

Spending Review representation to HM Treasury

from the Historic Religious Buildings Alliance (HRBA)

The HRBA brings together those working for a secure future for historic religious buildings

SUMMARY

The UK's 20,000 historic places of worship create significant value through social support and tourism.

For example, the National Churches Trust estimated in 2021 that the yearly **social value of churches in the UK is £55billion** from just four activities of the many taking place: foodbanks, youth services, mental health counselling and drug and alcohol counselling. In England alone, listed places of worship attract **an estimated 10–50 million tourist visits** each year (excluding cathedrals and the handful of smaller buildings which charge for entry). With a tiny number of exceptions, places of worship do not charge for entry, and do not generate visitor income.

The upkeep of these buildings is the responsibility of what can be quite small congregations, often in deprived areas. The once-in-a-generation need for a major repair can impose an enormous burden on a congregation. The State, which provides much less support than in other European countries, does not provide capital funding to support major repairs.

The submission urges the creation of a recurring capital funding scheme for listed places of worship, and the maintenance of VAT relief through the Listed Places of Worship Grant Scheme. In addition, it asks for sufficient grant-in-aid funding for Historic England to maintain the Heritage at Risk and other programmes.

SUBMISSION

Introduction

1. There are approximately 20,000 listed places of worship in the UK. There are a small number of listed synagogues and mosques, but more than 99% of these buildings are churches.
2. This submission highlights the significant value listed places of worship provide through social support and tourism. It does not assess their very considerable cultural value.

Social and community value

3. Places of worship provide a place for faith groups to meet and individuals to reflect and pray, with proven benefits on wellbeing. They also provide local groups with a venue, often at

discounted rates because of the congregation's concern for social welfare and a tradition of hospitality.

4. The following is a typical example, from October 2024:

Methodist church in market town in Lincolnshire, listed Grade II: [We host] a twice weekly Lighthouse Project where warmth, friendship and support are offered together with food parcels and a hot lunch once a week. There is a weekly activity session for pre-school children and weekly Easy Cook courses to provide practical lessons in cooking nutritious cheap meals. U3A, Wildlife Conservation and [a group who] run the local museum and provide a lecture programme meet monthly on the premises. Local orchestras rehearse weekly and various concerts and events are held throughout.¹

5. As in the above case, churches supply a base for congregations and their partners to provide services to the community, especially to the vulnerable. By applying HM Treasury Green Book guidance, the National Churches Trust estimated in 2021 that **the yearly social value of churches in the UK is £55billion** from just four activities of the many taking place: foodbanks, youth services, mental health counselling and drug and alcohol counselling.²

Tourism value

6. Historic places of worship form a very significant part of the nation's built heritage, and contain an astonishing array of art and sculpture. However, apart from some cathedrals and a handful of other high-profile buildings, there are no turnstiles and entry is free. One realistic estimate (albeit made some time ago) suggested **there might be between 10m and 50m tourist visits to listed places of worship per year in England**, excluding cathedrals and the handful of smaller buildings which charge for entry.³
7. The upkeep of these buildings is the responsibility of what can be quite small congregations, often in deprived areas. However, because they do not collect entry charges, the congregations looking after the buildings do not significantly benefit from their tourist value to the economy.

Volunteer funding

8. These buildings generate considerable social and tourist value. Yet not only are they managed by volunteers, but they have to find all the associated running costs. Thus volunteers looking after a historic place of worship find themselves custodians of a piece of national cultural heritage providing significant social and tourism benefit, but largely paying for it out of their own pockets, despite having no personal financial stake in the building.

¹ Personal communication from the church, October 2024

² <https://www.houseofgood.nationalchurchestrust.org>

³ *How do we keep our parish churches?*, p. 55.

9. Smaller repairs, which are relatively frequent, are typically covered by the congregation, often on a yearly basis. Unsurprisingly, however, the once-in-a-generation need for a major repair can impose an enormous burden on the congregation.⁴ **The State, which provides much less support than in other European countries, does not provide capital funding to support major repairs.**

State funding

11. Unlike many European countries, there is minimal State funding for historic churches, and its continuation is not guaranteed.
12. **Capital repairs.** The principle of State Support for historic places of worship in use was first accepted in 1977 under Labour's Peter Shore, who set up a ring-fenced fund for major repairs to historic churches (excluding cathedrals). In 2003 the fund was £30m per annum, equivalent to £60m per today after building cost inflation.⁵ Money from this fund fed straight through to project expenditure, mostly on construction etc. Ring-fenced funding was available for forty years, finishing at the end of 2017. Since then, the number of listed places of worship being removed each year from Historic England's Risk Register has dropped from more than a hundred to fewer than thirty.⁶
13. In the last ten years, there have been two one-off State-funded capital schemes: the two-part Roof Fund (RF) and the Covid-era Heritage Stimulus Fund (HSF), which was part of the widely-appreciated DCMS Culture Recovery Fund. Both the RF and the HSF were targeted at the repair needs of listed places of worship.⁷
- The RF and HSF were limited to building repair, yet both had the wider, unintended consequence of increasing community activity in the building.
 - The RF, the HSF and the long-lived ring-fenced scheme all attracted private funding.
 - The HSF prioritised grants to areas of higher deprivation.⁸ Many in the faith-buildings sector believe its administration provides a useful guide to the running of any future State-funded capital scheme for places of worship.
 - All schemes will have benefited the economy from the multiplier effect of investment in heritage buildings.⁹

⁴ *How do we keep our parish churches?* p. 29; *Evaluation of the Grants for Places of Worship (GPOW) programme*, 2020.

⁵ Using <https://costmodelling.com/construction-indices>

⁶ <https://historicengland.org.uk/advice/heritage-at-risk/>

⁷ *Listed Places of Worship Roof Fund Repair Evaluation; 991 Stitches in time; Evaluation of the Grants for Places of Worship (GPOW) programme;*

⁸ *A Review of the Church of England's outcomes from the Culture Recovery Fund government grant scheme.*

⁹ *The heritage sector in England: its impact on the economy (2024).*

14. Given the above, we **propose** a new capital funding scheme for listed places of worship of all faiths, establishing a recurring fund of at least £50 million per year, with proportionate funding for the devolved administrations. Most of the cost should be taxpayer-funded.
15. Currently, **the Listed Places of Worship Grant Scheme (LPWGS)** is the only State-funded scheme for historic places of worship in use. This allows the recovery of VAT spent on repairs and alterations.¹⁰ (For obvious reasons, the very great majority of places of worship are not VAT registered, so cannot reclaim VAT on expenditure.) Introduced in 2001 by Gordon Brown in recognition of the social value of churches, the Scheme directly supports construction and related activity, and ensures VAT neutrality between repair and demolition/rebuild of listed places of worship.
16. The cost to the government in the most recent year was £29m.¹¹ Although in theory open-ended, the Scheme is effectively limited by the rate at which building needs arise, and the ability of congregations to raise funds.
17. On 22 January 2025 it was announced that the LPWGS would be capped at £25k per place of worship in 2025/26, with an overall budget of £23m. Its continuation beyond then is uncertain.
18. Major projects take a number years to plan and fundraise. We are therefore concerned by the stifling effect the current uncertainty will have on larger projects, and that the annual cap will not only reduce overall activity, but distort decision-making on project scope and phasing.
19. We therefore **ask** that until progress can be made toward a zero VAT regime for repair and maintenance of listed buildings, the Listed Places of Worship Grant Scheme be made permanent, and return to being fully funded with no cap.
20. Finally, **Historic England** plays a key role as provider of underpinning services, such as the Heritage at Risk Register for listed places of worship, which tracks progress and highlights areas of concern, helping resources to be directed effectively.
21. We therefore **ask** that Historic England receives sufficient grant-in-aid to maintain its support for listed places of worship, in particular the Heritage at Risk programme.

HRBA February 2025 / hrballiance.org.uk

¹⁰ It is very rare for Historic England to give grants to places of worship.

¹¹ <https://hansard.parliament.uk/commons/2025-01-22/debates/1BB8B56E-26D3-45B1-9E0E-A80287596BA7/ListedPlacesOfWorshipScheme>. For background, see House of Commons Library, *VAT and Churches* (2025)