

The Heritage Alliance

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from **The Historic Religious Buildings Alliance**
an independently-funded group within The Heritage Alliance

We bring together those working for a secure future
for historic religious buildings

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The Rt Hon Lisa Nandy MP
Secretary of State for Culture, Media and Sport
1st Floor, 100 Parliament Street
London SW1A 2BQ

2 October 2024

By email

Dear Ms Nandy

Future of the Listed Places of Worship Grant Scheme (LPWGS)

I am writing as Chair of the Historic Religious Buildings Alliance (HRBA), a group within the Heritage Alliance. Our members include faith groups and charitable trusts who between them care for almost all listed places of worship in the UK. Our membership also includes many other national bodies with an interest in the long-term future of these buildings

EXTENSION OF THE LPWGS AND ASSESSMENT OF ITS IMPACT

We are writing in connection with the Listed Places of Worship Grant Scheme (LPWGS), which repays VAT paid on work carried out on listed places of worship of all faiths. It is currently funded until March 2025. The Scheme is of enormous importance to the sector, and despite the financial pressures which we appreciate the Government is facing, we are asking you to extend it for a further three years beyond March 2025.

As you know, the Scheme pays out approximately 500 grants per month, refunding VAT to congregations – relatively small groups of volunteers – up and down the country. Many of these grants are not large (the average is around £4k). The Scheme is capped by government, but is anyway naturally limited by the rate at which new repair needs arise in these buildings, and the ability of congregations to raise funds to pay for repairs and upgrades. It currently runs at about £25m per year (which implies that listed places of worship are raising at least £125m per year to maintain and upgrade their buildings).

These thousands of groups of volunteers look after a substantial proportion of the nation's built heritage without any financial stake in the building, or reward for their personal donations or fundraising efforts. The importance of the Scheme to them can be seen in the Annexe to this letter, where we have included extracts from emails from individual places of worship sent to you in September 2024 and copied to us.¹ They are entirely typical, and have been chosen simply to give a picture of the practical impact of the Scheme.

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

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We note, however, that there has been no recent evaluation of the LPWGS and suggest that in addition to a three-year extension, the Government commissions a review of the Scheme.² We believe that this would find that it punches well above its weight and provides excellent value for money in terms of its economic, social, cultural and environmental impact.

Some of the benefits of the Scheme are set out in the remainder of this letter.

BENEFITS OF THE LPWGS

Incentivises desired behaviour and outcomes. The Scheme encourages congregations and local donors to do what government wants - namely work to raise funds to keep these important buildings open and in active community use, even though the volunteers do not benefit directly from their personal donations or fundraising. All this is in line with the recommendations of the government-commissioned Taylor Review.³ (See Annexe extracts 1–4.)

Maintains buildings which support community life and wellbeing. Listed places of worship are, of course, beautiful and historic, forming a substantial part of the nation's most important built heritage. They help create a sense of place and foster local pride. Often they support tourism.

But they are also important as centres of activity. Not only do they provide a place where faith groups can meet (with their proven impact on wellbeing), but in many cases they make spaces available for local groups to get together. Furthermore, they often supply the base from which faith groups and their partners can be active in the community, offering services such as food banks, debt counselling, and support for the lonely and marginalised.⁴ In all these and other ways – such as being havens of peace and quiet, opening up as cool spaces in exceptionally hot weather, and providing green space in an urban environment – the buildings help sustain community life and wellbeing.

This is widely understood, and we have not provided specific excerpts in the Annexe to illustrate the point. A single example will suffice: it could be replicated many times over.

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 [REDACTED] (they 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 the year. All sections of the Guiding and Scouting organisations use our halls.

Creates long-term impact per pound spent. The money spent on projects supported by the LPWGS has a long-term impact. Repairs to listed places of worship last for decades.⁵ Investment in facilities such as toilets, improved heating and lighting, appropriate catering facilities, disabled access, and reorganised or partitioned spaces help ensure the buildings will continue to play a valued role for years to come. (See Annexe extracts 5–7.)

Provides direct support for climate change mitigation and adaptation. By refunding VAT, the Scheme puts repairs/improvements on an equal footing with new build. This is

highly desirable given the quantity of embodied carbon in historic buildings, and the potential of the buildings to provide many more years of service if maintained well and sensitively upgraded.

In fact, in recent years, congregations in listed places of worship have helped lead the way among historic buildings in taking direct action to mitigate and adapt to climate change, despite these projects often proving costly. Through such projects, the Scheme directly supports the Government's net zero targets. (See Annexe extracts 8–11.)

Supports local prioritisation and innovation through its certainty. The LPOWGS allows local people to assess their own priorities. Whether the work is small or large, all that is needed is for a congregation to decide what is required, obtain any necessary planning permission or similar, and raise the ex-VAT funds. They can then be *sure* of a LPOWGS grant, which will be paid as and when needed. The Scheme thus encourages local prioritisation and innovation, and allows flexibility of execution. (See Annexe extracts 12–17.)

In this way the LPWGS plays a vitally important complementary role to that of other major funders, such as the National Lottery Heritage Fund (NLHF), which necessarily run a competitive process for their limited funds. (In the case of the NLHF, the competition for general funding is between all forms of heritage.)

In this context, it is worth noting that for historical reasons, some 3,000 listed churches are located in villages with a population of 400 or less. Almost half of these are in places where there are fewer than 200 people. Clearly these buildings will never be used by very large numbers of people. But they are important locally (as well as being heritage assets of national importance), and through its simplicity and certainty the Scheme supports the energy and creativity of local communities in sustaining them.

Supports and encourages local philanthropy. Local philanthropy is critical to much of the work on listed places of worship. Refunding the VAT tax charge is a direct signal to both volunteer fund raisers and donors – perhaps especially smaller, local donors – that government supports their philanthropic efforts. (See Annexe extracts 18–21.)

Directly supports skilled construction jobs and activity. At present, LPWGS grants are included in project budgets, and the £25m per annum therefore feeds straight through to construction spend.

If the Scheme is not renewed, some major projects (which are heavily reliant on institutional funders who work to annual budgets) are likely simply cut back their scale in line with the loss of the VAT refund. However some congregations will drop the whole project rather than try to trim what is often a unified scheme of work. (See Annexe extracts 22–28.)

Thus if the Scheme were not renewed, it seems highly probable that there would be an immediate reduction on spending on the maintenance and upgrading of these heritage buildings of *more* than the LPWGS annual total of £25m. On our estimate, some 300 jobs would be lost, often local, and involving skilled crafts.

* * *

As you know, our parent body the Heritage Alliance and many others concerned with the nation's built heritage are asking the Government to consider setting a zero rate of VAT for work on *all* listed buildings. We share that aspiration.

In the meantime, for the reasons given above, we would urge that the Listed Places of Worship Grant Scheme be funded for a further three years beyond March 2025, and propose that during this period the Government review the impact of the Scheme.

We would of course be happy to meet with you or your officials to discuss this in more detail.

Yours sincerely

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ANNEXE: BENEFITS OF THE SCHEME

Extracts from some of the emails from individual listed places of worship sent to the Secretary of State (and copied to HRBA) in September 2024, regarding the extension of the LPWGS.

Broadly organised by theme (but with inevitable overlaps). Edited for length.

Incentivises desired behaviour and outcomes

1. *Church of England, village in Kent (population 470):* [the church] is undergoing essential roofing and stonework repairs at present: the congregation of 40 people has raised £230,000 for this project, of which only £60,000 has come from charitable grants, the rest from donations and fundraising locally. If we had had to find another £46,000 to fund VAT, the project would at best have been severely delayed and might not have happened at all.
2. *Church of England, village in East Yorkshire (village population 1500):* We are completing a £280,000 renovation scheme on our 620 year old, grade 1 listed, building. We have repaired stonework, windows and roofs and preserved the church for future generations. A small group spent years fundraising in local events and activities. We also applied for grants and were blessed to get awards from ten funders. Without the VAT refund through LPWGS, we would have really struggled to raise all the money needed.
3. *Unitarian church, town in Suffolk:* As a Grade 1 listed building it is challenging for us as a small organisation to raise the funds for the work itself, let alone the extra costs of the VAT. Knowing that we may apply for support in this way makes it possible to motivate fundraisers and donors to find the money.
4. *Methodist church, small city, Scotland:* My church is currently engaged in a development project to make the building fully accessible and create flexible accommodation for local community groups to use. We are located in a deprived area which has dearth of such meeting spaces. Multiple community groups are hoping to use the building once it is redesigned for this purpose. Our project has captured the imagination of numerous grant-making bodies many of which have extended us their maximum grant in order to make this project possible. We are now close to our fundraising target of £363,000. We have been able to reach this point after a lot of hard work over several years of planning. But, if the LPWGS were not in place we would somehow have had to find another £66,000 in order to proceed. I honestly think that we would not have been able to reach such a target.

Creates long-term impact per pound spent.

5. *Church of England, village in Somerset (population 1150):* The roof had a large hole in it and without the necessary repairs the Church would have closed. We fundraised, got donations and gifts to be able to carry out the work, it was a real struggle for the community and if we had needed to raise a further 20% that would have been beyond us and the Church would have closed, losing a vital community building in this small village.
6. *Church of England, village in Buckinghamshire (population 2,500):* It is a popular well attended church, [and is also used for] local community events [list provided]. . . . At present we are facing very significant costs (estimated at £100,000-£150,000 + 20% VAT) for the repair part of the church roof, with the work due to take place in the second half of 2025, in addition to the imminent cost (c £35,000 + 20% VAT) of rewiring much of the church's obsolete electrical wiring this month, without which we would not be able to continue to use the church beyond the end of this year.
7. *Church of England, town in Dorset:* The repayment of the VAT meant that we could go ahead and stop the water ingress that was causing increasingly severe damage to the interior of the church building, in particular the fine Georgian plasterwork. Any delay would

have potentially been catastrophic and could have meant the building would have to close. The church is very much at the heart of the town's community, situated at one end of the Market Place.

Provides direct support for climate change mitigation and adaptation.

8. *Church of England, village in Oxfordshire (population 470):* After fourteen years we're two-thirds through a three phase restoration and development project to address damp problems and to make it a more sustainable, and flexible community space for all. With [LPWGS] support we have worked towards our net carbon target by installing a ground source heat pump and a water borehole. [The LPWGS] will be essential to complete the project.
9. *Methodist Church, market town in Derbyshire:* Our scheme will tackle Climate Change issues with insulation, secondary glazing, an air-sourced heat pump and safe storage and charging for 10 E bikes (we are located at [REDACTED] the Tissington Trail).
10. *Baptist church, small town in Dorset:* [The] Baptist Church dates from around 1755-60 and is being fully renovated. This will include the installation of underfloor heating and the use of heat pumps to replace our gas boilers, so that we become Carbon Neutral.
11. *Church of England, large town in Buckinghamshire:* Our desire is to continue to improve upon our significant carbon footprint, and that will take a new 3-phase electrical hookup to power solar/heatpump installations.

Supports local prioritisation and innovation through its certainty

12. *Church of England, village in Oxfordshire (population 210):* Installation of WC & servery, repairs to flooring, upgrade to electrical circuits for safety purposes, 2017, project costs £70,000, VAT recovery grant £12,700. In a rural village with no pub, the facilities of WC and servery benefit, and greatly improve, the experience for all church users.
13. *Church of England, village in Shropshire (population 350):* Currently we have builders on site undertaking an improvement scheme (installing kitchen and toilet facilities together with associated enabling works) costing circa £95,000 (ex VAT). Amongst its many innovative features we are installing a thermally glazed lobby with automatic doors in the main entrance, which will drastically reduce heat loss in the church; and we are using a Trench-Arch drainage system which, once installed, is self-sustaining. We have needed to raise every single penny – through the congregation, local businesses, events at the church and grant applications to charitable organisations. Without the ability to reclaim VAT we would have needed to find another £25,000. This would have questioned our ability to even start the work.
14. *Church in Wales, village in Powys (population 700):* We are currently in the process of creating a Heritage Centre and hope to use this grant (and others) to make this dream a reality.
15. *Church of England, village in Derbyshire (population 2700):* We have recently benefited from the scheme to carry out minor repairs to the roof to stop ingress of water, repairs to electrics, heating, plumbing, organ, bells and clock repairs. On more major works we have benefited from the grant when replacing the leaking lead roof to the room above the porch in 2021. It has also helped with funding for the necessary conservative redecoration of our Anglo Saxon Crypt in 2023. We are currently having the Anglo Saxon chancel stonework repaired at a cost of around £12,000 for which we will be reclaiming the VAT.
16. *Methodist church, small town in Cumbria:* We want to build a new route and entrance into our building [to make it] accessible and welcoming to all. Our building is used by a wide range of community groups [list given].

17. *Church of England, medium sized town in Buckinghamshire:* We have [installed] 3 toilets in the tower where there was just one, 1 x accessible toilet and 2 x others. A new servery has been installed in the West end of the church and the South Porch has been refurbished. This made this church much more accessible to the local community

Supports and encourages local philanthropy.

18. *Church of England, village in Suffolk (population 1000):* Of the £100k [project cost], roughly 20% came from Church Members, 20% from the rest of the Village and 60% from grants.
19. *Church of Ireland, village in County Tyrone (population 1600):* We recently carried out a scheme costing in the region of £250,000 to carry out roof repairs and renovate our many windows including some spectacular stained glass windows. This work was only possible by fundraising through the hard work of parishioners, some very generous donations and other grants and of course the recovery of VAT through the LPOW grant scheme.
20. *Church of England, village Northumberland (population 4,400):* Local fund raising activities, generous donations from residents and visitors, together with the ability to reclaim VAT on eligible costs, have helped keep the momentum of local people strong and determined to repair and maintain this heritage church in good order for worship and for visitors.
21. *Joint Church of England/ Methodist church, Sheffield:* We needed recently to carry out repairs costing about £143,000 to the wooden and copper clad spire that adorns the roof of the Church. . . . We were surprised and delighted by the result of the local appeal for funds to carry out the repairs.

Directly supports skilled construction jobs and activity

22. *Church of Ireland, hamlet in County Armagh:* We are currently conserving/repairing the Church windows at a cost of £65k and the ability to reclaim the Vat was pivotal to the decision to proceed with the project.
23. *Church of England, village in Wiltshire (population 350):* We have for the past 6 years been raising money to replace the southern and eastern slopes of the church in Cotswold stone, at a cost of £300k VAT exclusive. We are ready to place the order for work to commence in early 2025. Without the opportunity of this grant scheme for reclaiming VAT we sadly won't be able to carry out these urgent works as planned. There is only so much you can do from donations from the community.
24. *Methodist church, village in Suffolk (population 450):* We are a small village with a Grade II* listed church which has a hole in the tower, together with longitudinal cracks. . . . [Repairs] have already waited several years while funds were found. . . . Our calculations are very dependent on recovering VAT
25. *Catholic church, large town in the Wirral:* Late last year we completed the first phase of a major project to carry out repairs and the restoration of our church (listed at Grade II*). If it had not been for the LPOW Grants we would still be seeking grants to cover the costs.
26. *Methodist church, large town, Cornwall:* We should stress that this project is aimed at improving community facilities for the residents of [REDACTED] and the surrounding area. This is why Cornwall Council are supporting the project through the Town Deal. The project could fail without the ability to reclaim VAT under the LPW scheme.
27. *Church of England, town in Cambridgeshire:* [the church] is just starting a more than £260k renovation programme of three years for which we are most grateful for the LPWG scheme upon which it depends. Nevertheless, our coffers will be emptied, and so the renovations are totally dependent on the LPWG scheme.

28. *Church of England, another town in Cambridgeshire*: We are just completing the design stage, which we have funded ourselves through donations and fundraising efforts, of a major £2,000,000 plus project that will make our church available to the whole community. . . . The project was started several years ago and our financial calculations were based on the refund of most of the VAT. . . . If we are unable to reclaim the VAT after March 2025 it is likely that we will not be able to fund the construction phase of the project and the money spent to date on the design and permissions could be wasted and we will lose the opportunity to provide an outstanding facility for the whole community.

¹ Examples are all taken from emails by individual places of worship sent to DCMS in September 2024 and copied to us. They have silently been edited for length, and identification details redacted or generalised. All emphases are ours. Each example we quote is from a different place of worship.

² The most recent assessment was *Listed Places of Worship Grant Impact Assessment* of April-May, 2010 (available at <https://www.hrballiance.org.uk/resources/policy-documents-etc/general-repository/>). The assessment was very positive.

³ *The Taylor Review: Sustainability of English Churches and Cathedrals* (DCMS, 2017), available at <https://www.hrballiance.org.uk/resources/policy-documents-etc/general-repository/>.

⁴ The economic and social value of churches to the UK was assessed in the National Churches Trust's *House of Good* report of 2021 (<https://www.houseofgood.nationalchurchestrust.org/>). This substantial and systematic piece of work concluded that the total economic and social value that church buildings generate in the UK is around £12.4bn per annum.

⁵ Trevor Cooper, *Caring for churches and chapels in England: the long view*, (2024), pp.9, 13–18. Available at <https://www.hrballiance.org.uk/resources/publications/>.