenced in social media, as people tweet and blog about places that matter to them, many of which are historic but not listed. A recent poll by You.gov of 5,000 respondents showed that nearly 40% had done something over the last year to protect an historic site which they knew - writing to an MP or signing a petition or something else. This is a rising tide. People increasingly realise that our heritage is something that belongs to all of us - something inherited from our forebears and which we need to conserve responsibly and pass down in good order to our successors.

The tide of barbarism which sees history as bunk or garbage remains a potent force, internationally and at home. There remains a sense of shame (Slide 46) about celebrating our history and our extraordinary legacy of historic structures. It is extraordinary that the word “heritage” (or something similar) continues to be excluded from the nomenclature of government ever since the Department of Heritage disappeared in 1997. Heritage is the elephant in the room when the Department of Culture, Media and Sport seeks to justify why it exists. It is less dependent on handouts from government than the arts. England may win the World Cup once in a century, but our heritage is a winner for England every day of the year. The heritage sector largely pays for itself in contrast to museums or the BBC which rely heavily on state handouts or the bespoke television licence fee. I am not seeking to belittle any of our great cultural institutions, but surely there should be an “H” in the title DCHMS? Please join me in promoting this.

Sir Laurie Magnus

Chairman, Historic England

-END-