Encouraging Investment in Industrial Heritage at Risk

MAIN REPORT (2 OF 3)

OCTOBER 2011

PREPARED FOR ENGLISH HERITAGE

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Version Control	
Status	FINAL
Project ID	J1104 / JMB58428
Filename/Document ID	J1104 EH HaR Study MAIN REPORT FINAL.docx
Last Saved	09 September 2011
Owner	David Geddes

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1 INTRODUCTION

Colliers International, with the assistance of heritage specialist Paul Drury of the Drury McPherson Partnership, was commissioned by English Heritage to undertake research with two main objectives.

The first is to provide pragmatic and functional advice on **changes in policy that could be made to encourage investment, especially by the private sector, in historic buildings and sites of all types that are at risk.** In other words, its aim is to assess what policy changes could encourage investment in the historic buildings and sites that are most difficult to deal with.

The second is to **assess the use of buildings and sites that started life for *industrial* purposes** (defined as being buildings and sites that were built for the purposes of manufacturing and transport, with a particular, although not exclusive, emphasis on buildings constructed between 1750 and 1914). The aim is, specifically, to shed light on how the type, condition and location of these buildings affect their potential for reuse, how they can be used to generate return on investment for developers, and what could be done to encourage investors and developers to take them on.

For the purposes of this particular study, three main reports have been produced in discussion of encouraging investment in industrial heritage assets at risk, as well as a Summary Report. This is the Main Report.

Conclusions are drawn from the research that apply to all heritage assets, especially those that are at risk, but the research has looked in particular at former industrial buildings. The report can be read specifically as a study about industrial buildings, or as a study about buildings at risk in general using industrial buildings as an illustration. While many of the issues, and all of the possible options for what might be done, apply to all types of structure, other types of building have, of course, specific circumstances that are different to those of industrial buildings.

Figure 1: Summary of Category 1 Case Studies

#	*Case Study*	*Location*	*Developer*	*Designation/Conservation status*
1	Custard Factory	Birmingham	Bennie Gray (Entrepreneur)	Non-designated
2	Ducie House	Manchester	Urban Splash	Non-designated
3	Paintworks	Bristol	Verve Properties	Non-designated
4	Staveley Mill Yard	Staveley, Cumbria	David Brockbank (Entrepreneur)	Non-designated
5	Tobacco Factory	Bristol	George Ferguson (Entrepreneur)	Non-designated
6	Farnborough IQ	Farnborough	SEGRO	Conservation area, Grade II wind tunnels
7	The Ropewalk	Barton upon Humber	The Proudfoot Group	Grade II
8	base2stay	Liverpool	base2stay hotels	Conservation area
9	Cooper's Studio	Newcastle	-	Grade II
10	Irwell Mill	Bacup	Eric Wright Group	Conservation area
11	The Pump House	Bristol	Long Ashton Pub Dining Ltd.	Grade II
12	Wills Building	Newcastle	Taylor Wimpey	Grade II
13	Healy Royd Mill	Burnley	St Modwen	Non-designated
14	The Station	Richmond, Yorks	Richmond Building Preservation Trust	Grade II*
15	Dewar's Granary	Berwick upon Tweed	Berwick upon Trust Preservation Trust	Grade II
16	Murrays Mills	Manchester	Ancoats Building Preservation Trust	Grade II*
17	Whitworth Street	Manchester	-	Conservation area

Five types of stakeholder were questioned:

- Category 1: developers who have developed historic industrial properties – these form 17 main case studies.
- Category 2: a selection of occupiers of developments assessed in Category 1.
- Category 3: other developers.
- Category 4: local authority planning, conservation and regeneration officers.
- Category 5: property advisors of different specialisms with experience of heritage development.

A summary of the Category 1 case studies is presented in Figure 1.

There is a full list of all consultees in the Appendices.

The research was largely **qualitative** in nature. Five different questionnaires were developed.

They contained questions that related to issues and propositions that were outlined in an Issues Paper that was written at the start of the project and which has evolved into this report. Most of the "Category 1" developers were interviewed in person. The other questionnaires were largely self-completed. We have quoted extensively from the information provided in the responses – **these responses are personal opinions and should not be taken as representative of the views of any organisation.**

.We have also, in addition, analysed industrial buildings on the Heritage at Risk Register (Section 3 of this report) and all listed buildings that are on the Investment Property Databank (contained in a separate paper with a summary in Section 4.12 of this report).

The research process culminated in two workshops with a variety of professionals involved in heritage, one in London (on 11 April 2011) and one in Manchester (on 11 May 2011). They discussed possible policy changes in detail.

Section 2 of this report is an executive summary of the key challenges in encouraging investment in heritage assets at risk, objectives for dealing with them, and possible initiatives in the short, medium and long term.

Section 3 is an analysis of the Heritage at Risk Register, especially in terms of the industrial structures listed on it.

Section 4 assesses issues relating to heritage assets of all type that are at risk.

Section 5 assesses issues specifically relating to heritage assets at risk that are of industrial origin.

Section 6 has detail of possible policy objectives and initiatives to deliver each of them. <u>There are a large number of these and many of them involve difficult issues. Most would require further analysis and many of them fall within the remit of organisations other than English Heritage.</u>

2 SUMMARY

2.1 CHALLENGES TO SECURING INVESTMENT IN HERITAGE AT RISK

There are many challenges that stand in the way of securing investment in heritage assets that are at risk, notably the perception, and often reality, that there is extra cost and risk associated with them by comparison with building new structures.

Challenges that especially affect assets that are of industrial origin include:

- They are often located in areas where economic conditions are not favourable.
- They are not generally seen as a mainstream property investment by large financial institutions and property companies.
- Their physical form can, sometimes, make them difficult to adapt to new uses, and adaptation to new use could destroy the features that make them significant as heritage assets. Sites associated with extractive and chemical industries are particularly problematic, for example, because the structures are essentially an envelope to contain process plant and machinery and are not flexible.

There are also major challenges in how to deal with these difficulties, notably, of course, the current poor market conditions and limited resources available in the public sector both in terms of cash and staff. The deliverability of any initiatives has to be considered in that context.

There are also positive factors, however.

Historic buildings often have strong market appeal. Our analysis of the financial performance of listed buildings on the Investment Property Databank (IPD) shows that it is often good by comparison to other property over the short, medium and long term.

Many former industrial buildings, like textile mills and warehouses, are flexible and adaptable. They are notably well suited to a “minimalist” approach that adapts them for use by small businesses, especially those in start-up phase and associated with creative industry. There are numerous examples around the country, some investigated in the research, of popular and successful developments like this. The developments are often the creation of entrepreneurs who have a vision of how the building could work that goes beyond pure financial calculations. Some projects featuring former industrial buildings could probably make a good case to the Regional Growth Fund[1], which is specifically

[1] Middleport Pottery in Stoke on Trent, an industrial building at risk, has already

designed to encourage entrepreneurial activity in depressed areas, because of their suitability for creating space and conditions that are suited to business start-ups.

Figure 2 summarises the process for developing a historic building, roughly in time sequence, main obstacles that are encountered at each stage, and ideas that emerged in the research for initiatives that might help to reduce them. Many of the ideas relate to complex issues and would need further examination. Many fall within the remit of organisations other than English Heritage.

Figure 2: The development process

Development Stage	Key Issues	Possible Initiatives
Making the site available	It is often difficult for local authorities to trace the owners of neglected buildings. Owners can be unwilling to sell on realistic terms. Local authorities are very reluctant to impose Compulsory Purchase Orders, mainly because of perceived risk of possible financial liability.	"Stopping the Rot" guidance to be issued in Autumn 2011. Amend S16 of the Land Compensation Act 1961, to make it easier for local authorities to use Compulsory Purchase Orders. Raise awareness in local authorities about English Heritage assistance for Compulsory Purchase. Give English Heritage the power to undertake CPOs on behalf of local communities nationally rather than just in London.
Marketing sites to developers	The site may be located in an area which has poor physical or economic conditions. Area based regeneration is more difficult because of less funding, notably the loss of that from Regional Development Agencies.	The Heritage Lottery Fund to review the effectiveness of the Townscape Heritage Initiative grant programme as a central plank in regeneration of historic environments, in the context of the local economic growth policy agenda.
	Antipathy of many developers to historic buildings because of actual or perceived risk and uncertainty.	Provide a developer portal on English Heritage's website pointing developers to advice and assistance. Organise a programme of events to help demystify historic buildings for developers.
	Need to awaken the interest of those who might be interested in a particular building.	A network of developer friendly "Development Enablers" (along the lines of current Heritage at Risk Support Officers) working to facilitate solutions for buildings at risk. Use the Heritage at Risk Register more proactively by introducing a rating of the development potential of sites and prioritising funding and project activity accordingly.
	Uncertainty about the challenges and possibilities associated with the building.	Update the list descriptions of buildings at risk to include Statement of Significance and/or provide outline Heritage Partnership Agreements so as to provide more clarity about what might be done with the building. Help local authorities, via a funding programme and expert assistance, to develop

demonstrated this by being successful in the first phase of applications to the Regional Growth Fund.

Development Stage	Key Issues	Possible Initiatives
		Supplementary Planning Guidance for buildings at risk.
	Developers do not know before purchasing whether they will get a grant to cover conservation deficit, which causes uncertainty and risk for them.	Make it possible for provisional grant approval to be secured before the site is purchased, with safeguards to avoid this simply being reflected in the sales price.
Pre-planning application discussions	More difficult because of cut backs in local planning authorities. Local Planning Authority staff may not have the experience to be able to offer good advice about difficult buildings.	Assistance of “Development Enablers” and English Heritage conservation specialists.
Develop plans	Developers need a professional team that has relevant experience if they are to avoid risk associated with specialised buildings.	More effective promotion of existing registers of accredited professionals. Make it easier for developers to access expert advice from EH on technical issues.
Development Appraisal (i.e. calculating whether the scheme will make enough return to be viable).	The market is weak in many parts of the country so it is difficult to create financially viable schemes. There is often a conservation deficit, meaning that it is difficult or impossible for a developer to put together a viable scheme. It is not easy for private sector developers to get grants to help with this, and the application process can be slow, adding risk.	Provide capital allowances for development, for commercial purposes, of buildings at risk. Encourage local authorities to offer rate rebates for development of buildings at risk. The Heritage Lottery Fund to consider whether it is in the public interest to open up more of its programmes and funding to private sector developers.
Listed Building Consent and Planning Permission	Need for much more detail and, therefore, cost to the developer up front, than for new build developments. Planning Officers can require substantial S106 contributions in addition to the cost of restoring the heritage asset.	Encourage local authorities to introduce a proportionate, staged approach to consents within the framework of legislation and PPS 5. Provide a grant scheme for developers to cover the cost of obtaining listed building consent and planning permission for heritage at risk. Enable accredited private sector professionals to sign off the detail of applications to reduce the burden on local authorities. Produce material and events that help local authority planning officers obtain a better understanding of development finance.
Compliance with Building Regulations	Building Regulations are attuned to new build and may have requirements that are difficult or unnecessary for a historic building. There is typically a process of negotiation with the Building Control Officer.	Develop a Listed Buildings version of Building Regulations to make them more appropriate to historic buildings.
Secure funding – typically through bank loan and through pre-letting and/or off-plan sale.	Bank loans are currently difficult to obtain for most development. The market in many parts of the country and for many types of property is currently weak. Many developments will not proceed without a certain level of certainty about end use and with a certain amount of cash in the bank.	Extend the scope of venture capital schemes to the development of heritage assets so that there is more equity funding available.
	Building Preservation Trusts (non-profit developers) typically have to secure funding from a number of sources, including loans	Make funds from the Big Society Bank available to the Architectural Heritage Fund, and, from there, to Building Preservation Trusts.

Development Stage	Key Issues	Possible Initiatives
	through the Architectural Heritage Fund. The full funding package needs to be lined up before they can proceed.	Enable BPTs to build up capital that gives them a cushion and allows them to take on other projects.
Construction	A shortage of skilled craftspeople with experience of specialist requirements of historic buildings.	Promote the Construction Industry Training Board (CITB) craft skills register to developers. Further development of craft training, working perhaps through the National Heritage Training Group.
Paying for construction and fitting out	VAT can provide problems with cash flow because it has to be paid up front but only paid back months later.	Loan scheme to cover the VAT gap on 'elect to tax' development.
Letting/Sale	As with developments of all type, this can take a long time in the current market conditions (as case studies like Coopers Garage in Newcastle illustrate).	
On-going asset management	Large sites can require frequent listed buildings consents, especially as new tenants are introduced.	Put Heritage Partnership Agreements – which allow changes that are allowed to be agreed in principle - on a statutory basis by an order under the Regulatory Reform Act.

2.2 OBJECTIVES

The principal aim of this report is to identify practical initiatives that could make a difference in reducing the number of historic buildings that are at risk.

There would be no value in proposing initiatives that are costly at a time when public funding is being cut substantially and private sector development in most parts of the country is severely constrained both by lack of market demand and funding.

The overriding aim, therefore, has been to identify initiatives that make the most of current resources and improve procedures.

Ideas for initiatives have been grouped under five objectives.

The first objective is to continue to make English Heritage, and the public sector conservation management profession generally, more "developer friendly".

Achieving this objective is partly a matter of presentation. The research showed that English Heritage has made big strides in taking a constructive approach to development and that there are many local authority conservation officers that are equally constructive in their approach. The aim of the objective is to make this more widely known in the development community, in addition to making further improvements to services provided to developers of buildings at risk.

A more radical and substantial change, having ramifications for the planning system generally, would be a major shift in the role of local authority conservation officers. This would transfer much of the burden of monitoring the detail of development control to the private sector so that conservation officers have time to be more proactive in facilitating solutions for buildings at risk.

The second objective is to create less cost and risk for developers at planning stage.

The cost and risk for developers to achieve listed building consent and planning permission for listed buildings is a major impediment to them taking on buildings at risk. Various changes that could help that, including greater use of special planning guidance for specific sites and, perhaps, accompanying financial incentives that have been agreed in principle, are suggested.

The third objective is to help Building Preservation Trusts to take on more projects and to work more often in partnership with private sector developers.

Building Preservation Trusts are a proven means of dealing with buildings that are at risk which are not suited to straight-forward commercial development, and of involving the community in doing so.

They are one of the most obvious ways of stimulating community activism because people tend to be interested in historic buildings in their midst and to be keen to deal with those that are eyesores.

They can also be a means of reducing the risk to private developers by restoring the shell with grant funding and then handing it over to a developer to implement a commercial scheme.

Practical initiatives under this objective could increase the capacity of Building Preservation Trusts, both in terms of finance and expertise, to do so.

The fourth objective is to use the Heritage at Risk Register more proactively to shape projects and funding priorities.

A major change of approach is suggested under this objective - that buildings at risk should be rated according to their potential for viable development in addition to their significance and the level of risk. Funding, and priority given to dealing with them by public sector partners, could be tailored to this rating. An enhanced Heritage at Risk Register would be the main conduit for doing this.

Four categories for this rating system are, indicatively, suggested: “Category A” sites which have short term development potential; “Category B” sites that have potential in the short-medium term to lead regeneration of their area; “Category C” sites that are unlikely to offer viable development opportunity in the medium term and need “meantime” funding to keep them secure, stable and weather tight until market conditions in their area are better; and “Category D” structures where it is unlikely that there will ever be a sustainable commercial development and they need to be maintained in perpetuity as “monuments”.

This categorisation could be tied into significant changes in grant funding. Notably, grant funding could be made easier to obtain by private sector developers in Category A and B situations where there is the possibility of a viable commercial use once the conservation deficit is dealt with; there could be dedicated “meantime” funding, for commercial and non-commercial options, with little or no match funding requirement, for Category C situations; and dedicated funding, again with little or no match funding requirement, for Category D situations.

The fifth objective is to give local authorities more tools to enforce and induce investment in buildings at risk.

This recognises that local authorities have a central role in enforcing the obligations of owners of listed property to maintain it, and are also being given new powers to be proactive in shaping the regeneration of their areas. Part of this objective is to encourage them to use the powers and part is to extend the powers and make it easier to use them. “Stopping the Rot” will start the process by providing guidance to local authorities.

The sixth objective is to use taxation incentives to encourage investment in buildings at risk.

This would ideally include replacing the VAT zero-rating of alterations with zero-rating, or a reduced rate, for repair and maintenance of protected buildings. Although ideally that would apply to all listed buildings, it could be linked just to those on the Heritage at Risk Register.

There are other possibilities that may be easier to achieve including extending capital allowances to buildings at risk and extending the scope of venture capital schemes to the development of heritage assets.

2.3 INITIATIVES

The research has uncovered a variety of possible initiatives that could be taken in pursuit of the six objectives.

They are grouped under each objective in the section which explains them (Section 6). This summary groups them into three categories: Short Term – initiatives that it could be possible to implement fairly quickly and do not require difficult changes in regulation; Medium Term – initiatives that are more difficult to implement, but could be immediate priorities to start work on; and Long Term – initiatives that are desirable but difficult to achieve in current circumstances.

Although these initiatives have been written as firm actions, most require further consideration and debate because they involve complicated issues. Many would involve participation, and in many cases need leadership, of organisations other than English Heritage.

2.3.1 SHORT TERM (QUICK WINS)

1. Create a portal for developers on the English Heritage website. Make it easy from there to find information ranging from grant availability to advice on specific conservation issues and techniques.

2. Organise, in partnership with local authorities, a programme of "Information Exchange", half-day sessions aimed particularly at developers and local authority officers and members. Their aim would be to de-mystify the experience of developing historic buildings, to show that English Heritage and the local authorities can and will assist them and what support is available, and to ensure that the public sector understands developer perspectives and vice versa. They would also be used to publicise English Heritage publications such as, in the immediate future, *Stopping the Rot*.

3. Work with partners to create and jointly fund a network of Heritage at Risk Development Enablers with commercial experience, typically covering a group of local authority areas, who are tasked with helping developers, from the profit and not-for-profit sectors, to put together solutions to buildings at risk.

4. Review how the Heritage at Risk Register can be made more objective, decide on a procedure for categorisation according to development potential, and undertake an initial categorisation of sites on the Register.

5. Agree on whether revised list descriptions or outline Heritage Partnership Agreements would be best for making possibilities and limitations of "Category A" and "Category B" buildings at risk clearer to potential developers. Start a systematic programme of producing them.

6. Discuss with the Heritage Lottery Fund options for supporting the compilation of development briefs for Category A and Category B sites at risk.

7. Produce a model for a package of incentives that could be put together by a local authority, partly using their new powers under the Localism Act, to go alongside a development brief in incentivising developer interest. It could include in principle grants, discounted business rates, off-site enabling development sites, and absolution from S.106 contributions that are over and above the conservation deficit.

8. Establish some demonstration projects to show how the above might work.

9. The Big Society Bank to invest, through the Architectural Heritage Fund, in providing more working capital for Building Preservation Trusts and allow a modest degree of risk in its loans.

10. Undertake research to underpin a possible industrial heritage version of the Museums and Archives "Collecting Cultures" programme prioritising which examples of different process buildings should be kept in a form that is close to their original state in order to provide uncompromised evidence of previous

activity. The research would suggest which examples might be treated in this way prior to a decision being made as to whether it would be a viable and useful policy.

11. Investigate how to extend the scope of venture capital schemes to the development of heritage assets.

2.3.2 MEDIUM TERM

12. Apply capital allowances to development of buildings that are on the Heritage at Risk Register provided that they only apply to a new owner that takes on the building after it has gone onto the Register.

13. Amend out-dated Section 16 of the Land Compensation Act 1961 to make it easier to implement Compulsory Purchase Orders.

14. Put Heritage Partnership Agreements – which allow changes that are allowed to be agreed in principle - on a statutory basis by an order under the Regulatory Reform Act.

15. Introduce a requirement for owners of buildings at risk to produce an independent quinquennial report to the local authority on the condition of the building(s).

16. Oblige Local Authorities to divest themselves of heritage assets to the 3rd sector where there is a business plan that has been independently assessed to be viable over the long term.

17. The Heritage Lottery Fund to consider whether there is scope within its targeted grant programmes to give greater flexibility to private sector operators to apply for funds that covers conservation deficit when it in support of a project that has local support and substantial public benefit.

18. Empower English Heritage to make Compulsory Purchase Orders in support of locally agreed policies, extending powers currently limited to Greater London.

19. Allow Local Authorities to impose empty property business rates on listed buildings which are kept empty without good reason.

20. Develop a special form of Building Regulations for listed buildings.

21. Extend the VAT refund scheme for listed places of worship to heritage assets that are in charitable ownership that are accessible to the public, and to monuments incapable of conventional income-producing uses in any ownership.

2.3.3 LONGER TERM

22. Replace the VAT zero-rating of alterations with zero-rating, or a reduced rate, for repair and maintenance of protected buildings.

3 HERITAGE ASSETS AT RISK

(ESPECIALLY INDUSTRIAL)

About 1,400 structures are currently listed on the English Heritage Heritage at Risk Register. Domestic, Religious and Defence/Maritime structures top the list and between them account for over half of all assets at risk. Industrial structures form about 13% of the list, although the real proportion is higher as some of those classified as being Defence and Maritime, Communications & Transport, Commercial, and Water Supply and Drainage are also "industrial" in nature.[2]

Figure 3: Types of asset on the Heritage at Risk Register, 2009[3]

	Number	% of UK
Domestic	300	21%
Religious, Ritual and Funerary	229	16%
Defence	198	14%
Industrial	**188**	**13%**
Agriculture and Subsistence	111	8%
Gardens, Parks and Urban Spaces	91	6%
Unassigned	81	6%
Transport	79	6%
Commercial	42	3%
Recreational	35	2%
Water Supply and Drainage	17	1%
Civil	13	1%
Education	13	1%
Health and Welfare	13	1%
Maritime	12	1%
Commemorative	8	1%
Total	**1430**	**100%**

[2] These figures include buildings that are grade I, II* and structural scheduled monuments. They do not include grade IIs, except in so far as some of the structural scheduled monuments have this designation.

Most of the industrial structures on the Register are concentrated in parts of the country that were the focus of manufacturing after the Industrial Revolution and which have struggled economically post-World War 2. They represent a higher proportion of the assets at risk in those areas. More than a fifth of all structures at risk in Yorkshire and the Humber, and the North East, were originally industrial, but only 2% of all the buildings at risk in London were originally industrial.

Figure 4: % of all structures at risk in each region that have industrial origin

	Number	% of Regional total
West Midlands	35	19%
South West	34	14%
Yorkshire and the Humber	28	21%
North East	27	22%
East Midlands	26	15%
North West	24	17%
South East	7	4%
East of England	5	3%
London	2	2%
Total	**188**	**13%**

134 industrial structures that have been on the Register at some point since 1999 have now left it. 21 of them, including a number of assets at Perran Foundry in Cornwall, have been taken off because they have been reassessed.

One – 47 Bengal Street in Manchester – has been demolished.

103 industrial structures have been taken off the Register because they have been repaired, about a third of which have had grant assistance from English Heritage, Heritage Lottery Fund or both.

55% of the industrial structures currently on the Register are listed Grade I or II*.

Figure 5: Listing of structures on the Heritage at Risk Register

Grade 1	13	7%
Grade II*	90	48%
Grade II	17	9%
Not Listed	68	36%
Total:	188	100%

Many industrial sites have more than one structure on the list. As show in Figure 6 about 1.4 structures are listed per industrial site.

Figure 6: Listed structures per site

Total Buildings/Structures at risk:	188
Total Sites	131
Buildings per site	1.4

As Figures 7 and 8 show, there are many different types of structure on the Heritage at Risk Register[4].

Buildings associated with mining (Mineral Extraction and Product plus Fuel Production and Mining) account for about 42% of the sites where there are structures at risk.

Figure 7: Original use of structures at risk

Fuel Production and Mining	46	24%
Textile Industry	46	24%
Mineral Extraction and Product	34	18%
Industrial (other)	21	11%
Food and Drink Industry	13	7%
Metal Industry	13	7%
Engineering Industry	11	6%
Paper/Wood Processing	2	1%
Power Generation Site	2	1%
Total:	188	100%

[4] A few are not categorised on the Register.

Figure 8: Types of building currently on the Heritage at Risk Register

Engineering Industry

1 New Pattern Shop; Dry Sand & Green Sand Shop; Engineers
2 Warehouse
3 Coffin Furniture Works
4 Foundry
5 Forge
6 Foundry
7 Chain Test House
8 Foundry
9 Carriage Works

Food and Drink Industry

10 Mill
11 Brewery
12 Tide Mill
13 Mill
14 Mill & Walls to Mill Pond
15 Ice Factory
16 Watermill
17 Malt Kiln
18 Windmill
19 Mill
20 Maltings
21 Mill
22 Mill

Fuel Production and Mining

23 Engine Bed; Tower Base; Waterwheel Pit
24 Engine House; Chimney
25 Engine House
26 Beam Engine House
27 Engine House; Weigh House; Capstan
28 Engine House; Workshop; Heapstead, Beam Engine House; Bolier House; Fan House; Chimney; Weighbridge
29 Engine House
30 Coking Ovens
31 Lead Mine
32 Mine
33 Pithead Baths
34 Colliery
35 Mines
36 Boilerhouse & Chimney Stack; Dust Sampling Lab; Power House;Headgear & Heapstead; Institute Shaft;Electricians Workshop & Ostlers Store; Platt Shaft & Winding House; Institute Winding House; Winding Engine & Power House; Heapstead; Tub Hall;Weigh Bridge & Weigh Plate
37 Engine House, Chimney & Headstocks
38 Coke Ovens
39 Middle Level Mine
39 Coke Works
40 Coke ovens

Industrial (other)

41 Mill
42 Mill
43 Smelt Mill; Smelting Flues
44 Four bottle kilns
45 Mill
46 Maltings
47 Industrial Works
48 Windmill
49 Forge
50 Tannery Building
51 Silo
52 Mill
53 Smelt Mill and Mine
54 Smelt Mill
55 Mill Engine House
56 Gunpowder Works
57 Mill
58 Ropewalk
59 Windmill

Metal Industry

60 Revetment Wall; Lodging Shop
61 Smelting Mill
62 Furnace
63 Metal Works
64 Lead Ore Works
65 Workshop Ranges & Crucible Furnace
66 Crucible Steel Shop
Crucible Steel Shop
67 Lead Cupola, Flue and Chimney
68 Blast Furnace & Ancillary Buildin
69 Backbarrow Ironworks

Mineral Extraction and Product

70 Headgear
71 Colliery
72 Candle House
73 Carpenters'shop & workshops;
74 Mine
75 Dam and sluices; Furnace
76 Engine House
77 Two Kilns; Eight Kilns
78 Pan Sheds & Stoves; Office;
79 Engine Shed & Pump House,
80 Canal Salt Shed;
81 Ore Works
82 Bottle Ovens
83 Lead Mine
84 Bottle Shop
85 Potash Kiln
86 Leadmine & Ore Works
87 Lime Kiln
88 Bagmenders Shed
89 Pottery
90 Lime Kilns
91 Pithead baths & canteen
92 Bottle oven & factory
93 Lime Kilns
94 Tilery
95 Bottle Kilns

Paper/Wood Processing

96 Saw Mills
97 Saw Mill

Power Generation Site

98 Power station
99 Gas Retort House

Textile Industry

100 Preparation building; Cotttage; Workshop, Cart Sheds; North Mill; Engine House; Boiler House
101 Mill
102 Mill
103 Mill Dam
104 Boiler house, engine house
105 Mill building
106 Mill
107 Stove House & Dye House
108 Apprentice House
109 Engine House; Boiler House; Ch
110 Mill
111 Cloth finishing works
112 Mill
113 Mill; Gates; Engine; Engine House (x2)
114 Mill
115 Mill
116 Cloth Hall
117 Works & gate lodge
118 Mill
119 Mill Buildings
120 Mill; Perimeter Wall & Ancilliary Buildings Gates; Engine; Engine House (x2); Boiler House
121 Flax dressing building
122 Mill
123 Mill
124 Mill
125 Cottage; Aqueduct; Mill (4

Buildings that are associated with mining are proving more difficult to get off the Register than other types of sites – they make up 29% of sites that have at some time been on the Register and have now been removed via repair, a lower proportion than they constitute of all structures at risk.

Figure 9: Sites removed from the Register via repair

Textile Industry	20	24%
Mineral Extraction and Product	13	16%
Fuel Production and Mining	11	13%
Food and Drink Industry	10	12%
Metal Industry	10	12%
Engineering Industry	9	11%
Industrial (other)	8	10%
Paper/Wood Processing	1	1%
Armament Manufacture	1	1%
Total:	83	100%

As shown in Figure 10 three regions in the north of the country account for around half of all the sites that have structures at risk, with the two Midlands regions accounting for over a quarter.

Figure 10: Location of sites on the Heritage at Risk Register

Yorkshire and the Humber	20	15%
North West	19	15%
North East	22	17%
West Midlands	20	15%
East Midlands	16	12%
South West	22	17%
South East	5	4%
East of England	5	4%
London	2	2%
Total:	131	100%

Yorkshire and Humber have removed structures from the at risk register at the most sites, in absolute numbers, probably because of a combination of funding via the Regional Development Agency and many of the buildings being mills, which are relatively adaptable.

Figure 7: Sites where structures have been removed from the Register via repair

	Industrial sites that have been on the register	Number of sites where structures have left due to being repaired	% of sites where structures have left due to being repaired
Yorkshire and the Humber	39	19	49%
North West	35	13	37%
South West	35	10	29%
West Midlands	33	12	36%
North East	28	6	21%
East Midlands	24	8	33%
South East	19	10	53%
East of England	8	3	38%
London	5	2	40%
Total	226	83	

Notes: In most cases all the structures on the site have left the register so the entire site has left too. There are four sites where only a subset of their structures has left.

The North East has, in proportionate terms, removed the least sites from the Register by repair, the reason, in part, being that it has greater mining heritage than other regions. Every single NE industrial site, in fact, remaining on the Register is associated with mining or extractive industry.

Figure 12: NE industrial sites on the Heritage at Risk Register

1	Holmslinn Lead Mine
2	Ford Colliery
3	Shildon Engine House
4	Stublick Colliery Beam Engine House
5	Bowes Railway
6	F' Pit Museum - Colliery Engine House
7	Whinfield Coking Ovens
8	Lynemouth Colliery
9	Mohopehead Lead Mine and Ore Works
10	Brandon Walls Lead Mine
11	Coke ovens at Inkerman Farm
12	Middle Level Lead Mine
13	Hedleyhill Colliery Coke Works
14	Phosphate Rock Silo (No. 15)
15	Carrshield Lead Mines and Ore Works
16	Allenheads Lead Ore Works
17	Langley Barony Mines
18	Low Slit Leadmine and Ore Works
19	Limekiln to east of the Limery
20	Marsden Lime Kilns
21	Capheaton Tilery, Mirlaw House
22	Walkers Pottery, West Bottle Kilns

The private sector, in the form of individuals, companies and, to a lesser extent, trusts, owns over 80% of the sites where there are industrial structures at risk, with public sector organisations owning the rest.

Figure 13: Ownership of industrial sites on the Heritage at Risk Register

Private	58	44%
Company	38	29%
Local authority	15	11%
Trust	12	9%
English Heritage	5	4%
Quango	2	2%
Government	1	1%
Total	131	100%

The majority of sites with structures at risk are classified as being in rural locations.

Figure 14: Rural/Urban split of industrial sites currently on the Register

Rural	75	58%
Urban	55	42%
Total:	130	100%

Note: There is one site that is not classified

There has, proportionately, been slightly more success in removing sites, through repair, in urban areas than rural areas.

Figure 8: Rural/Urban split of industrial sites that have been removed from the Register via repair

Rural	42	51%
Urban	41	49%
Total:	83	100%

About 70 structures on the 1999 Baseline Register are still on it. Several of them are ruins (like lead mining sites in the Pennines) or process structures like lime kilns or windmills with machinery intact, with little or no capacity for modern use and usually no financial incentive to conserve them. There are diverse reasons for the remainder staying on the list, but they typically relate to the scale of the buildings, their state of repair, and limitations on conversion stemming from their extreme importance.

Figure 16: Industrial structures on the Register in 1999 and still there

Ruins (mostly scheduled monuments) and industrial process structures (e.g. kilns, windmills)	12
Buildings with some capacity for low key use	16
Buildings fully capable of adaptation to modern uses	33

TOTAL	**61**

An obvious overall conclusion from this analysis is that economic conditions in the location, and the nature of the site, have a critical impact on how easy it is to get them off the Register. These issues are discussed in detail in the next section.

The high proportion of sites that are owned by individuals and companies suggests that there is a need for a combination of stronger enforcement action and inducement to encourage them to comply with their obligations, which is a key theme of proposed initiatives.

4 Issues Relating to all Heritage Assets at Risk

4.1 Development Risk

There is no mystery about the main barriers to investment in historic buildings generally.

Peter Bourne, Development Manager of the Crown Estate, which, amongst other interests, owns most of the property on London's Regent Street, neatly summed up the difference between developing historic buildings and new buildings as "slower and more costly planning process, need to design more up front, chance of delays during construction when unexpected problems are found". There is "many times more" construction risk with historic structures.

Other developers interviewed answered the same question with similar words.

A significant element of the cost and risk is that development that involves listed buildings requires considerable investment in obtaining statutory consents, particularly listed building consent, which typically involves a more detailed stage of design and, therefore, greater cost, than an application for planning permission alone. Breaches of listed building control are a criminal rather than civil matter.

Where buildings are at the margins of viability, as is commonly the case with derelict industrial buildings, the additional cost and risk can influence developers in choosing between whether to proceed or seek opportunities elsewhere.

Figure 9: Views of consultees about obtaining consents for listed buildings

Steve Parry, Chief Executive of Neptune Developments in Liverpool, said that "In our experience we have had to spend considerably more in pre-development fees with historic structures and financial assistance would be an incentive to undertake more work on listed buildings".

Ashley Nicholson of Verve Properties says that it has taken about a year and £250,000 cost to get planning permission for each of the phases of the Paintworks development in Bristol.

Trevor Osborne said at the Manchester seminar that it could cost up to £2 million for a big development involving listed buildings.

Axel Burrough, Director of Levitt Bernstein, an architectural practice that does much work on historic buildings, commented "PPS5's greater onus upon applicants to provide justification of the suitability of works proposed is yet another impediment and expense on the route to planning consent. The commercial situation is that developers (whether private or public sector) want to limit expenditure on fees at the feasibility stage of a project, and a planning decision is one important aspect of feasibility. So design teams are forced to do more and more work for less and less money. It is not sustainable, and the situation must change to give applicants more comfort earlier in the process".

Suggestions that have been made by consultees for reducing development risk for heritage assets include:

- allowing accredited private sector professionals to check the detail of applications for listed building consent, removing some of the development control burden from local planning authorities;
- removing the requirement for developers to submit both a planning application and an application for Listed Building Consent;
- allowing developers to submit schemes in steps of increasing detail so that there is less up front risk;
- allowing more flexibility in the submission of planning applications and listed building consent for complex sites;
- introducing building regulations that are specifically for listed buildings;
- greater use by planning authorities of Special Planning Guidance, including draft heritage partnership agreements where relevant, so that developers have a clearer idea of what they may be allowed to do with listed buildings;
- using heritage partnership agreements to reduce bureaucracy in the development and management of large sites and reduce the number of small applications that planning authorities need to deal with. The options and challenges of this are discussed in more detail in Section 6.

4.2 Development Potential

Most historic buildings have strong market appeal, especially in the residential sector where they often sell at a premium.

The investment performance of listed property on the Investment Property Databank (IPD), which is the recognised information system for monitoring the financial performance of investment property, has been analysed for this study[5].

The analysis showed that both listed offices and listed industrial buildings have outperformed non-listed buildings on financial measures over the past 30 years, offices by a significant margin, although listed retail premises have tended to underperform their non-listed counterparts.

The analysis demonstrates that listed property can outperform unlisted property where it is attuned to the market demand in its location. An illustration of this is that listed office buildings on the Investment Property Databank in the City of London have underperformed compared to non-listed buildings. This is probably because many of the financial and business services occupiers that look for space in the City require prime Grade A class offices offering large floor plates

[5] A summary is contained in a separate document and the dataset has been provided to English Heritage for more detailed analysis.

and IT capability, which are a challenge for listed buildings to provide. Listed offices in the West End, by contrast, have outperformed non-listed office buildings, probably because the character and location of the buildings is a more important factor for the professional practices that tend to look for space in the West End.

Similarly, the thirst of large retail chains for larger premises and the tendency for the large investment funds, as a result, to sell high street properties to local investors and invest instead in new shopping centres, is probably why listed retail buildings in regional cities have underperformed financially by comparison to newer buildings. Analysis of residential property in those same cities would probably tell an opposite story.

Figure 18: Case Study – the Crown Estate

The Crown Estate's property on Regent Street itself epitomises the value in historic property (the street is almost entirely listed) and also the value that can be added through development.

Peter Bourne states that "We have been able to redevelop many of our listed buildings and have been able to achieve better returns on the redevelopments compared to refurbishments".

They have, notably, been able to make quite radical changes to the interiors of the retail units on Regent Street to create spaces that are suited to modern retailing, and to create large floor plate offices above. This, aligned to a clear vision for the street, has enabled them to attract the flagship stores of the world's leading retailers. Many international brands – from Banana Republic to National Geographic – have located their flagship" UK store there.

The revitalisation of Regent Street is an illustration of how developers with vision can achieve exceptional financial results with historic buildings when a degree of freedom is possible and permitted.[6]

There are certain types of historic building, however, that tend to be weak in terms of investment potential because of their form and/or their location. Buildings of industrial origin tend to be like that, as described in Section 5.1.

The options for securing the future of a building at risk are always related in some way to the circumstances of its location.

Location is the main determinant of differences in value between similar buildings.

Build costs may vary by up to 30%[7] across the country, with London and the South East at the top of the scale, but that is dwarfed by the difference in property values between different areas. There are sharp differences in value not only in

[6] Regent Street is unusual among listed buildings because the classical facades were often designed separately from, and ill-related to, the buildings behind, whose form and interiors are (or were) in many cases utilitarian.

[7] Spons, the Quantity Surveyor's "bible" which is published annually and provided detailed building and fitting costs, bases its costs on those applying in "Outer London". The current edition states that average costs in "Inner London" are about 13% higher and those in least expensive parts of the UK, the North and Yorkshire and Humberside, are about 18% lower.

different locations across England but between different parts of cities, including London.

Repair and conversion of equivalent buildings can be financially attractive in high value areas, but not in low value areas.

Figure 10: Case Study – Healy Royd Mill, Burnley

This case illustrates the difficulty in developing heritage assets where local economic conditions are not favourable.

The 4 storey weaving mill was built in 1850 and extended in the 1930s. It is surrounded by late 19th century and early 20th century single storey weaving sheds in one of the finest remaining collections of such buildings, the Weaver's Triangle. It is locally listed and as such is a non-designated heritage asset.

The area is seriously deprived socially and economically.

St Modwen Developments has a track record of working in historic areas and with historic industrial buildings. They do not lack experience. They bought an option to purchase in early 2004 from the existing occupier, footwear and accessories manufacturer Lambert Howarth. The acquisition was completed in January 2007, when the factory closed.

St Modwen envisaged a major mixed use development but were unable to put together a viable scheme. The mill was, meanwhile, badly vandalised and its condition deteriorated.

Outline consent was obtained in March 2011 to demolish the mill in its entirety to replace it with a new mixed-use development with residential, retail, leisure and commercial uses.

The regeneration of places suffering from major economic decline - whether they are colliery villages, major cities or city districts - has been a major political concern for decades. It prompted the last Government to establish Housing Market Renewal Pathfinders.

Significant sums of public money have been invested, both by English Heritage and the Heritage Lottery Fund, the latter through Heritage Grants and the Townscape Heritage Initiative (THI). HLF has awarded over £1.5 billion for the conservation of historic buildings and structures since 1994, £170 million of which was allocated to 175 THI schemes between 1999 and 2008.

An evaluation report concluded that the economic trend of an area tends to be crucial to success of THI projects: 'without local demand for the type of property needing restoration, however significant it is in heritage terms, a scheme is unlikely to have a positive impact' [8].

Places that have been affected by a fundamental shift in economic circumstances need the potential to develop a new economy if they are to have a sustainable future. Places need, in short, a rationale for people to want to live and work there.

Areas with good transport connections and/or buildings or a setting that have appeal tend to be easiest to regenerate. Pockets of difficulty in areas that have otherwise positive economic and/or physical conditions are easier to deal with

[8] *Townscape heritage initiative schemes evaluation;* Final report by Oxford Brookes University for HLF (2008), 111

than those that are at the heart of a large area of economic difficulty and/or physical unattractiveness.

Heritage assets are sometimes of such inherent quality that they can spearhead the regeneration of areas, as was the case with Whitworth Street in Manchester.

Figure 20: Case Study – Whitworth Street, Manchester

Whitworth Street was at the heart of a conservation area that The Central Manchester Urban Development Corporation was tasked with regenerating in the 1990s. It had a large number of Grade II* and Grade II listed former cotton warehouses and commercial buildings in poor repair. Although adjacent to Manchester's Central Business District, the area had been neglected for many years because barriers to private investment were substantial. The UDC outlined a vision for a "village within the city" and attracted developer interest by providing gap funding[9] . A large number of historic buildings were redeveloped over four years. They were converted into residential and hotel accommodation, with some retail and restaurants. The gap funding ratio (private: public investment) moved from about 2.5:1 in the first scheme to 6:1 in the last that the UDC felt the need to support. Development, of old and new buildings alike, spread from there to adjoining areas, like Cambridge Street, without the need for funding from the public sector.

Imaginative redevelopment of large "landmark" sites like Urban Splash's Fort Dunlop outside Birmingham and Manningham Mill in Bradford has the same effect.

More normally, however, the inherent quality and interest of the heritage assets is not of itself sufficient to overcome disadvantageous locational factors. Those factors can change over time, but they tend to change slowly, at a slower pace than that at which heritage assets tend to decay.

One of the main suggestions made in this report is that the impact of location and the nature of the structure should be given considerably more emphasis in shaping policy towards buildings at risk. Section 6.4.2 has an outline system of categorisation.

4.3 Area Based Regeneration

Solving the problem of a building at risk is often dependent on a solution for the historic area in which it is located.

Figure 21: Case Study – Wills Building, Newcastle

This is an example of a development that became viable after the area surrounding it had become more desirable. This Grade II* listed former Cigarette Factory, about 10 minutes' drive from central Newcastle, was developed by Taylor Wimpey into a successful residential complex, completed in 1998. The developers were, in their words, "attracted to it because of the location, which they felt would attract good values. It could be obtained for a reasonable price, and the image of the area had changed as a result of regeneration". They became interested when an application was submitted to the planning authority for the building to be

[9]Funding to cover the difference between the cost of repairing and converting the building and the value of the resulting development – the difference being known as the 'conservation deficit'

demolished. They envisaged that converting the existing building instead would have strong appeal in the market, and that turned out to be the case because people like the "character" of the development. The downside was that the development was "more difficult and expensive than expected".

Area based regeneration is central to dealing with unlisted and Grade II listed and unlisted heritage assets and was how Regional Development Agencies, and Urban Development Corporations before them, tended to tackle them.

Experience suggests that regeneration of historic areas requires a realistic strategy proactively implemented and/or supported by the local authority, usually with the support of other funding agencies, over a substantial period.

Successful area-based regeneration has tended to include, as components of a co-ordinated strategy:

- Broadly-based community/ stakeholder support – which, in commercial or mixed areas, includes the business community.
- Detailed Supplementary Planning Guidance (SPG) which identifies opportunities for beneficial change as well as conservation. *Many respondents to the research have highlighted the value of SPG. Developers see it as a way of providing greater speed and certainty in the planning process.*
- Establishing a grant scheme for historic building repair, typically through a Townscape Heritage Initiative (THI) or English Heritage scheme, which help encourage economic growth in heritage areas. *Although THI has not been studied in detail for this report, a number of examples were picked up in the research where it has had a key role in regenerating historic areas and in enabling the redevelopment of buildings at risk*[10].
- Use of statutory powers to require urgent works to listed buildings/ buildings in conservation areas to 'stop the rot' to historic fabric, coupled with amenity notices (under Section 215 of the Town and Country Planning Act 1990) to address dereliction and neglect of buildings and sites. *There were several good examples from the research where proactive enforcement by local authorities had made a difference. Enforcement is, of course, resource intensive. A major challenge is tracing the owners of the property. New guidance on enforcement, called "Stopping the Rot' is being issued in autumn 2011. English Heritage makes funding available to underwrite 80% of the costs of the professional services (e.g. legal and surveying fees) for urgent works and repairs notices for Grade I or II* structures or in conservation areas.*

[10] One of them, base2stay hotel in Liverpool Ropewalks, is one of the detailed case studies.

Figure 22: Opinions of consultees about local authority enforcement

Russell Brown, Conservation Officer with Wiltshire Council, said that "it would be good to have more investigatory staffing/bailiffs to resolve such matters. The fundamental issue in terms of this is that it is not difficult to serve an Urgent Works Notice and the Council can undertake the works. However if you cannot find the owner then the Council must bear the brunt of any costs, which they cannot do". Peter Babb and Paul Mason in Manchester said "We do not think that the powers are strong enough and can result in determination in the courts. A land charge would be preferable". Steve Corbett of Liverpool City Council said "Funding for enforcement to allow a 'carrot and stick' approach proved very effective. Whilst there is no compulsion for an owner to take-up grant aid, the prospect of a bill for Council enforcement action in default focuses minds! It also has the effect of freeing-up property, allowing eager developers to pick-up buildings from owners who would do nothing. The main challenge in enforcement action is availability of funding to underwrite action. Once this was available (some £400,000 over two years 2002-03 and 2003-04 in our case) it can then be used, recouped from owners and recycled to be used again. A dedicated officer was helpful in Liverpool's case because of the scope of the task. Even without a dedicated officer, some training and expertise in using what can be little-used sections of the listed buildings act is needed".

- Using Compulsory Purchase Order powers, or transferring local authority assets, to enable developers to deliver projects based on realistically developable propositions. A*ll of the local authorities that responded to our research have used CPO, but all were wary of it.*
- Actively seeking developers, community and charitable as well as commercial, and sometimes non-profit making and profit-making working in partnership, to take on heritage assets at risk. *The research has identified several examples of local authorities that have been proactive in seeking new uses for historic buildings, especially those at risk, in their areas. Their ability to do so is under threat, however, because of lack of resource.*

Figure 23: Opinions of consultees about local authority work to encourage new uses for historic buildings at risk

"The Council is changing. Before the regeneration team was disbanded, it had a complete list of vacant buildings which they sought to encourage businesses to take on. It was a list that also highlighted those vacant buildings on the council's Buildings at Risk register that may be suitable for commercial use. With them gone, there is no one specifically tasked with engaging developers etc. through regeneration, although the council works in partnership with Somerset Building Preservation Trust to find suitable properties and have a good working relationship". Jane Boldy, Conservation Officer at Mendip Council.

- Maintaining highways and the public realm to a high standard, and dealing with anti-social behaviour including fly-posting, littering, and fly tipping.

Although there is currently a gap in funding for doing this, the Localism Bill encourages local authorities to be proactive in regeneration and proposes to give them additional tools to do so.

Local development orders will allow strategies to be developed at neighbourhood level, albeit the problem with areas in serious decline is often lack of initiative and confidence at that level.

Tax increment financing will allow authorities to borrow against future income generated by developments, and they will be able to retain income from business rates generated through local development initiatives. This should have the potential to encourage local authorities to invest in buildings in areas with potential, but borrowing to fund investment in areas with longer term potential is likely to be considered too great a risk.

The *Community Infrastructure Levy (CIL)*[11] will provide a means of providing funding for improvements to historic environments, but will be thinly spread in most parts of the country, certainly until the development market improves substantially. It is important that local authorities are encouraged to see historic environments as "infrastructure". Using the term more frequently in relation to historic environments might play a small role in achieving this.

Overall, therefore, new types of special purpose partnership vehicles involving local authorities and heritage funding organisations are needed for the next generation of area-based regeneration of historic environments and to facilitate investment in infrastructure which is necessary to bring forward development of large and difficult historic sites.

New funding arrangements will also be needed. They should probably include a mix of a higher proportion of public sector funds to private sector led schemes that have potential to be commercially viable, such as funding from the Regional Growth Fund where there are direct job creation opportunities, funding from the Big Society Bank, Community Infrastructure Levy and the continuation of funding from the Heritage Lottery Fund into Building Preservation Trusts, accompanied by more leverage for them to build working capital. Further incentives might include reduced local rates for developers taking on buildings at risk, greater recognition that developers cannot normally be expected to make S106 contributions over and above dealing with the conservation deficit involved in restoring the building, and extended capital allowances. All are discussed in more detail later in the report.

[11] The Community Infrastructure Levy (CIL) is a new levy that local authorities in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods agree are priorities – examples quoted in guidance from the Department of Communities and Local Government include "new or safer road schemes, park improvements or a new health centre". It will be charged on developments that create new floor space. It will not entirely replace S106 agreements, but any planning authority charging CIL will only be able to use S106 contributions to fund improvements that are specifically related to that development. From April 2014, all S106 contributions will have to meet this criteria. CIL will be the main means of pooling developer contributions to pay for improvements to local infrastructure.

Figure 11: Views of consultees about regeneration of historic areas

Stevev Corbett, Building Conservation Team Leader of Liverpool City Council provided some interesting comments in the course of the research on the regeneration of the Ropewalks area through a variety of different funding regimes, and the research also covered the development of the base2stay hotel – which comes top of the Liverpool Trip Advisor ratings - and how it was both facilitated by grant aid and almost did not happen because of the time taken to achieve that grant aid. Steve points out that, despite the immense improvement over the past 20 years, “Ropewalks continues to present challenges, and probably requires one further round / programme of area-based grant funding to tip the balance”. An application for a third HLF Townscape Heritage Initiative (THI) grant programme was unsuccessful in 2010 because of concerns about match funding.

Peter Babb, the Chief Planner in Manchester, summarises the situation in that city: “The main areas dominated by historic industrial buildings that need further regeneration are Ancoats, Miller Street, Northern Quarter and Piccadilly Basin. In each case there has been private investment in both listed and unlisted buildings but regeneration is incomplete and further action is necessary to bring forward a mixture of new and refurbished buildings. In the areas listed this has been a process of gradual change. Securing critical mass in an area is a key to unlocking private sector confidence as is demonstrated in the Castlefield area”.

Michael Loveday of Norwich Heritage and Economic Regeneration Trust (HEART), commented: “Effective SPG requires delivery vehicles and some degree of incentive pump priming. Although now a somewhat elderly example, Single Regeneration Budget (SRB) areas cleverly combined pro-active strategy, pump priming funding and local private/public/3rd sector expertise to deliver real benefits and facilitate rather than hamper development. There is definitely the need for new forms of special delivery partnerships to deliver area based regeneration. The problem with something like HERS is that it’s very incremental and technically based (all about a conservation officer agreeing to the architectural rehab of a building). A SRB is much more about a community- led, regeneration strategy for an area. Recently we have done local distinctiveness schemes based on historic area criteria, engaging the community and led by the 3rd sector. This is a massively important opportunity.

The HLF could move more to fund area- wide, heritage based regeneration rather than merely single focus projects. Some in local government think the Community Infrastructure Levy (CIL) should be about drains and traffic lights. There should be a mandatory requirement for a minimum proportion being allocated to community heritage regeneration[12].

Government could develop grant priority regimes for 3rd sector regeneration companies – a further step could be heritage trusts running area wide regeneration partnerships – sort of heritage SRBs”.

4.4 Grants

The research suggested that there are issues relating to both the availability of grant funding to cover conservation deficit and the application procedures.

It is not easy for private sector developers contemplating taking on difficult buildings to access grants.

The Regional Growth Fund (RGF) offers some prospect of funding towards some developments involving buildings at risk when the circumstances are such that they offer job creation possibilities. One heritage at risk building, Middleport

[12] This falls outside the statement of what infrastructure ‘includes’ in relation to CIL in s216 (2) of the Planning Act 2008, but the use of ‘includes’ rather than ‘comprises’ ultimately leaves it open for the courts to decide its limits.

Pottery, has been successful in the first round of bidding for grants from the fund. The project is led by the Prince's Regeneration Trust, in partnership with the Denby Pottery Group, and aims to ensure that the listed Victorian buildings are used for the same industrial purpose for which they were built and that traditional skills are preserved. It aims to save existing jobs and create new ones.

The Heritage Lottery Fund is a key source of funding for buildings at risk. Awards of over £333 million have helped remove more than 160 buildings from the register. In line with its policy directions, HLF is obliged to ensure it only awards grants to projects where the public benefit outweighs any private gain. As any conservation work to private property will almost inevitably affect its market value, HLF has followed a policy of treating privately-owned heritage as a low priority for support.

The Heritage Lottery Fund has, nevertheless, supported many projects which have involved a commercial developer, often, but not exclusively, working in partnership with a not-for-profit partner, such as a Building Preservation Trust. Developer Trevor Osborne, who has completed one such scheme, Oxford Castle, and whose scheme to develop Buxton Spa relies on a grant from the Heritage Lottery Fund, described this scenario at the Manchester seminar.

The Heritage Lottery Fund is currently reviewing, as part of its consultation on its next strategic plan, whether, in its assessment of grant applications, it should give greater priority to heritage identified as being at risk and whether it should do more to support heritage in private ownership.

The research for our study suggests that there may be a case for it to be easier for developers to compete for lottery originated funds for restoration of historic buildings at risk where there is clear public benefit.

High quality and imaginative schemes like those quoted in Section 5.4 represent, arguably, optimal solutions for industrial buildings at risk – they respect the character of the buildings, they nurture small businesses, notably those of a creative bent, they welcome the public, they host cultural activity, they attract the public in large numbers and they do not require on-going revenue funding. They appear to be very clearly in the public interest.

Ideally, more buildings at risk would be developed in that way, but it is often not possible because the conservation deficit is too high for entrepreneurs to deal with. Forming an arrangement with a Building Preservation Trust may be an answer, but too complicated for most developers.

Those developers interviewed who had obtained grants complain of the time and bureaucracy associated with applying for them. Others said they will not consider applying for grants for that reason.

Our experience is that grant schemes tend to have a life cycle, beginning with simple rules because previous schemes have become unworkably bureaucratic, then gradually adding rules to address problems encountered until they become unworkably bureaucratic themselves. The changing funding landscape provides an opportunity to refresh them again.

Applications would, again in our experience, be more effective and easier to complete if they focussed on key outputs rather than micro detail and they were more flexible, moving from being ‘in principle in the order of £x’ at the start to a specific sum and time period as the project progresses.

Figure 12: Opinion of consultees about grant applications

Robert Nadler of base2stay described forcefully at the London seminar how the building was rapidly deteriorating while the various procedures to meet the requirements of different funding organisations were complied with. The project came close to failing as a result. Steve Corbett or Liverpool City Council reported how successful the two THI schemes in Ropewalks in Liverpool had been. He says, however, that: “Improvements to our THI schemes could have addressed the complexity of the funding partnership arrangements. There was little concept of a ‘common fund’ with a single administrative body; rather a THI Manager attempting to run separate funding programmes for each of the four funders – including having to apportion discrete amounts from each funder to each building repair project. This made grant allocations a lengthy and complex process – to the point where applicants were considered unable to complete all sections of the grant application form because they wouldn’t understand sections!” He goes on to say that “‘Annuality’ was a big problem from the funding partners – spend to strict annual limits is difficult as grant-spend is reliant on third party activity (unlike public works contracts)[13]. The expectation that grant funding could be turned off and on ‘like a tap’ to take up other programme slack or over-spend was unrealistic. In some instances, the annual grant budget was lesser duration than the build contract for which grant was being offered – with risks about future allocation! A great deal of uncertainty was the result”. Ian Douglas of the Berwick Preservation Trust (developers of Dewar’s Granary) said they had a similar experience to Robert Nadler. “A preservation trust has no funds of its own and has to obtain grant funding for specific projects. The delay in tying all these up sees costs escalate away from it and some grants offered can expire because they cannot be initiated due to all the funding not in place to allow a project to commence”.

4.5 Enabling Development and S106 Agreements

Enabling development is the planning principle by which development contrary to national and local planning policy can be permitted if it is necessary to deliver public benefits, which includes restoration of a listed building for a sustainable use, which outweigh the public harm[14].

Most respondents to the research thought it was a useful principle, but several said it could be improved.

[13] Heritage Lottery Fund funding through the Townscape Heritage Initiative is the only contribution to the ‘Common Fund’ not subject to annuality, so provides some flexibility to make the most of other funds. Grant conditions/ application forms tend to be the sum of the requirements of all funders, with those of the now defunct RDAs accounting for the majority, and often being incomprehensible to those outside the public sector.

[14] See *Enabling Development and the conservation of significant places,* English Heritage 2008.

Figure 13: Views of respondents about Enabling Development

Richard Turpin, who developed Irwell Mill, said that "a major problem is the time taken to move from concept to start on site, in such cases the market will have moved on and the initial commercial appraisal will no longer apply. Speed is of the essence, and certainty is fundamental to securing confidence and a rapid start".
Russell Brown of Wiltshire Council said that "Enabling development needs to be more rigorous and robust. Testing of buildings and applications to see whether they need enabling development is vital and needs a tighter control. The current set up of having S.106 legal agreements stipulating that the works to the historic building should be done before any new build should be replaced by an agreement based upon time, namely that say, you have 6 months to undertake the works needed on an historic property".
Steve Corbett of Liverpool City Council said "The principle of 'enabling development' allows us to go that little bit further by allowing a relaxation of town planning policies to achieve the financial balance. The English Heritage policy approach is well-thought out having gone through a couple of reviews since its inception so is as good as it needs to be. From my experience, improvement in applying it would be helpful – especially understanding development financing".
He also suggested "a claw back scheme which is presently seen with affordable housing whereby some of any profit generated is recouped by the Council post development. Could be applied to historic properties in that, if any profit is gained as a result of the enabling development, a proportion of it should be returned to the Council to be channelled into other historic properties to secure their upkeep".

The research suggests that local authorities can, in the view of developers, be over demanding in their expectations of the development profit that working with listed buildings are likely to produce. They can demand Section 106 contributions that, in effect, means that enabling development has to pay both for the conservation deficit involved in restoring the listed building plus a contribution towards other local priorities. This is often unrealistic for developers to take on.

Local authorities do need to use Section 106, on the other hand, to ensure that historic buildings within larger developments are, where necessary, cross-subsidised from the profits of the new build. This often does not happen and the land is sold off, leaving no further opportunity for enabling development. The new development can also be sold off, leaving the Section 106 agreement virtually unenforceable[15].

One of the main objectives proposed in this report is that local authorities should be encouraged to be more proactive in using both carrot and stick via a miscellany of different means, such as: shifting some of the burden of processing the detail of applications to the private sector so that conservation officers have more time to be proactive, organising events that help them to understand the perspective of developers and the particular challenges of developing historic buildings (the need for a better understanding of development finance has emerged as a notable requirement), assisting them to issue compulsory purchase orders, and helping them to prepare Supplementary Planning Guidance and assemble financial inducements to attract developer interest. An objective of the proposed network of Heritage at Risk Development Enablers is to help with this

[15] This is particularly likely to happen if the buyer is an offshore company

and to ensure that local authority planning officers understand the real financial implications of developing heritage assets.

4.6 Sustainability

Participants at the London seminar argued that conservation of historic buildings should be more prominently aligned to sustainability.

Richard Wilson of Wiltshire Council also emphasised this in his questionnaire response: "Focus heavily on the energy/ sustainability aspect of historic buildings looking at the embodied energy within historic properties and in these days of carbon footprints there should be a big push to raise the status of historic building conversion as a means of retaining the embodied energy rather than losing it through demolition or progressive disintegration".

However, Simon Loomes, Strategic Projects Director of the Portman Estate, which refurbishes approximately 10 – 12 listed properties per year for uses ranging including residential, office, hotel and retail, pointed out that it was more difficult to achieve high energy efficiency in historic buildings and that could come to be a more important factor as companies are penalised for energy inefficiency. This is perhaps particularly true of industrial buildings, which are typically designed to disperse rather than retain heat.

4.7 Taxation

Most European states derive income from taxing the ownership and use of property, and most offer exemptions or reduced rates for officially designated heritage assets.

The ability to offset the cost, or part of the cost, of maintaining designated heritage assets against local or national property taxes is common.

This is an incentive to use and maintain the assets, and recognition of the cost of the specialist input necessary to repair them in a manner that sustains their significance, which represents a public interest in private property[16].

The UK is unusual in that there are no such general incentives, other than the VAT refund scheme for repairs to listed places of worship, and concessions in relation to the alteration - but, perversely, not the repair - of certain protected buildings.

England is also unusual in that, apart from Council Tax, which is levied locally on occupiers, there are no national taxes on the ownership of property or land (or other forms of capital wealth), making the VAT regime, Council Tax or general income/corporation tax the only practical vehicles for offering general tax relief to those responsible for listed buildings.

[16] For comparative data see http://www.european-heritage.net/sdx/herein/

Tax on profits from the development of listed buildings at risk is not of itself a problem – the challenge is to generate a profit in the first place.

4.7.1 TAX ON DEVELOPMENT INPUTS (VAT & STAMP DUTY LAND TAX)

VAT is currently levied at 20% on the cost of repair and maintenance of all buildings, including listed buildings and scheduled monuments.

Alterations requiring heritage, normally listed building, consent to protected buildings that are or will be used for a ‘relevant residential or charitable purpose’ are zero-rated.

The sale of a protected building can be zero-rated if it is ‘substantially reconstructed’ (more than 60% of the work by cost is approved alterations, or with only the external walls retained).

Works to convert any building, historic or not, to residential or charitable purposes are subject to a reduced VAT rate of 5%.

VAT on commercial conversions can be recovered if the developer ‘opts to tax’, but VAT is then chargeable on the sale price and rents received from tenants. Buyers or tenants can reclaim the VAT if they are VAT-registered, so VAT is not a disincentive for most large-scale or high value commercial conversions.

For charities or small businesses, however, VAT on purchasing or renting property represents a 20% extra cost. The property can be unattractive and uncompetitive for them if the developer has opted to tax. They are the very type of tenant that tends to be attracted to former industrial buildings.

Stamp Duty Land Tax (SDLT) is levied on the purchase, including lease, of land and property. There is a zero rate up to £125,000, with steps from 1-4% thereafter.

Reliefs have been provided for first time buyers and disadvantaged areas, so the principle of providing incentives for particular types of transaction is established.

Since most structures on the Heritage at Risk Register have a substantial conservation deficit, they tend to change hands for a low value.

It is likely, therefore, that SDLT is normally either not payable, or not a major factor in a development appraisal. The principal exception is probably where speculative trading is taking place, which relief from SDLT would encourage rather than, as at present, help to restrain.

No-one in our research has disputed that it is an anomaly that VAT is charged at 20% on repairs and maintenance to buildings but alterations are exempt and it seems appropriate to keep campaigning for this to change.

4.7.2 TAX ON OCCUPATION AND USE OF LISTED BUILDINGS

Council Tax is the only UK tax on the use of buildings (and some land). It is levied on occupiers as a proportion of 'rateable value'.

Council Tax rebates to various eligible groups, including small businesses, are an established part of the system.

Government envisages greater local discretion to use incentives to achieve local objectives.

There could be a general rate rebate for occupiers of listed buildings. This would be a way of recognising the public interest in private property but, unlike VAT relief, it would not provide a direct incentive to maintain and repair the property. It would tend to translate into higher rental and capital values, ultimately benefiting owners and owner-occupiers, and thus assisting development projects on the margins of viability. The cost would probably be disproportionate to the benefits, however, and it does not seem to be worth pursuing.

Selective use of rate rebates by local authorities to incentivise investment in specific buildings seems to have more potential.

4.7.3 TAX ON GIFTS AND BEQUESTS

Charities can reclaim tax on donations. It is an important innovation of recent years. It helps charitable trusts involved in the rescue of heritage assets.

Conditional exemption from Inheritance Tax can be granted for land and chattels which are of outstanding importance to the national heritage. This, for buildings, is generally equivalent to listing at Grade I or II*. Exemption is subject to undertakings about maintenance and public access.

While buildings within such historic entities, particularly subsidiary buildings, are not infrequently 'at risk', there is limited scope for amendments to this specific area of taxation to assist in dealing with historic buildings at risk[17].

4.8 Guidance for Developers

Developers have specific needs that are different from construction professionals but published guidance in England to aid developers of historic buildings is patchy.

The English Heritage guidance document Heritage Works[18] is aimed at developers, however other guidance, like 'PPS5 Planning for the Historic

[17] Other than considering income tax relief on Maintenance Funds (discretionary trusts) established under the provisions of the Inheritance Tax Acts to help support heritage assets conditionally exempted from Inheritance Tax.

[18] http://www.english-heritage.org.uk/professional/advice/advice-by-topic/urban-and-rural-regeneration/heritage-works/

Environment: Historic Environment Planning Practice Guide' jointly published by English Heritage, CLG and DCMS, and English Heritage's 'Enabling development and the conservation of significant places' and 'Understanding Historic Buildings: Policy and Guidance for Local Planning Authorities' contain important information for developers without specifically focussing on the challenges faced by a developer.

Various local planning authorities provide design and funding advice relating to historic areas and sites either in print or as web pages although, once again, much of this is of little more than passing interest to the would-be developer.

The same is true of grant aid advice such as that provided under the banner 'Funds for Historic Buildings' at www.ffhb.ork.uk.

Two books published by Routledge (Williamson K (2010) 'Development and Design of Heritage Sensitive Sites: Strategies for Listed Buildings and Conservation Areas' and Strike J (1994) 'Architecture in Conservation: Managing Development at Historic Sites') address the whole subject more directly and fully. Although now well out of date in parts, the latter includes a chapter on managing use and change of industrial heritage assets.

Overall, it is not easy for developers to quickly identify what sources might provide the most appropriate and reliable information for their specific needs. There was also not much evidence from the research that the guidance has much influence on the nature of schemes brought forward by developers, and it was clear from the developers interviewed that they did not see English Heritage as a source of advice if they did not need to get listed building consent or a grant.

A developer portal to English Heritage's website could help to reasonably quickly make it easier for developers to find information and could also provide a structure for thinking about what information there is and where there are gaps.

It may also be sensible to look for alternative means of trying to reach out to developers on a more one to one basis, although it is not easy to do so in an environment of funding cuts. We have suggested a programme of events bringing together developers and local authority officers and members as one relatively low cost possibility.

5 Issues Relating to Industrial Heritage Assets at Risk

5.1 Locational Considerations

The propensity for industrial heritage to be adversely affected by location is illustrated by the data in Figure 14, which shows the change in the number of structures on the Heritage at Risk Register in each region between 1999 and 2009.

Figure 14: Change of structures on the Heritage at Risk Register, 1999-2009

Industrial Buildings/structures at Risk					Total Buildings/structures at Risk			
	1999	2009	Change	% Change	1999	2009	Change	% Change
Yorkshire and the Humber	34	28	-6	-18%	206	136	-70	-34%
North West	29	24	-5	-17%	215	145	-70	-33%
North East	14	27	13	93%	147	124	-23	-16%
West Midlands	32	35	3	9%	246	185	-61	-25%
East Midlands	17	26	9	53%	194	171	-23	-12%
South West	25	34	9	36%	218	237	19	9%
South East	17	7	-10	-59%	302	192	-110	-36%
East of England	3	5	2	67%	125	146	21	17%
London	4	2	-2	-50%	124	94	-30	-24%
Total	175	188	13	7%	1777	1430	-347	-20%

London and the South East both had a larger reduction in the number of industrial structures on the Register than other types of structures. This of itself shows that industrial buildings can be attractive development propositions when local economic conditions are favourable.

All other regions had less success in removing industrial structures than other types of structure.

Historic industrial structures tend to be concentrated in towns, cities and regions where property values are relatively low because the industries that generated them have declined. They tend also to be outside of the parts of towns and cities where values are highest because there was no reason for them to be built in locations that are prime for alternative commercial uses like retail and offices.

Figure 28: Case Study – Custard Factory, Birmingham

The former Bird's custard factory was acquired by entrepreneur Bennie Gray in 1989 and has been converted into a successful home for small businesses associated with the creative industries in three stages. The head office building and library are listed Grade II. Businesses make and sell there – it is open to the public. It is on the periphery of the commercial core of the city in an area that Bennie describes as having been "an industrial wasteland". He first became interested on a first visit to Birmingham at the invitation of the City Council. He was attracted by "a group of magical, beautiful buildings with tremendous spirit". Each stage of the development has been facilitated by grant. The demand for space in the buildings has always been high. Interviews with occupiers suggest that the reasons for this are: it offers a combination of workshop space and retail space that is particularly suitable for those that make and sell; the rent is low compared to prime city centre locations; they like being with other small other small businesses and the "community feel" it engenders; and they like the character created by the historic buildings. Tenants interviewed say that there are physical inconveniences, notably cold, from being located in building built for industrial purposes, but they like the ambience and it is affordable.

Perceived risks associated with historic buildings generally, and industrial buildings in particular because of fear of contamination, may make it more difficult for developers to secure funding for developing them, although there was no evidence of this from the research. It is difficult to tell, when it is so difficult to secure funding for any type of development at present, and was so relatively easy to do so in the pre-credit crunch era, whether or not it is more difficult to secure funding for development of historic industrial buildings.

It is, however, certain that large, mainstream property companies and institutions that invest in property do not tend to invest in former industrial buildings.

This is demonstrated by analysis of data from the Investment Property Databank (IPD), which has been maintained since 1981.

There are 450 listed properties on IPD. 228 (51% of the total) are Retail, 148 (33%) are Office, 39 (17%) are Industrial and 35 (7%) are categorised as Other.

We hoped that it would be possible to obtain a reasonable sample from IPD of listed properties that had formerly been industrial and had been redeveloped. This could have allowed us to assess the return on investment that might be achieved by development of industrial buildings.

This was not possible, however, because, of 71 listed properties on the IPD that had undergone development or major refurbishment, only one of them was formerly an industrial building.

This is of interest in its own right. While there is a reasonable representation on IPD of listed industrial buildings that continue to be used for industrial purposes, there is almost no representation of listed industrial buildings that have been converted to other uses.

These factors imply that the location-orientated categorisation for shaping activity in support of buildings at risk proposed in Section 6.4 is particularly relevant to former industrial buildings because they are more likely to be adversely affected by local economic conditions than many other types of building.

Historic industrial buildings can be seen as a negative factor in areas of *high* value for a different reason, namely that the site would be worth more if the buildings did not exist because the site could be developed more intensively with new buildings. Industrial buildings are not alone in this, but it is particularly associated with them, especially where single storey buildings, such as weaving sheds and production space, are a significant part of the site. It can encourage owners to encourage decay, seek replacement rather than redevelopment, and seek to retain the more imposing elements at the expense of single storey ones, typified by the retention of a spinning mill and demolition of adjacent weaving sheds[19].

Figure 29: Case Study – Staveley Mill Yard, Cumbria

The site was a wood working and saw mill from the early 1800s through various ownerships and activities until it was bought in 1946 by the Brockbank family. It withstood European and Far East competition for a time but, finally, in the 1990s, machinery and the business were transferred overseas. Thereupon, David Brockbank set about redeveloping the 4 acre brownfield site comprising the original mill and the coppice drying shed and some open space into a centre for small and medium size businesses, many of which make and sell on the site. It has an attractive food and drink offer and is a popular destination. The latest stage features a new build that complements the existing buildings and provides office accommodation for the international brand North Face. It is not listed, but is located in a conservation area.

The Mill Yard appeals to occupants for similar reasons as the Custard Factory – rent is affordable, there is a "community" feel, and the opportunity to both make and sell. The success of the development was underpinned, however, by the fact that there is not much alternative commercial space in the area because of the planning restrictions associated with the National Park.

Some 100 people were employed on the site at its height as a wood based operation, and that had reduced to just 10 by the mid-1990s. Currently more than 400 people work on the site in a variety of occupations and businesses, illustrating how effective a development like this can be creating employment and new business opportunities.

5.2 Image

Not all types of historic buildings have market appeal. Historic industrial buildings often do not.

They can, firstly, have a negative image with developers.

Like other types of historic building, they are perceived, by developers and their advisors, to carry greater risk than new build because of uncertainty about hidden or unfamiliar defects. This perception is a big barrier to investment in them.

The research also shows that it is commonly a reality that development projects involving historic industrial buildings encounter unexpected costs and/or delays, although that is probably also true of other developments and there is perhaps a tendency to attribute problems to the historic nature of the property, whereas there may be other underlying causes.

Bennie Gray, of the Custard Factory, said that they had found that there seemed to be a lack of skills in the construction industry to deal with historic industrial buildings, and highlighted how using a contractor that did not have the right craft skills and experience added to the development cost.

[19] *Northern Lights: The Pennine Lancashire Northlight Weaving Shed Study* (2010) quotes a recent example which sought to address this and suggests solutions for reuse of buildings of this nature.

A general theme that emerges from the research is that developers would encounter less risk both during planning and construction if they used professionals and contractors with appropriate experience, and that making them more aware of the accreditation schemes that help to ascertain whether they do have the right experience could be helpful.

Not all of the projects that we examined did go over budget because of unexpected costs and/or delays, and the research does not of itself demonstrate - because it did not compare with a matching sample of new build developments - that they are much more likely to do so than new build projects. Whatever the reality, they are definitely *perceived* to be riskier. All of the developers interviewed said that they believed that to be the case.

This perception is partly because most developers lack experience in working with historic fabric, and consequently see it as high risk because of that lack of experience.

Some very large ex-industrial sites need major investment in infrastructure before they can become viable development prospects. The former Bass Maltings[20] at Sleaford, Lincolnshire, is an example – it is taking a long time to realise the potential of the site, not least because the site needs new road access across a railway and substantial on-site investment in access and services. The development value is not enough to pay both for that and the conservation deficit involved in converting the historic buildings.

Similarly, former industrial sites and buildings can be heavily contaminated and need extensive, and expensive, remediation. Avoiding disturbance may be the easiest solution, unless the buildings themselves are heavily contaminated with hazardous substances which, unlike asbestos, cannot be readily removed.

Tax relief can be available on remediation costs at 150% (see Section 4.6).

Historic industrial buildings can also have a negative image with some potential occupiers.

The main issue is perhaps how to change people's perception of place and their relationship to the past. Schemes like the Urban Splash developments of Manningham Mill, outside Bradford, show how boldness and effective marketing can create demand where none was thought to exist. Others, like Salts Mill[21], also outside Bradford, show how perceptions - in this case about Saltaire as a whole, now a World Heritage Site - can be changed more subtly by a developer using a historic industrial building in a particularly imaginative way.

Figure 30: Case Study – Paintworks, Bristol

This is a former Victorian Paint factory that was redeveloped by Verve Developments to

[20] For which planning permission was recently granted.

[21] Developed by the late Jonathan Silver as a high quality retail and leisure destination, with a David Hockney art gallery as its centrepiece.

provide workspace for companies in creative industries and also residential accommodation. It has been a popular success and now calls itself "Bristol's Creative Quarter", has a popular bistro and events are held there regularly. It is not listed.

The site stopped producing paint some 20 years ago, after which it was progressively vacated. It comprised the historic buildings but also 60s and 70s additions. Verve Developments looked at it from a different perspective to other potential buyers. Most people thought they would keep the 60s and 70s properties and demolish the older building stock, but they did the opposite. They thought it could be a success because of the location close to the city centre and the potential to create affordable office space there.

The compact Victorian layout of the site and the road layout did not lend itself to modern day industrial practices, but was not a limiting factor to office use. Selective demolition of buildings increased the natural light and created ambience. The aim was to create a community feel by creating public space and courtyards amongst the buildings.

Verve was able to buy the site at low industrial values. This made it easier to develop the site and offer reasonable rents. The advice from all agents who Verve spoke to was very cautious. They all thought that it was very risky. Their vision was clear and delivered in an undiluted form. It hit the mark from the point of view of occupiers and there are now about 40 companies located there.

5.3 Adaptability

Many former industrial buildings are flexible, as many of the case studies in the research illustrate.

Figure 31: Case Study – Tobacco Factory, Bristol

Flexibility was the key word that featured in our interview with George Ferguson, the architect who has successfully developed the former Imperial Tobacco Factory in Bristol into a centre for the creative industries.

He bought it in 1994. It was empty at the time and on the verge of being demolished. George says that three factors particularly attracted him to the building: "it was on a 'real' street; 2) the building had character and was very well built/sturdy ;3) it was very cheap". He "knew he could do something with it".

It is not listed. It had been bought by a company that went into receivership. George bought it off the receivers, offering them a price equivalent to what it would cost them to demolish it. Property agents he spoke to advised against purchase.

"The building was very well built and open so flexible to lots of uses. The location was a massive advantage. We were simply replacing a manufacturing hub (a tobacco factory) with a cultural hub (mixed use cafe/bar restaurant/theatre offices and residential)".

They developed the building incrementally, largely because they could only borrow small amounts at time. They could not use the building as collateral to borrow money because valuers could not put a value on the building.

All Tobacco Factory occupiers are on short term leases that enable flexibility. The response of potential tenants/purchasers to the development was much more positive than they had expected. It attracted people because the building "created a funky space with high ceilings and light and airy environment. It generates an enthusiasm that encourages the occupiers to be not so fussy about more minor issues that might arise in an old building".

George Ferguson emphasised that "order to make a scheme work, you have to select the right occupiers". They turned down a budget supermarket, a multiple brewing chain and call centre as it would affect who else would want to locate there. "You need good occupiers to attract other good occupiers. You must look at the bigger picture".

Industrial buildings tend to be less easily adaptable to new uses if they:

- Were built to a special form, for a specific purpose which is no longer needed, or were built to accommodate functions that have changed to such an extent that they are no longer compatible with the form of the building.
- Contain machinery or other fittings which are central to what gives them special interest. Elements that are small in proportion to the whole site often add interest and value to a development, especially where they are visible to the public, either in the public realm or because they are in use. The greater the extent to which they add cost, both revenue and capital, but do not contribute income/capital receipts, the less attractive the development will be to potential developers.
- Are ruins, beyond repair but designated, usually scheduled as monuments, because they provide important evidence of past activity.

The more specialised the form of the building or structure, or the more ruinous its remains, the more difficult it tends to be to adapt it to new uses without destroying the elements or the character that warranted its protection.

Conversely, the more unspecific and regular the space, the easier it tends to be to reconcile the historic interest of the structure with new use.

Textile mills and warehouses therefore tend to be more easily adapted whereas sites associated with the extractive and chemical industries are particularly problematic because the structures are essentially an envelope to contain the process plant and machinery.

Sub-division of mills and warehouses tends to detract from their spatial qualities. Open plan uses, such as offices and studios, are normally preferable, in terms of maintaining their character, to uses that subdivide, notably residential, although sub-division is reversible in the long term and is generally acceptable unless the exposed structure is outstandingly important (e.g. Stanley Mill, Stroud).

Uses which require repetitive provision of near-identical units, notably hotels or small apartments, and large open plan floor plates, such as mainstream offices, only suit industrial buildings like spinning mills or warehouses with large regular floor plates and structural grids. base2stay hotel in Liverpool typifies this.

This type of industrial building tends to be the most flexible and least problematic of historic industrial buildings to convert or upgrade, and tend to be the most likely to be taken up in areas of low demand. It is not always the case - some warehouses can be too deep to provide natural light, although that can sometimes be solved by inserting atria, or have low ceilings or other physical limitations.

Residential conversion can cope with irregular spaces, but is likely to require more substantial upgrading of fabric to meet sound transmission and thermal performance requirements.

Figure 32: Case Study - Trowbridge

Russell Brown, Conservation Officer, Wiltshire Council (West Area), quoted an example of a situation that is not unusual in former industrial areas. “Trowbridge is a good example of an area dominated by historic industrial buildings that need further regeneration activity. It is an historic mill town and there are several large mills around the town, a lot of which are in what you would call a semi-conversion, in as much as the ground floor is occupied but the floors above are largely empty and disused. In this case, the problem is that the mills have a large floor-plate which make for awkward re-use of the building. To make suitable for alternative uses there are a lot of modern pressures which the building is either not well suited to or significantly affects its character/appearance. To convert to residential would often necessitate a hotel style central corridor that would be permanently illuminated by artificial lighting only. This is not often a good design approach. For offices, there is often a requirement to retrofit an air conditioning system with IT runs etc, this may involve altering the fabric of the building unacceptably. They are often difficult buildings to find alternative uses for which would be compatible”.

There is often pressure in conversion schemes to maximise lettable or saleable area, aiming to achieve similar standards to comparable new buildings. This imposes a new building ‘model’ on historic fabric.

There are understandable financial reasons for this. Historic buildings are expected to compete, financially, with new build of the same use class. If the cost of repairing an historic envelope is more or less fixed, then the more usable floor space that can be created within it, the lower the unit cost of that space.

Furthermore, change of use of a building triggers full compliance with current building regulations for that use. This tends to create pressure for more highly specified and complicated conversion, which can detract from the character of industrial buildings.

An alternative, simpler, approach to development of industrial buildings is to make them weather tight, structurally sound and safe - including the services - and aim them at creative industries or specialist retail and leisure use, retaining an ‘industrial’ character as part of the appeal.

This is the strategy of a number of successful developments assessed in the research for this study. It is a feature, for example, of the Custard Factory in Birmingham, Paint Works and Tobacco Factory in Bristol, The Staveley Mill Yard in Cumbria, Ducie House in Manchester, all of them popular and successful.

Interviews with a selection of their occupiers show the extent to which they particularly attract new businesses and how those businesses are principally enticed by a combination of the atmosphere created by the historic building(s), low cost and flexible leases. They accept the pitfalls – leaking roof or heat in summer – as an acceptable trade-off.

Sometimes a large building was designed to do no more than keep space dry - covered ship-building slips are a classic example. The answer may be to create enclosed spaces within it, rather than attempt to convert the historic structure.

Current proposals for Convoy's Wharf in Deptford are an example of this approach.

5.4 Entrepreneurial Opportunity

The most "successful" commercial developments of industrial buildings tend to be by entrepreneurs who have "vision" for what the buildings could be like

The likes of Tom Bloxham of Urban Splash, Bennie Gray of the Custard Factory, George Ferguson at the Tobacco Factory, David Brockbank at the Staveley Mill Yard, and the late Jonathan Silver at Salt's Mill are all "creative entrepreneurs" who were driven not just by financial concerns but by a vision of how their industrial buildings could be adapted and used with vitality.

In the words of Bennie Gray, there is an "irrational element" in their makeup. Ashley Nicholson of Verve Properties (developers of Paintworks in Bristol) and George Ferguson were both eloquent in their interviews about how they had gone against the advice of property professionals. George Ferguson commented "The knee jerk reaction of agents is to knock buildings like this down and sell the site for housing or a supermarket. They can't think outside the box". Both he and Verve Properties say that the local authority would have been content for these (unlisted) buildings to have been demolished,

As described in Section 5. 3, these entrepreneurs are inclined to respect the original nature of the building with a "minimalist" approach, partly because it reduces the development cost. Their schemes are both popular with tenants and maintain the character of the buildings. All of them also allow and encourage public access to their sites. They have popular restaurants, retail activity, and events and cultural activity.

The same sense of entrepreneurial vision can also be seen in successful projects undertaken by Building Preservation Trusts, either independently or in partnership with commercial developers.

Figure 15: The Station, Richmond

The Grade II* disused station building, which originally opened in 1847, has been converted into a very successful leisure destination by the Richmond Building Preservation Trust.
Donald Cline was the "entrepreneurial" driving force behind the development, working through a volunteer group called Friends of Richmond Station that evolved into the Trust.
The development features "Seasons", a café/bistro during the day and restaurant/bistro in the evening; a two screen cinema; six food manufacturing units, including a micro-brewery, that sell on-site and off-site; meeting rooms, a mezzanine gallery space where artists display paintings, and three offices occupied by a Chartered Surveyor, Ethical Investment Business and Graphic Designer. The production units were created with grant aid from EU funds.
The freehold to Richmond Station was owned by Richmondshire District Council. The Council initially planned to sell it to a developer on the open market. Friends of Richmond Station consulted widely with the community and it was evident from an early stage that there was strong support for developing it into a multi-use building that would be attractive to local people and visitors alike, but that it should have a strong, vibrant commercial element that would generate a significant revenue stream to sustain the historic building.
Funds were secured from the Heritage Lottery Fund, Yorkshire Forward, European Regional Development Fund and local fund raising events. Richmondshire District Council sold a 999 lease to the Trust for £1.
There is great support and affection from the local community for the development, and it claims 300,000 annual visitors. Richmondshire District Council is encouraging the Trust to consider redeveloping a Listed Grammar School that is now surplus to requirement.

The key to successful development of many former industrial buildings is to help and encourage entrepreneurs, in both profit and non-profit sectors, to take buildings on and deliver schemes that have panache.

5.5 Historic Industrial Environments

Heritage assets of industrial origin often form the nucleus of an industrial settlement. The future of the site often depends on that of the settlement, although sometimes the building/complex is so large and dominant that the reverse is true.

There are many examples of post-Industrial Revolution townscapes – Manchester's Northern Quarter and Liverpool's Ropewalks, for example, in which two of the case study developments in this study are located – that have stimulated a more diverse and leisure-orientated range of economic activity than seen elsewhere in their city, and which are very popular.

Manchester has made its "industrial powerhouse" heritage a feature of its regeneration, calling itself the "Original Modern" city to make it clear that it is a vibrant modern city that is proud of its past and the distinctive sense of place which its industrial legacy gives it. Most of its major attractions – from Canal Street to the Manchester Museum of Science and Industry – are indirectly or directly related to this legacy.

The 19th Century industrial buildings of London's Clerkenwell are perhaps the starkest demonstration of the phenomena. They accommodate an extraordinary concentration of architectural practices. They gravitated there originally because the buildings provide the light and space that is suited to design and were, when the “clustering” phenomena started, more affordable than other locations.

There are situations, like the Weavers Triangle in Burnley, where it is very difficult to find sustainable development for concentrations of former industrial buildings in current market conditions, but it is easy to imagine those buildings being central to a sustainable future for the town. *Those are situations where focus on “meantime” use and mothballing is particularly needed.*

6 Possible Initiatives

This section outlines possible initiatives for encouraging investment in buildings at risk, grouped under six objectives. Each sub-section outlines the rationale for the objective and then lists the initiatives that might be taken to deliver it.

6.1 Keep working to make English Heritage and Local Authority Conservation officers more developer friendly.

The research shows that much progress has been made in making English Heritage more attuned to the perspective of developers and changing its image with them. Several of the case studies demonstrate the positive role that English Heritage can play, and several developers praised the organisation for playing a constructive role in their projects.

The research also shows, however, that much of the development community, and its advisors, still perceive English Heritage, rightly or wrongly, as more likely to hinder than facilitate a development.

The same can be said of conservation officers working for local authorities. The research has demonstrated that many are exceptionally knowledgeable and constructive in their approach. In fact, *one challenge is to make sure that the expertise of the best conservation officers is not lost as a result of local authority cuts.* There were also, however, reports of developers finding conservation officers overly prescriptive, unable to appreciate the perspective of developers, and lacking requisite experience, both technical and of development economics.

English Heritage's first priority is to safeguard the nation's heritage, and that will always cause friction with developers, but it could probably do more still *to be seen* as being on the side of finding commercially sustainable solutions to conservation challenges. The same is true of local authority conservation officers.

The research suggests that English Heritage and conservation officers could play a positive role in facilitating redevelopment of buildings at risk by providing expertise of high standard that makes a substantive contribution to reducing development risk and uncertainty.

The developers at both of the seminars expressed frustration that they have not always been able to deal with people with enough seniority and experience to provide advice of substance.

The research also suggests that more could be done to make stakeholders aware of existing grant schemes and tools to assist in dealing with buildings at risk – examples include grants from English Heritage in support of Compulsory Purchase Orders, grants to fund Conservation Management Plans, Heritage

Partnership Agreements, pre-application discussions with English Heritage, and guidance and case studies in publications such as Constructive Conservation.

As discussed in Section 4.8, there may be potential to make printed guidance more readily accessible to developers and also to attempt to engage more with developers, and other stakeholders like local authority officers and members, on a face-to-face basis.

Figure 16: Opinions of consultees about English Heritage providing assistance at early stage of the planning process

Developers tend to want to do their own thing, and many are wary of getting tangled in bureaucracy. Verve Developments (Paintworks, Bristol) said, for example: it “has to come from the developer. They should learn the trade like everyone else to make sure they get it right”.

The replies of developers and advisors suggest that English Heritage is still perceived by some developers and professional advisors as being unhelpful, to be avoided if possible. This was encapsulated by the developer of the Wills Factory in Newcastle, who said, when asked whether it would have been useful to have had input from EH at the outset of the project, that “It would not have been useful because EH would not look at the building from a commercial perspective”.

Other developers, however, are likely to be receptive to assistance and there was evidence that it can provide added value.

Richard Owen, of Gloucester Heritage Urban Development Company, said that “English Heritage has been incredibly positive and helpful” in their work on two historic properties”.

The developers of Coopers Garage in Newcastle were particularly eloquent about the positive contribution that English Heritage made in identifying a commercially viable solution for the building.

Richard Turpin of Irwell Mill said they consulted with English Heritage during the planning process and “Their input was influential, helpful and also provided £100,000 of grant aid to secure specific treatment”.

Bennie Gray of the Custard Factory suggested that “English Heritage could take a more proactive role in advising on the process of construction. There are a number of procedures that are encountered including planning, cash flow, funding, landlord and tenant and there needs a good degree of understanding to enable development to go forward”.

The developers at both the London and Manchester seminars made it clear that they needed to deal with experienced advisors on developments that are difficult and need expertise. Structural engineering expertise was particularly valued by local authorities.

Stephen Bond of Heritage Places commented “Much has been done to improve the relationship between EH and developers in the past decade, but looking at published advice, very little of it is addressed at developers specifically as a target audience, which is unfortunate”.

Steve Corbett of Liverpool City Council suggested “If the current Government philosophy is move from public sector service provision to transferring skills to the private sector, pressure from English Heritage for applicants to use conservation accredited professionals for historic building work would be beneficial. It would address a deep-rooted criticism about the quality of submissions for consent for work. This would reduce delay and assist efficiency – and good, informed, professional advice will reduce risks”. As discussed in Section 6.2.3 6.2.3, developer Trevor Osborne suggested at the Manchester seminar that accredited private sector professionals could be allowed to sign off applications for listed building consent instead of conservation officers.

Steve also suggested, in terms of how EH can provide guidance, that “Some technical depth to case studies (aimed at practitioners) is more helpful than broader promotional case studies for a non-practitioner audience (which are equally important in different ways). The English Heritage study on European arsenals (2008) and investment performance of listed office buildings (2002) were pitched about right. I recall an excellent series of articles in the Architects Journal many years ago concerning adaptation of historic industrial buildings that struck the right level of technical detail and guidance that I still occasionally refer to."

6.1.1 SET UP A DEVELOPER'S PORTAL ON THE ENGLISH HERITAGE WEBSITE.

This could be a small but important step in signifying that English Heritage is in enabling mode, in addition to having a practical value in making it easier for developers to access both basic and detailed information.

Information that it could contain or point to could include:

- availability of grants;
- advice and technical case studies relating to different types of buildings;
- specific conservation techniques;
- practical advice on issues such as heritage values and significance;
- how to establish or work with a Building Preservation Trust;
- conservation accredited professionals;
- the implications of listing;
- how they can engage with English Heritage and local planning authorities.

It could perhaps feature a Help Desk and invite registration so that English Heritage has a means of communicating with developers that are interested in historic buildings.

6.1.2 ORGANISE "INFORMATION EXCHANGE" EVENTS FOR DEVELOPERS AND LOCAL AUTHORITY MEMBERS AND OFFICERS.

The aim of these events would be to:

- Interest developers in historic buildings and reduce the mystique associated with them.
- Show local authority members and officers working on planning and economic development the importance of heritage and give them ideas for what might be done with assets under their control.
- Show both parties what support is available from English Heritage, and what grant funding is potentially available.
- Facilitate discussion between developers, profit and non-profit alike, and local authorities in order to increase mutual understanding and perhaps awaken ideas for projects.

They would be organised by English Heritage in partnership with local authorities and, perhaps, professional bodies such as the Royal Institute of British Architects and the Institute of Historic Building Conservation, and might typically be hosted by developers at recently restored buildings.

6.1.3 ESTABLISH A NETWORK OF "HERITAGE AT RISK DEVELOPMENT ENABLERS"

They would be tasked with facilitating investment in buildings at risk, particularly by working with developers.

This would be an extension of the current Heritage at Risk Support Officers, of which there are a small number.

The posts could be joint-funded by a range of public funders, and cover groups of local authorities. In some cases, they might be provided through sharing of existing resource between local authorities. One of the objectives would be to ensure that all parts of the country have a conservation officer with the right skills working on buildings at risk.

The task of these officers would be to help potential developers, including community groups and charitable trusts interested in taking on projects, to understand the potential and the challenges of buildings at risk, to bring buildings and investors together, and to help them make progress.

Other tasks could include working with English Heritage's Local Authority Heritage Champions and organising activities such as the events suggested above.

The officers would need a combination of commercial property and conservation experience.

Figure 17: Opinions of consultees about a network of officers tasked with facilitating development of buildings at risk

This idea was suggested in the London workshop and warmly supported by all the attendees. There was emphasis that the type of person was important – they must be able to see things from the perspective of the developer - i.e. the opportunities as opposed to the barriers - as well as from the conservation side.

These officers could be central to delivering initiatives to help address the central concern of developers, the need for more speed and certainty. As Ian Douglas of the Berwick Preservation Trust put it in relation to the planning process, "It was slow – [the officers had] no idea of urgency and the problems; [lack of] this caused of escalating costs". He argued for fast tracking of renovation projects because of the threat of deterioration, although there was a caution at the London workshop of the threat of judicial review if planning applications are pushed through too quickly.

The use of s106 funding to assist with funding pro-active work of this kind was raised at the London seminar, based on the experience of LB Tower Hamlets.

George Ferguson pointed out that "Expertise needed at a really early stage in not only advising developers but in advising Local Planning Authorities on unlisted buildings of some historical merit. There should be lots of hoops to jump through before a building is demolished".

6.2 Provide more certainty and speed, and less cost and risk, for developers at planning stage.

The response from developers – profit and non-profit alike - suggests that development would be facilitated if the systems for planning and grant aid for listed buildings were refined so that the uncertainty, cost and time frame before getting on site is reduced.

Development of all types would benefit from the same, but it is particularly an issue for buildings at risk because they are often marginal or worse in terms of viability, they deteriorate fast while bureaucratic procedures take their course, developers will not commit themselves until the conservation deficit is dealt with, and they typically have a high level of risk anyway.

One element of this could perhaps be giving enhanced status in the planning system to structures on the Heritage at Risk Register as part of the strategy, suggested in Section 6.4, of using the Register more as a working tool.

Greater use of Supplementary Planning Guidance, as described in Section 6.5.1, could also play an important part.

The Heritage at Risk Development Enablers proposed in Section 6.1.3 would play an important role in delivery of the objective.

6.2.1 REVISE LIST DESCRIPTIONS OF BUILDINGS AT RISK TO INCLUDE A STATEMENT OF SIGNIFICANCE, AND/OR PREPARE OUTLINE HERITAGE PARTNERSHIP AGREEMENTS FOR THEM.

It is not always clear to developers, investors and local authorities where the special interest of a listed building lies, even at a broad brush level, and where the potential for acceptable or beneficial change lies.

This is perhaps more true for industrial buildings than other use classes because they tend to be more "one off" in nature.

Revising older list descriptions to current standards, including a statement of significance, would help with this and facilitate the preparation of complementary planning guidance or a brief by the local planning authority.

An alternative or reinforcement to this might be to prepare outline Heritage Partnership Agreements (described in Section 6.2.4). They could perhaps provide much more information and clarity than a list description could.

Doing this could perhaps be prioritised to sites that are assessed as Category A or B in the rating of development potential suggested in Section 6.4.

Figure 36: Opinions of consultees about adding a statement of significance to listed buildings at risk

The general opinion seems to be that this would be useful and would not be excessively

difficult or expensive of resources given the limited numbers involved. Steve Corbett of Liverpool City Council observed that "The recent move to 'statements of significance' as part of the listing process has proved helpful. It makes definition of the 'asset' less mysterious!" He went on to comment that this initiative "would be helpful, although I am not sure whether this would be too resource-intensive for all grades of buildings at risk, so be restricted to just grade I and II*". Some disagree. Jane Boldy, Conservation Officer for Mendip Council, said for example that it is not a critical element of the whole process and would not make much difference; problems there were more related to ownership and other practical issues. Dorothy Bradwell, Senior Planner (Conservation) at Sefton Metropolitan Borough Council, for example, said that "it isn't possible to do this to the depth that would be needed in order to cover all possible scenarios. If EH updated the descriptions to cover significance then developers would argue that anything not mentioned was by default not of significance. It would make listed building consents harder to administer".

6.2.2 RECOGNISE THAT FOR-PROFIT DEVELOPMENT OF BUILDINGS AT RISK CAN BE IN THE PUBLIC INTEREST, AND MAKE IT EASIER FOR THE PRIVATE SECTOR TO COMPETE FOR GRANTS TO COVER CONSERVATION DEFICIT.

As discussed in section 4.4, it may be sensible to allow developers to compete for deficit funding grants for buildings of high heritage and public amenity value on the basis that that profit is clawed back via overage provisions[22] proportionate to the public investment as a fraction of total development costs.

Figure 37: Opinions of consultees about grant funding

Not surprisingly, most of the developers interviewed were in favour of more grant funding, although some were suspicious of the bureaucracy it might involve. Bennie Gray of the Custard Factory said "Funding would be the greatest assistance that could be had from the local Council, English Heritage or other agencies". Their developments had been facilitated by grants.

6.2.3 REVIEW PLANNING PROCEDURES IN ORDER TO ALLOW AND ENCOURAGE MORE FLEXIBILITY AND SPEED IN SUBMISSION OF PLANNING AND LISTED BUILDING CONSENTS, ESPECIALLY ON COMPLEX SITES.

One of the aims of PPS 5, *Planning for the Historic Environment,* was to encourage an evidence-based, but proportionate, approach to making decisions about heritage assets, and to encourage putting them 'to an appropriate and viable use that is consistent with their conservation'.

The underlying legislation[23] states that a Listed Building Consent application must include details of the physical works proposed. PPS 5 requires that these details should be '*sufficient to understand the potential impact of the proposal on the significance of the heritage asset'* (PPS 5, Policy HE6.1). Established good

[22] An established principle, used already by English Heritage and HLF.

[23] The Planning (Listed Buildings and Conservation Areas) Act 1990 requires applications for listed building consent to include sufficient '*plans and drawings as are necessary to describe the works which are the subject of the application'* (Planning (LB & CA) Act 1990, s10(2)(b)).

practice is that it is 'generally preferable[24]' for planning and listed building consent applications be submitted and considered simultaneously.

For large scale industrial buildings and sites at risk, however, and particularly where planning concerns are focussed on matters extraneous to the site, it may sometimes be appropriate to consider a planning application in advance of a Listed Building Consent application, or accompanied by one which deals only with certain specific matters, provided that there is sufficient information to understand the potential impact of the proposal on the significance of the heritage asset.

For a large site, for example, the planning application could address use, access, circulation, parking and replacement of modern buildings, reserving details of physical changes to listed buildings be addressed as reserved matters, which when worked up and put forward for approval would each be accompanied by a listed building consent application.

Developer Trevor Osborne, at the Manchester seminar, challenged why it was necessary to have both a planning application and listed building consent for a project that was purely related to a listed building. Changing this would require change to primary legislation.

He also suggested that perhaps qualified private sector professionals could be given the power to sign off detail within listed building consent applications, bypassing conservation officers. This could possibly be done by members of RIBA, IHBC, RICS or AABC (Register of Architects Accredited in Building Conservation). It could, if necessary, require sign off by a second accredited practitioner. It would not necessarily reduce cost to developers, and many practical issues would need to be considered, but could speed applications and allow conservation officers to concentrate their time on more proactive work, including helping to find solutions for buildings at risk.

A bolder strategy would simply place the onus for compliance with legislation with the developer without requiring the reams of paperwork that is currently needed in support of listed building consent, planning application and building regulations.

It was also argued at the Manchester seminar that it should be possible for consent to be sought in stages of escalating detail so that there was less risk to the developer in working up the full scheme to the level of detail that is needed for listed building consent. There is difficulty, from a heritage perspective, in allowing developers to submit details in steps because it is necessary to know what the final scheme is like in order to know what harm it will cause. There may be scope, however, for allowing outline planning permission, assuming it provides more detail than in normal outline planning permission.

[24] *PPS5 Planning for the Historic Environment: Historic Environment Planning Practice Guide*, para 53.

Figure 38: Opinions of consultees about planning for historic buildings

Simon Loomes, Strategic Projects Director of the Portman Estate, said: "Problems arise at each stage of the planning process when dealing with historic properties. Pre-application is extended due to extended consultation within the local authority. Site visits are often required with access to difficult locations required in pre-planning. Officer's reports and periods for processing are often extended due to the more complex issues that need to be taken into account. Planning committees are often not properly advised on the restrictions placed on historic properties and so request unreasonable conditions. Post-planning; it is common for environmental health or building control to request late changes in a project specification following approval of drawings".

Stephen Bond quoted in the Manchester seminar how, for a large scheme in central Gloucester, 25 statements were required as part of a planning application for a residential development. This means that developers potentially have to employ 25 specialists to respond to them.

Trevor Osborne said that a planning application for a heritage related scheme can easily cost between £250,000 and £1 million, money that is risk capital.

Henry Russell, a lecturer at the College of Estate Management said that "While listed building and scheduled monument consent applications are currently free, compliance with other requirements such as assessments of significance, design and access statements, impact assessments etc can be costly. A more proportionate application of requirements to the size and importance of the building would be a first step"

6.2.4 GIVE STATUTORY FORCE TO HERITAGE PARTNERSHIP AGREEMENTS.

Change affecting the character of listed buildings, once they have been converted, requires listed building consent.

Local authorities do not strictly have a power to determine that works do not affect the character of listed buildings. Solicitors and planning officers tend to be cautious and many applications are generated for minor changes to layouts in buildings originally designed to be open and flexible.

This is a bureaucratic problem that could be solved if, using the terminology of current legislation, listed building management agreements (also known as 'heritage partnership agreements') allowed such matters to be agreed in principle. It would not then be necessary for developers to keep going back to the local planning authority for permission for minor changes.

Pilot work on heritage partnership agreements was done in anticipation of Heritage Protection Reform, but they have no statutory foundation. This probably explains why some local authority respondents had not heard of them, and that they are not much used - other than for some scheduled monuments, under different legislation. Putting them on a statutory basis could be potentially be achieved by an order under the Regulatory Reform Act[25].

This could help developers indirectly by reducing the number of small applications that local authorities have to deal with, allowing their conservation officers to focus more time on more significant matters.

[25] *Streamlining Listed Building consent: Lessons from the use of Management Agreements* (PDP for EH and ODPM, 2003)

As mentioned above, preparing draft heritage partnership agreements for buildings at risk could be an alternative to enhanced list descriptions in reducing uncertainty about what might be done with them.

Figure 18: Opinions of consultees about heritage partnership agreements.

Most consultees were not aware of Heritage Partnership Agreements and had not considered them. Emma Coffey of Lancaster Borough Council reported an example of S17 Management Agreement for Skerton Bridge in Lancaster, which is owned by the County Council. This structure is both a scheduled monument and a grade II* listed building. This is an agreement between Lancaster City Council, Lancashire County Council and English Heritage. The structure is one of the main crossing points over the Lune in Lancaster and is subjected to heavy traffic and therefore requires frequent maintenance. The Agreement established a framework for the maintenance and repair of Skerton Bridge which allows the County Council to undertake a range of works agreed by all parties". Simon Loomes of the Portman Estate said: "We have attempted to implement a heritage partnership agreement with the local authority however this has been resisted on the basis that the local authority is concerned about the lack of control. We therefore see little use for this approach". Some commented that there were few situations in which they would be useful, but Steve Corbett in Liverpool quoted the Albert Dock as being a situation where it would be.

6.2.5 INTRODUCE "LISTED BUILDING REGULATIONS" WHICH ATTUNE BUILDING REGULATIONS TO THE SPECIFIC NEEDS OF HERITAGE ASSETS.

Virtually all listed buildings are subject to the Building Regulations.

Although there are exemptions to protect the character of heritage assets, a change of use can still require general compliance with the appropriate regulations for new buildings of that type - particularly sound transmission (in residential conversions), energy efficiency, and precautions against progressive collapse.

This, for former industrial buildings, can involve major intervention and the loss particularly of the internal character that made them attractive in the first place. A particular difficulty for many industrial buildings is that they were designed to dissipate the heat generated within rather than retain it.

It is often necessary in these circumstances to look at compliance from first principles, rather than apply 'deemed to satisfy' solutions. This adds to the professional skills, cost and uncertainties needed at early stages of projects to develop historic buildings.

Many consultees did not think it was a big issue because, generally, Building Control officers are pragmatic. Some felt strongly, however, that it is a problem. The Manchester seminar discussed the issue specifically and was unanimous that there should be a listed buildings version of building regulations.

Figure 19: Opinions of consultees about attuning building regulations to the circumstances of listed buildings

Verve Developments(developers of several historic sites, including Paintworks in Bristol), for example, said: “Regulations relating to compliancy etc – Energy Performance Certificates, fire regulations, building regulation, Disability Discrimination Act etc. are designed with new build in mind only – they are incredibly inflexible. There appears to be no consideration to utilising existing buildings and the way regulations are applied to these. 65% of the time spent by Verve during the development process was spent simply trying to resolve compliance issues and to find ways that existing buildings could meet the regulations without compromising the design. This was very, very difficult and deeply frustrating. Everything was a fight”.

Simon Loomes of the Portman Estate said: “There are many conflicts between the planning system for historic buildings and building regulations. Conflicting advice is often obtained from the same local authority, between the planning officer and the building control team and the environmental health officers. Fire, disabled access and HMO regulations are typical examples. The inability to upgrade historic buildings to achieve good environmental performance is also frustrating for organisations such as ourselves who are trying to contribute to energy reduction targets”.

Steve Corbett of Liverpool City Council said “We have suggested in our team that there should be ‘listed building regulations’! A professional standard could be established for such a service through IHBC or RICS accreditation”.

6.3 Enhance the capabilities of Building Preservation Trusts.

Building Preservation Trusts can be seen as one of the most important means by which the Big Society can be translated into action. They are a means by which local people can be involved in projects that are important to their community and which many have an interest in.

While there are many Building Preservation Trusts around the country, their capacity to deliver needs to be enhanced if they are to have a substantive impact in reducing the number of buildings at risk.

6.3.1 USE “HERITAGE AT RISK DEVELOPMENT ENABLERS” TO ENHANCE THE CAPACITY OF BUILDING PRESERVATION TRUSTS AND DEVELOP PARTNERSHIPS BETWEEN BUILDING PRESERVATION TRUSTS AND PRIVATE DEVELOPERS.

One of the core responsibilities of the proposed Heritage at Risk Development Enablers would be to work with Building Preservation Trusts to help to improve their capacity to take on projects.

One approach to public/private sector partnership and risk management is for a building preservation trust or heritage body to acquire an historic building, repair the structure and external envelope, and sell on the result to a developer to fit out and market.

This may be the only means of unlocking potential if major works are necessary to generate any private sector interest at all.

Such approaches can bring together the expertise and skills of both sectors. The trust deals with the risks inherent in the repair of the historic fabric, and unlocks funding only available to non-commercial bodies. The commercial sector deals with the market risks. One of our case studies – Murray's Mill in Manchester – shows how this can work, albeit it is not an entirely satisfactory example because the building is yet to be taken on by the private sector because of market conditions.

The Enablers could facilitate this kind of arrangement. A development model drawn out of experience so far could be drawn together and promoted by them and others.

Figure 41: Opinions of consultees

Steve Corbett, Liverpool City Council: "The potential for BPTs to work jointly with private sector developers has arisen in areas of the city where volume house-builder partners have been unwilling or unable to deal with retained historic buildings within areas of mass demolition. A model for how a charitable BPT and commercial developer could work together would be helpful. At best, they are regarded as parallel but unconnected operators in such areas". Kate Dickson, Chief Executive of Heritage Works, one of the UK's 'flagship' Building Preservation Trusts commented "there is a small number of 'professional BPTs' that have no shortage of skills capability".

6.3.2 ENABLE AND ENCOURAGE THE BIG SOCIETY BANK TO INVEST, THROUGH THE ARCHITECTURAL HERITAGE FUND, IN PROVIDING MORE WORKING CAPITAL FOR BUILDING PRESERVATION TRUSTS, AND ALLOW A MODEST DEGREE OF RISK IN ITS LOANS.

Building Preservation Trusts can borrow working capital from the Architectural Heritage Fund (AHF) at a preferential rate (4% simple pa), but only up to £500,000, and only if the loan is guaranteed by a local authority or other institution, or if it is secured against the property, which restricts the loan to a proportion of its estimated end value, which can be very little compared to the investment required.. Local authority guarantees are now difficult to obtain, limiting the usefulness of the scheme.

AHF is already exploring the possibilities of obtaining wholesale funding from the Big Society Bank. Achieving this might help to provide more capital for restoration of buildings at risk.

Figure 42: Opinions of consultees

There was general support for this idea at the London workshop, to ensure that the Big Society Bank embraces culture and cultural heritage, and its 'wholesale' funds become available to the built heritage sector through the Architectural Heritage Fund. Michael Loveday of Norwich HEART suggested that "Local authorities could be forced to divest themselves of heritage resources to the 3rd sector. The Quirk Report and recent Government legislation are helpful but the local authority still has the default option to refuse transfer. Often the assets are losing money and are not well cared for because of the

constraints on public resources".

6.3.3 ALLOW BUILDING PRESERVATION TRUSTS TO TAKE A BIGGER SHARE IN THE SUCCESS OF SCHEMES SO THAT THEY CAN BUILD UP ENOUGH WORKING CAPITAL TO TAKE ON OTHER BUILDINGS AT RISK.

Building Preservation Trusts would be better able to initiate and develop new projects if they could more effectively share in the success of successful schemes, and absorb the occasional deficit on others.

This could be achieved, for example, if grants made to cover conservation deficit allowed for a modest 'developer's profit' rather than solely covering management costs, and by relaxing the claw back conditions on Heritage Lottery Fund grants to allow any 'windfall' gains to be retained and applied to further projects within the BPT's charitable purposes. English Heritage has already been incorporating similar principles into its development projects.

This is becoming particularly important because, as mentioned above, local authority guarantees for loans from the Architectural Heritage Fund are increasingly difficult to obtain. One of the reasons for the guarantees is that funding a development project is unacceptably risky if there is no allowance for risk in the form of 'developer's profit'.

6.3.4 EXTEND THE VAT REFUND SCHEME FOR LISTED PLACES OF WORSHIP TO HERITAGE ASSETS IN CHARITABLE OWNERSHIP THAT ARE ACCESSIBLE TO THE PUBLIC, AND TO MONUMENTS INCAPABLE OF CONVENTIONAL INCOME-PRODUCING USES IN ANY OWNERSHIP.

The Listed Places of Worship Scheme allows VAT on repairs and maintenance of eligible buildings, but not professional fees, to be reclaimed from the Department for Culture Media and Sport (DCMS).

It is not, therefore, a tax relief. It operates as a grant scheme and there is an annual budget cap[26]. It has been in operation for about a decade.

A 2007 study by the New Economics Foundation[27] argued the economic, social, and environmental case for extending the concept to listed buildings owned by charities offering public access, and to local community-led historic building projects in deprived areas.

The potential of this idea to support localism has given it new significance. Such a measure could make a major contribution to the viability of small charities and community-led organisations taking responsibility for heritage structures, especially ones with little potential for uses with market value.

[26] For details see http://www.lpwscheme.org.uk/index.htm

[27] Value Added: the economic, social and environmental benefits from creating incentives for the repair, maintenance and use of historic buildings (2007)

Many scheduled monuments at risk are structures – ruins or ornaments in the landscape – which have no potential for income-producing use, but are protected because of their high evidential (and often historic and aesthetic) value.

There is no financial incentive on the part of owners to maintain them. The imposition of VAT on repair costs in these circumstances has perhaps the most perverse impacts.

Extension of the listed places of worship scheme would allow for a highly targeted, and therefore cost effective, approach to addressing the most damaging impacts of the current VAT regime on heritage assets.

The funding available for the Listed Places of Worship Scheme has been reduced, however, so it would be difficult to find funding to extend it to other types of building at risk.

6.3.5 OBLIGE LOCAL AUTHORITIES TO DIVEST THEMSELVES OF HERITAGE ASSETS TO THE 3RD SECTOR WHEN A SUSTAINABLE BUSINESS CASE IS PUT TO THEM.

This was suggested by Michael Loveday of Norwich HEART. He said that “The Quirk Report and recent Government legislation are helpful but the local authority still has the default option to refuse transfer. Often the assets are losing money and are not well cared for because of the constraints on public resources”.

There would be a risk that heritage assets that are financial liabilities could be offloaded onto 3rd sector organisations even less able to sustain them, which has happened in the past. The English Heritage publication Pillars of the Community (September 2010)[28] provides guidance on this and training through Historic Environment-Local Management (HELM) is to follow.

A business plan would be necessary, as with applying for Heritage Lottery Fund grants, but, where the local authority is reluctant to transfer the asset, it should not be the ultimate judge of viability – independent assessment would be needed.

6.4 Use the Heritage at Risk Register more proactively to shape project work and funding.

The idea behind this objective is that the Heritage at Risk Register could be used more actively to determine priorities for funding and to be the focus of special initiatives such as Special Planning Guidance and enforcement action.

The Register would become more of a working tool and a matter of public information and interest rather than an annual statistic.

[28] http://www.english-heritage.org.uk/publications/pillars-of-the-community-the-transfer-of-local-authority-heritage-assets/pillars-of-the-community-the-transfer-of-local-authority-heritage-assets/ Produced by English Heritage in partnership with the Asset Transfer Unit, the Architectural Heritage Fund, The Heritage Lottery Fund, National Trust, and the Prince’s Regeneration Trust.

It would be the main way by which locational considerations could be taken into account in responding to the needs of buildings at risk.

6.4.1 REVIEW THE PROCESS FOR INCLUSION ON THE HERITAGE AT RISK REGISTER TO ENSURE IT IS OBJECTIVE AND TRANSPARENT.

Using the Register more in making decisions relating to matters like funding would give it greater profile and significance, which in turn increases the need for it to be seen as objective and reliable.

6.4.2 CATEGORISE SITES WITH STRUCTURES AT RISK ACCORDING TO THEIR CONTEXT.

The main factor in prioritising action to save heritage assets at risk, in addition to their significance, should be their condition and rate of decay, that is to say the risks facing their fabric. This risk is already recorded and categorised on the Heritage at Risk Register.

The strategy for dealing with them should arguably also, however, be directly related to locational circumstances and the amount and nature of funding and the availability of incentives should perhaps be influenced by those circumstances. This is not currently assessed and recorded on the Register. Doing so could enable the Register to be used more proactively to shape a variety of matters ranging from funding to prioritising them for Special Planning Guidance.

Sites with structures at risk[29] could perhaps be divided into four categories.

- **Category A: a commercially viable development is possible in the short term.**

  This will normally be where the surrounding area is prospering and the problem relates to a single building or group of buildings. The attitude and/or circumstances of the owner are often the main problem. There may be a conservation deficit.

  Effort should focus on initiating and encouraging a **permanent solution** through enforcement and inducements such as making it easier for private developers to secure funding to cover conservation deficit.

- **Category B: investment in the heritage assets could lead the regeneration of the area in the short-medium term.**

  This will tend to be larger sites that have potential for "landmark" developments of substantial scale that are in locations where a bold investment to cover conservation deficit could result in viable development.

[29] Most entries on the register are domestic buildings. It is possible that they should be excluded from the categorisation - perhaps unless in certain circumstances.

The main difference between them and Category A sites is that they will typically be considerably larger, have notable significance in regeneration terms for the local area and require concentrated partnership working from a range of agencies including the local authority and the Local Enterprise Partnership in addition to English Heritage and the Heritage Lottery Fund.

Some industrial sites in this category would probably be good candidates for funding from the Regional Growth Fund.

Effort should, again, focus on initiating and encouraging a **permanent solution**, while not neglecting any short term need for urgent works.

- **Category C: where a sustainable future for the asset depends on a change in the context.**

  The change in context might be step-change improvement in transport infrastructure or economic conditions. Effort in these cases should focus on **'mothballing' and 'meantime uses'**, as an investment in their future potential, keeping them safe in the meantime. It has traditionally been more difficult to fund this type of investment than that which delivers floor space and/ or employment as an immediate output[30]. English Heritage is currently developing guidance on maintaining/mothballing buildings as part of its Industrial Heritage at Risk project.

- **Category D: where it is hard to foresee any prospect of a commercially-driven use for the asset.**

  Many of the structures that are long-term residents on the Heritage at Risk Register fall into this category. The situation in the North East, where all of the industrial structures on the Register are mining related, demonstrates the problem (examples include Bowes Railway, F Pit Museum, Low Slit Lead Mine, coke ovens, lime kilns, etc.). Many such sites have benefited from Heritage Lottery Fund funding, such as Bowes Railway and Consall Lime Kilns, but demand far outstrips the amount of available funds. The options are to lose the asset or to restore it as a 'monument', which requires maintenance but has no commercial return. This has always been the most difficult scenario to fund, since it lacks direct and immediate financial returns.

- **Figure 43: Opinions of consultees about categorisation**

Detailed discussion in the two workshops, and responses to the questionnaires, suggested that there is a categorisation and need for prioritisation along the lines of that suggested above. Most agreed that there are circumstances where there is no economically sustainable use for buildings at risk and that it would be advantageous to have dedicated funding for dealing with those situations.

[30] Investment by the former London Docklands Development Corporation in the listed buildings in the Royal Docks provides a good example – development is only reaching and embracing them two decades later.

Stephen Bond, a chartered surveyor specialising in heritage, pointed out that "Undoubtedly there are some such buildings that have no commercially viable future, although experience suggests that what appears a hopeless case today may 20 years down the line have a viable future".
Jenny Douglas of Liverpool Vision suggested that "Townscape Heritage Initiative (THI) funding should be available for moth balling buildings if this is considered the best option pending a more favourable economic climate".

6.4.3 ALIGN FUNDING PROGRAMMES TO THE FOUR CATEGORIES.

The Regional Growth Fund (for private sector led developments) and the Big Society Bank (for building preservation trust led developments) could be seen as possible funding streams for Category A and B developments.

The Heritage Lottery Fund is another potential source of funding where the public benefits outweigh any private gain.

Local authorities could also be encouraged to help by generally not expecting additional S106 contributions over and above the cost of restoring the historic building, and by offering rate reductions or rebates, under their new powers, to incentivise developers. Local authorities could also be allowed, as a balance, a share of any excess profits from enabling development to plough back into other projects.

Funding for Category C structures is also available through English Heritage and the Heritage Lottery Fund providing schemes meet the relevant criteria. HLF has recently reviewed its match-funding requirements, asking for at least 5% of match-funding for grant awards under £1 million, and 10% for over £1 million.

Funding for Category D structures, those that need to be maintained as monuments,[31] is also available from English Heritage and the Heritage Lottery Fund, who are in effect funders of last resort, especially to volunteer groups that are prepared to assist with management and maintenance. A secular equivalent of the Churches Conservation Trust could be set up to fund Category D projects.

6.4.4 UNDERTAKE RESEARCH TO DETERMINE WHETHER AN INDUSTRIAL HERITAGE VERSION OF THE MUSEUMS AND ARCHIVES "COLLECTING CULTURES" PROGRAMME COULD PROVIDE A VIABLE AND USEFUL ENHANCEMENT TO THE HERITAGE AT RISK PRIORITISATION.

Some heritage assets could only be changed to an economically beneficial use with a degree of change which would destroy the character that warranted protection in the first place.

[31] Grants from English Heritage, Heritage Lottery Fund and Natural England agri-environment schemes have been used to secure the future conservation of field monuments - the Heritage Lottery Fund has been particularly active in this area and has an Industrial, Transport and Maritime Group.

Strategic decisions could be made, after the list descriptions have been updated, about which specific examples of specialised asset – i.e. different types of manufactory - can and should realistically be managed in a form that is close to original state, even if there is no financial rationale. Those decisions would of course need to bear in mind the survival of comparable structures not ‘at risk’. Such buildings would be priorities for intervention by public/ 3rd sector bodies for long term acquisition and care as ‘owners of last resort’.

This would be an industrial heritage version of the Museums and Archives “Collecting Cultures” programme, although the amount provided by Heritage Lottery Fund was £4 million, which is of a magnitude that would probably be insufficient for industrial heritage at risk.

More controversially, that prioritisation could be allowed to influence proposals for changes to other buildings of similar type. This would mean accepting that those examples that are not prioritised could be changed to such an extent that they would lose some of their heritage significance. Depending on degree, it could be a radical departure from the current approach, perhaps even from the national policy presumption in favour of the conservation of listed buildings.

The scheduling of monuments has always been seen as a selective management tool within specific categories of monument, often supported by usually modest funding under management agreements.

If listed buildings are seen as a national collection, the case for public funding for key examples of their type which cannot be self-supporting without capital or revenue support becomes easier to articulate as a priority. Some (e.g. Stott Park Bobbin Mill, J W Evans Factory, Ditherington Flax Mill) have already been taken into the care of English Heritage for these very reasons; many are in the hands of trusts; although others (e.g. Chatterley Whitfield Colliery) were implicitly identified on this basis but their future funding is not secure.

Others feel that it is wrong to place too much emphasis (and therefore funding) on what experts determine as the most significant heritage, at the expense of the ‘everyday’ heritage (see Figure 44).

Our recommendation is to undertake research to suggest which examples might be treated in this way prior to a decision being made as to whether it would be a viable and useful policy.

Figure 44: Opinions of consultees about “Collecting Culture” idea

Stephen Bond , a chartered surveyor specialising in heritage, said “The idea of English Heritage identifying examples of specialised industrial building types at risk that should be fully conserved is contrary to the notion of significance/heritage values and the importance of the everyday, so is problematic. You cannot flag up a few for protection, allowing the value of the many to be compromised”.

Steve Corbett of Liverpool City Council suggested that “It may useful for ‘front-line’ consultation to draw up the list of susceptible types – and to discount those that have received past attention (generic types such as mills, warehouses, etc and regional specialist types such as Nottingham's lace industry, Birmingham's Jewellery Quarter or Sheffield steel industry)".

There is probably more support for the positive – identifying 'national collection' priorities – than the negative – accepting higher levels of intervention elsewhere as an outcome of last resort. For obvious reasons private sector developers rarely engage with buildings of this type.

6.5 Give Local Authorities more tools to apply both enforcement and inducement.

It is primarily the responsibility of owners of listed structures to maintain them, and those that do not take this seriously should be induced – by more effective carrot and more effective stick - to do so, or dispose of the property to someone who will. Three quarters, for example, of the structures of industrial origin that are on the Heritage at Risk Register are in the ownership of individuals or companies. While it would be unfair to blame them all, the mechanisms for enforcement are, clearly, failing. While it is difficult to provide either carrot or stick when there is little public funding available, taking action early rather than letting problems grow remains the best strategy.

Pro-active, co-ordinated short term action by local authorities - such as urgent works/ mothballing and amenity notices to stop the rot and deal with obvious signs of dereliction, and enforcement action on unauthorised works - can make a difference in preventing heritage assets from decaying and to attracting investment into the building/ area. All of the local authority respondents to our survey quoted examples of situations where this had happened. Making a Compulsory Purchase Order (CPO) is perhaps the ultimate enforcement action.

Local authorities can, equally, play a proactive role by incentivising developers. The Localism Bill proposes to increase the powers of local authorities to do so, including the ability to provide financial inducements.

All of this is likely, however, to be even more difficult to deliver with reduced numbers of planning officers as a result of cuts in public funding, and a climate in which planning services are increasingly seen as needing to 'pay their way' through application fee income.

The aim of the initiatives suggested under this objective is to give local authorities encouragement to be more proactive both with carrot and stick.

6.5.1 USE "HERITAGE AT RISK DEVELOPMENT ENABLERS" AND LOCAL AUTHORITY "HERITAGE CHAMPIONS", AND PROVIDE EARMARKED FUNDING, TO HELP AND ENCOURAGE LOCAL AUTHORITIES TO PROVIDE CLEAR POLICIES AND SUPPLEMENTARY PLANNING GUIDANCE FOR ASSETS AND ENVIRONMENTS AT RISK.

Clear policies, Supplementary Planning Guidance (SPG) and strategy for a historic area are often critical to success as, often, are development briefs or guidance for problematic buildings at risk. They are key to reducing uncertainty and increasing speed of planning for developers. They should perhaps be a particular priority for Category A and Category B sites in the typology outlined in section 6.4.

The proposed development enablers could provide assistance to local planning authorities in doing this, and English Heritage's network of local authority champions[32] could be asked to help secure political support.

Figure 45: Opinions of consultees about special planning guidance

There was a lot of support from this from all sides of the spectrum. Russell Brown of Wiltshire Council said that "Additional resources could be made available to allow the formulation of development briefs for buildings and sites which show clear guidelines as to what would be acceptable and what would be expected in any development proposal. This would remove some of the risk and time taken in running a development proposal. In addition, as the development briefs would be adopted by the Council there would be likely to be less resistance to a development proposal that has been prepared with due regard to any development brief, from councillors who would not be able to resist an application that is designed with the brief in mind".

6.5.2 ENABLE AND ENCOURAGE LOCAL AUTHORITIES TO COMBINE FINANCIAL INDUCEMENTS WITH DEVELOPMENT BRIEFS.

Greater use of Special Planning Guidance would help to remove uncertainty about what might be done with structures at risk.

Ideally this would be accompanied by greater certainty about the financial situation.

This could include greater certainty that grant funding will be available to cover conservation deficit, and that the application can be considered speedily.

There is a concern that this may simply be reflected in a higher sales price, but this can easily be dealt with by ensuring that the final grant calculation, as well as the 'in principle' indication, are based either on zero site value, a nominal sum, or the value of an element in use, which is to be retained in the final development (e.g. a ground floor shop). This approach is well established in Enabling Development guidance, and has been applied successfully in the Liverpool

[32] Members, often members of the Cabinet, who have agreed to take a special interest in heritage.

Ropewalks THI, combined with clawback provisions proportionate to the public investment.

Local authorities could be encouraged to submit First Round applications to HLF having developed Special Planning Guidance/Development Briefs and prior to marketing the scheme. As per the normal process with HLF grants, these applications would seek to clarify that a grant is likely to be available subject to satisfactory detail in the Second Round. If the scheme meets its grant criteria and is successful in securing a First Round pass, HLF can award a development grant to a local authority to help work up the detail of the scheme and to secure a development partner. There are many properties on the Heritage at Risk Register where it is clear that there is not a commercially viable scheme without conservation deficit being dealt with.

The Heritage at Risk Development Enablers could help local authorities make these applications.

Local authorities might add further inducements to potential developers such as rates rebate for a certain period of time, as discussed below, and making it clear that S106 contributions will not be required over and above the amount needed to pay for conservation deficit.

The Localism Bill proposes to give local authorities the power to grant business rate discounts. Granting rate rebates for a fixed period, say 10 years, on hereditaments created through the repair and conversion of listed buildings at risk would, at minimum, be a marketing incentive for such premises. It could potentially be used in conjunction with Special Planning Guidance and other forms of financial inducement. If could be financially advantageous to local authorities to have a proportion of Council Tax income, or a reversion to it, rather than nothing at all if the building remains derelict. It could be particularly helpful for socially-oriented projects aimed at small/ start-up businesses, for example.

Figure 20: Opinions of consultees on council tax rebates for buildings at risk

Most thought it a good idea in principle but questioned whether local authorities would do it given other calls on resources.

Michael Loveday of Norwich HEART, however, pointed out that this regime has been operating in North America for some time and has made a dramatic difference to the regeneration of local heritage. That alone seems to suggest that it is worth serious investigation.

6.5.3 ALLOW ACCREDITED PROFESSIONALS IN THE PRIVATE SECTOR TO SIGN OFF THE DETAIL OF LISTED BUILDING APPLICATIONS.

As discussed in section 6.2.3 above, a radical change suggested at the Manchester seminar was to shift the burden of approving the detail of applications for listed building consent from conservation officers to professionals in the private sector. This could speed up the process and free up local authority resource for more productive activity such as finding solutions for heritage at risk.

It could be the centrepiece of a changed mind-set in terms of what is expected of conservation officers. The practical implications would obviously have to be studied in much more depth, however.

Figure 21: Opinion of consultees about allowing accredited private sector professionals to endorse the detail of listed building consents

Steve Corbett, who was at the Manchester seminar, provide the following comment about the idea (suggested by Trevor Osborne) that there should be a shift in responsibility for assessing the detail of applications for listed building consent to the public sector: "Inevitably, someone has to police the minutiae of heritage controls. As a public sector activity it leaves us little time and resources to deal proactively with the bigger problems of buildings at risk of loss, historic areas that require extensive regenerative investment or working to assist communities attempting to do the same. It's a question of public policy and what it considers to be the priority for us. I thought there is some merit in exploring Trevor's suggestion that some responsibility for regulating detail could pass to suitably qualified professionals acting for the developer / applicant. It is a case of finding an appropriate mechanism - such as the HPA. Similarly, the amount of information required to support an application which concerned the developer contingent also concerns us - we have to work through it all! We have a system that has become focussed on process rather than the product"

6.5.4 ENABLE LOCAL AUTHORITIES TO RETAIN A SHARE OF ANY SURPLUS PROFIT FROM DEVELOPMENT OF HISTORIC PROPERTIES THAT IS MADE POSSIBLE BY ENABLING DEVELOPMENT, TO BE USED FOR RESTORATION OF OTHER HISTORIC BUILDINGS.

This could incentivise local authorities to be more creative in the use of enabling development, including packaging off-site land that has development value with the heritage asset to provide a viable development opportunity.

6.5.5 ENABLE LOCAL AUTHORITIES TO IMPOSE EMPTY PROPERTY BUSINESS RATES ON NEGLECTED HERITAGE ASSETS.

As a corollary to the "carrot" of offering business rates rebates to developers that are prepared to take on buildings at risk, rates could be imposed on properties that are empty and not being maintained by their owners.

Listed buildings and scheduled monuments are exempt from the liability for empty property business rates, otherwise payable in full for most properties with a rateable value of £2,600 or more (from 1 April 2011), after a free vacancy period of 3 or 6 months.

For as long as any building liable for business rates is not capable of occupation, including by virtue of condition, it is not liable for empty rates.

The reason for the current exemption for heritage assets is so that there is not an incentive to allow them to become, or make them, unfit for use, but it also removes an incentive to keep them in use.

It may be time to challenge the assumption that exempting listed buildings from empty rate liability represents the optimum balance of risk.

There would be considerable incentive to bring an empty listed building into use, or sell it, if it incurred a significant annual charge when empty. It would be a disincentive to speculative holding or trading, or neglecting a property in the hope of permission for more intensive development than would otherwise be considered.

It could encourage action like allowing charities, who can gain rate relief by virtue of their status, to use buildings rent free for their charitable activities to avoid owners being liable for rates. It could also encourage 'meantime uses', which often generate urban vitality. The present arrangement instead directs charitable demand primarily to unlisted buildings.

It could, on the other hand, encourage owners to make listed buildings unfit for use, or even to suffer 'accidental' damage, because Council Tax is levied only on buildings capable of use, or encourage vandalism. It seems appropriate, therefore, to perhaps to allow Councils to use it in a targeted manner, although this could open them to challenge from judicial review, or to permit them to allow exemptions.

Figure 48: Opinions of consultees about applying empty business rates to listed properties

Most respondents supported this idea, although some were strongly against and there was little support at the London seminar because of the risks of damaging action. Steve Parry, Chief Executive of Neptune Developments, said that they had been incentivised to take on listed buildings because there was no risk of empty buildings rates. Steve Corbett of Liverpool City Council said "A double-edged sword! It could equally hasten their loss? On balance, as there are powers to prevent loss (or indeed activity to precipitate it), this would likely bring matters to a head – which is always a good thing for historic buildings at risk, as leaving to languish is not the answer. The 'bring things to a head' philosophy has worked with enforcement, resulting in repairs or sale". Some supported it in modified form. "Perhaps a sliding scale arrangement for empty property business rates would help so that a rates holiday applies for a certain number of months but a charge scale cuts in after a certain period of vacancy" (Michael Loveday, Norwich HEART).

6.5.6 REQUIRE OWNERS OF BUILDINGS AT RISK TO PRODUCE A QUINQUENNIAL REPORT ON THE CONDITION OF THE BUILDING TO THE LOCAL AUTHORITY.

This is another suggestion from Steve Corbett in Liverpool. He argues that it would shift Buildings at Risk survey work from public services, cutting public sector costs, and help those authorities that do not maintain a Buildings at Risk list. It could be an element of making the Heritage at Risk Register more of a working tool.

6.5.7 AMEND THE LAND COMPENSATION ACT 1961, SPECIFICALLY S.16, TO MAKE IT EASIER TO USE COMPULSORY PURCHASE ORDERS.

The responses of local authority officers questioned confirmed that there is great reluctance on the part of local authorities to use CPO powers, despite the availability of grants from English Heritage to help underwrite the cost of the process. The responses suggest that there is lack of awareness of the English Heritage scheme, which is underpinned by a lack of desire even to contemplate the possibility of CPO.

Fear of financial risk, especially the risk that the building will cost more to repair and convert than it is would be worth in the market, is the heart of the problem. There is reluctance to use CPO, however, even when a "back to back" agreement can be put in place for a developer to take the asset, or funding is available, through a Townscape Heritage Initiative scheme for example, to cover a conservation deficit.

Figure 49: Case Study – Scandinavia Hotel, Liverpool

There are some grounds for this fear of financial risk to local authorities from using Compulsory Purchase Order. Steve Corbett describes Liverpool City Council's travails with the CPO of the Scandinavia Hotel. The Council's back-to-back development partner was unable to continue when the previous owners challenged the compensation through the Lands Tribunal. The 'relevant valuation date' also pre-dated the economic downturn, and was based on peak market conditions. Although the Council's partner agreed to indemnify the Council to the value it anticipated for the building (£0.6m), the Council was potentially at risk for a substantial amount more (£2.4m). The delay and uncertainty in resolving the compensation issue did not endear the process to the Council either.

Elected members, of all political persuasion, are reluctant to use these powers, even though, ironically, local press coverage and public response tends to be favourable when they are used to deal with neglected buildings, especially those that are prominent.

Regional Development Agencies have, in recent years, tended to take CPO action rather than local authorities. The CPO made by North West Regional Development Agency for the Ancoats area of Manchester is an example.

A suggestion about how to improve the situation was made by Emma Coffey of Lancaster City Council. We asked for clarification and David Lawson, Assistant Head Regeneration and Policy (Policy and Delivery), of Lancaster City Council, who has had practical experience of the issues involved, provided the response below.

"Compensation for the compulsory acquisition of land may comprise three elements: (1) for the value of the land taken, (2) for severance and injurious affection and (3) for disturbance and other matters not directly related to the value of land. This note is concerned solely with (1).

By virtue of the Land Compensation Act 1961, section 5, rule 2, compensation for the land taken must be equal to its open market value on the valuation date if the land had not been acquired compulsorily.

The main problem with this legislation is the fact that it has never been updated since it was enacted. This means that all references to the "development plan" were drafted in the days of "old style" county development plans and town maps. It does not reflect the subsequent changes to (first) the system of structure and local plans and (more recently) local development frameworks.

Old style town maps were quite specific in that it was assumed that land "defined" for a particular use would be developed for that purpose. These tended to be specific proposals for things like schools and hospitals where there was a high degree of certainty that implementation would take place. In that sense, it was logical for Section 16(1) to be drafted as it was.

However, subsequent development plans have moved away from this specific "zoning" approach to a more flexible system that requires greater interpretation and judgement in interpreting their provisions.

The problem is that the two pieces of legislation are now out of kilter and this causes problems when dealing with compensation claims. Claimants (not surprisingly) are using Section 16(1) to try to claim that planning permission would have been granted for a particular use. This can have significant financial implications for acquiring authorities and deter them from undertaking CPO action.

As Barry Denyer-Green put it in the preface to his 2005 book "*Compulsory Purchase and Compensation*" when referring to the then recently enacted Planning and Compulsory Purchase Act 2004: "It (the act) could have reformed the law relating to the statutory planning assumptions, found in the Land Compensation Act 1961, to take account of the changes to development plans over the years, and the new use of planning documents; it did not, and that area of law remains a mess."

These issues apply to all CPOs that relate to development including those affecting listed buildings and conservation areas.

6.5.8 ENABLE ENGLISH HERITAGE TO MAKE COMPULSORY PURCHASE ORDERS IN SUPPORT OF LOCALLY AGREED POLICIES.

English Heritage has CPO powers, following service of a repairs notice, for listed buildings in London. They were transferred to it from the former Greater London Council in 1986, and were used on several occasions during the 1990s. An option is to extend these powers to the rest of England, but only to be used in conjunction with priorities agreed with local authorities or Local Economic Partnerships.

Figure 22: Opinions of consultees about English Heritage being given the power to undertake compulsory purchase in support of locally agreed policies.

The proposition was supported by most, although there was also a general feeling that it was unlikely to make much difference without money to back it up, and also concern that it should only be used in support of locally-established priorities.

Michael Loveday, Chief Executive of Norwich Heritage Economic & Regeneration Trust (HEART) supported it saying "it would add a higher level of 'clout' and owners will generally be more fearful of EH than the LA. However, the CPO would need funding backing."

Peter Babb and Paul Mason, Chief Planner and Conservation Officer at Manchester City Council, said "There is too much concentration in CPO on planning issues and insufficient on e.g. compensation issues or regeneration cases. There should be a close look at the procedural approach so as to reduce the current onerous burdens placed on all parties".

The experience of the London Borough of Tower Hamlets, recounted at the London Seminar, suggests that the reluctance is less when there are public and political benefits beyond securing the future of listed buildings. The use of CPO under empty homes legislation has proved popular, and can effectively be used deal with listed residential buildings in an area of high values (i.e. where there is no conservation deficit) and a shortage of homes.

6.5.9 CONTINUE TO EXPLORE OPPORTUNITIES FOR REGENERATION OF HISTORIC AREAS.

As discussed in Section 4.3. much redevelopment of buildings at risk, especially those that are Grade II or not listed, takes place via area-based regeneration and needs long term, consistently applied strategy.

The regeneration of historic environments is also central to creating attractive, economically vibrant towns and cities. They are particularly effective in generating leisure-orientated and locally owned businesses and in stimulating the visitor economy.

The removal of funding streams that has sustained this in the recent past has created a vacuum which needs addressing.

6.6 Provide taxation incentives to development of buildings at risk

The central issue preventing the development of many buildings at risk is the lack of financial viability. Certain amendments to taxation could ease this.

6.6.1 REPLACE THE VAT ZERO-RATING OF ALTERATIONS WITH ZERO-RATING, OR A REDUCED RATE, FOR REPAIR AND MAINTENANCE OF PROTECTED BUILDINGS.

The present concessions create an incentive to alter heritage assets rather than maintain and repair them.

They are part of a wider problem of a VAT regime that zero-rates new build but imposes VAT on repair and alteration, encouraging replacement rather than reuse.

Change in the VAT rules is perhaps the single measure that would most improve the standard of maintenance of protected buildings, thus reducing the number of buildings that become 'at risk'.

Change would acknowledge to owners the public value of their private expenditure on the heritage, which is a psychological incentive that goes beyond the fiscal one.

This has been a long term objective of all concerned with heritage since the introduction of VAT, and more recently of all concerned with environmental sustainability. Setting a Zero rate would require agreement at European Union as well as national level.

Figure 23: Opinions of consultees about reducing VAT on repairs to listed buildings

Almost all thought the current situation is anomalous and that it would make a big difference. As a typical example, when asked what could be done to encourage investment in historic buildings, George Ferguson, of the Tobacco Factory, responded:

"VAT!! A very big issue. Crazy approach that repairs are VAT'able but alterations are zero rated There should be a flat rate across the board. Lots of issues where VAT is a problem. Often in many industrial buildings of the similar approach to the Tobacco Factory require cultural tenants to make it work really well and a lot of them may not be registered for VAT and therefore cannot claim relief. VAT problem militates against flexibility. Flexibility is the best tool available to successful development".

Steve Parry of Neptune Developments said "In some instances, zero VAT on repair and alteration would be an incentive. We are far more likely to consider conversion of historic buildings for residential use should there be a zero rating on VAT.

6.6.2 USE TARGETED TAX RELIEFS AND CAPITAL ALLOWANCES TO ENCOURAGE THE COMMERCIAL DEVELOPMENT OF LISTED BUILDINGS AT RISK.

The established system of capital allowances could be targeted at non-residential buildings at risk. Current allowances apply to industrial buildings, qualifying hotels and commercial buildings in enterprise zones, agricultural buildings and works, the conversion or renovation of unused space above shops and other commercial premises into flats, and the conversion or renovation of unused business premises in Assisted Areas. Inclusion of listed buildings and monuments on the Heritage at Risk register would provide a commercial incentive to invest in such buildings.

Land remediation relief, which allows 150% of the cost of remediation work to be offset against Corporation Tax, is a precedent for targeted support for the repair and reuse of defined, problematic, types of listed buildings at risk, or those in particular regions. It might, for example, be extended, although not necessarily at that rate, to the cost of the repair of the structure and envelope of listed industrial buildings.

Such assistance should only be available to new purchasers unconnected with the original owner, as is the case with land remediation relief, or it could act as an incentive to, or reward for, neglect.

Another approach, with the same caveat, would be to allow a tapering proportion of the income from letting the completed development to be offset against Corporation Tax, perhaps 50% to 0% over 10 years. This would incentivise medium term interest and investment in an area rather than an 'in and out' approach.

Figure 24: Opinions of consultees about targeted tax relief

Tom Bloxham of Urban Splash commented that "The current 100% capital allowance on converting industrial buildings for uses other than residential is prompting hotel developments in former industrial buildings. A 100% capital allowance scheme for listed buildings would attract much more interest in tackling former industrial and other listed buildings".

At the London seminar, the point was made that there should be enhanced capital allowances to encourage sustainable development generally, including, particularly, reuse of fabric, which has high embodied energy, rather than demolition and reconstruction

6.6.3 EXTEND THE SCOPE OF VENTURE CAPITAL SCHEMES TO THE DEVELOPMENT OF HERITAGE ASSETS

Three venture capital schemes - the Enterprise Investment Scheme (EIS), the Corporate Venturing Scheme (CVS) and Venture Capital Trusts (VCTs) - provide substantial tax relief for investment in small and medium sized companies engaged in eligible trades. It is intended to reflect the risks involved in investing in them.

Property development is not currently defined as an eligible trade.

Making the repair of listed buildings eligible might help to bridge the gap between charitable developers (i.e. Building Preservation Trusts) and mainstream commercial developers.

It might even provide a source of working capital for Building Preservation Trusts, in addition to that available from the Architectural Heritage Fund and, potentially, the Big Society Bank.

Appendices

1 Consultees

#	Name	Position	Organisation
1	Peter Clack	Development Director	base2stay
2	Robert Nadler	Managing Director	base2stay
3	Ian Douglas	Vice Chair	Berwick upon Tweed Preservation Trust
4	John Douglas	Planning Officer	Bristol City Council
5	Erika Eden Porter	Principal Planner (Design and Heritage)	Burnley Borough Council
6	John Glester	Former Chief Executive	Central Manchester Development Corporation
7	Henry Russel	University Lecturer & Consultant	College of Estate Management
8	Andy Delaney	Development Consultant	Colliers International
9	James Edwards	Planning Consultant	Colliers International
10	Marc Finney	Hotel Consultant	Colliers International
11	Peter Bourne	Development Manager	Crown Estate
12	Bennie Gray	Managing Director	Custard Factory
13	Richard Turpin	Managing Director	Eric Wright Group
14	Steve McAdam	Director	Fluid Architecture
15	Adam Smith	Principal Planning Officer - Major Developments	Gloucester City Council
16	Richard Owen	Project Director	Gloucester Heritage URC
17	Elaine Griffiths	Chief Executive	Gorton Monastery
18	Ian Morrison	Head of Historic Environment Conservation	Heritage Lottery Fund
19	Sara Hilton	Head Of NW Region	Heritage Lottery Fund
20	Stephen Bond	Director	Heritage Places
21	Kate Dickson	Chief Executive	Heritage Works
22	Emma Coffey	Conservation Officer	Lancashire City Council
23	Richard Linnell	Former Head of Investment Management	Land Securities (London)
24	Axel Burrough	Director	Levitt Bernstein Architects
25	Steve Corbett	Building Conservation Team Leader	Liverpool City Council
26	Jenny Douglas	Head of City Centre Economic Development Team	Liverpool Vision
27	Joanna Ecclestone	Conservation and Historic Buildings Advisor	London Borough of Camden
28	Mark Hutton	Conservation and Historic Buildings Advisor	London Borough of Tower Hamlets
29	Paul Mason	Group Manager Design, Conservation & Projects	Manchester City Council
30	Jayne Boldy	Conservation Officer	Mendip Council
31	Steve Parry	Managing Director	Neptune Developments
32	Graham Bell	Director	North of England Civic Trust
33	Mike Loveday	Chief Executive	Norwich Heritage Economic & Regeneration Trust
34	Ralph Brocklehurst	Group Board Director	Peter Livesey & Co
35	Simon Loomes	Strategic Project Director	Portman Estate
36	Ros Kerslake	Chief Executive	Princes Regeneration Trust
37	Jim Jack	Vice Chair	Richmond Building Preservation Trust
38	Jon Humphreys	Project Architect	Ryder Architecture Ltd.
39	Dorothy Bradwell	Conservation Officer	Sefton Borough Council
40	Graeme Steer	Development Manager	SEGRO
41	David Brockbank	Managing Director	Stavelely Mill Yard
42	John Foster	Development Manager	Taylor Wimpey
43	Christopher Lockyer	Senior Quantity Surveyor	The Selway Joyce Partnership
44	Benedict Krauze	Partner	The Soane Group
45	Trevor Osborne	Chairman	The Top Group
46	George Ferguson	Owner	Tobacco Factory
47	Nick Johnson	Development Director	Urban Splash
48	Tom Bloxham	Chairman	Urban Splash
49	David Brown	Director	VAT Consultancy
50	Ashley Nicholson	Managing Director	Verve Properties
51	Russell Brown	Conservation Officer	Wiltshire County Council (West)

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