

OPEN CONSULTATION - INVEST 2035: THE UK'S MODERN INDUSTRIAL STRATEGY

Historic England response, 23 November 2024

SECTOR METHODOLOGY

1. How should the UK government identify the most important subsectors for delivering our objectives?

The 2022 Green Book is based on the principles and ideas of welfare economics and concerns overall social welfare efficiency, not simply economic market efficiency. The most important subsectors for delivering growth that is supportive of net zero, regional growth, and economic security and resilience should not, therefore, be identified using economic criteria alone. In estimates of future importance, for example, addressing the dual climate change and biodiversity crises should be taken into account. Improving the energy efficiency of historic properties could reduce carbon emissions from the UK's buildings by an estimated five per cent each year and generate £35 billion of output in the economy annually, while making homes warmer and cheaper to run, a recent report commissioned by the National Trust, Peabody, Historic England, The Crown Estate and Grosvenor found. The research showed that more than 105,000 new workers, including plumbers, electricians, carpenters and scaffolders, will be needed every year for the next three decades to work solely on decarbonising the UK's historic buildings if the UK is to meet its 2050 net zero target.

2. How should the UK government account for emerging sectors and technologies for which conventional data sources are less appropriate?

N/A

3. How should the UK government incorporate foundational sectors and value chains into this analysis?

We understand the term 'foundational sectors' to mean sectors providing 'goods and services which are the social and material infrastructure of civilised life'. The UK's outstanding heritage is a cornerstone of the tourism industry but is also integral to the everyday experience of most people. As part of its Culture and Heritage Capital Research programme, Historic England has published new research which shows that the overall well-being value for people's day-to-day encounters with heritage is estimated to be worth £29 billion every year just in England through increased life satisfaction. Just as much as sport (where participation is worth £31 billion per year), therefore, heritage must be considered a foundational sector.

Heritage needs to be included at the start of the value chain for the creative industries since it is one of the 'vital ingredients' of the sector - creative businesses have a strong preference for characterful and often more affordable historic buildings. Cultural heritage is a source of inspiration to entrepreneurs and a driver of economic creativity which in turn drives growth.

SECTORS

4. What are the most important subsectors and technologies that the UK government should focus on and why?

The heritage in the UK as a subsector of the creative industries is one of our most valuable national assets. It is the principal driver for the tourism economy. It informs the brand of the UK, is a source of inspiration for our creative industries and adds to our soft power. We have the opportunity to protect our heritage for future generations, but also to use its power to drive economic growth, boost pride in place and enhance well-being for people and places today.

Heritage makes an important contribution to the economy in three main ways: its own right, as a pillar of the visitor economy and indirectly as an enabler of other economic activity.

Cebr research for Historic England estimated that the heritage sector made a direct GVA contribution in 2022 of £15.32bn, or £44.9bn when indirect and induced effects are included. Between 2011 and 2019, direct heritage GVA grew by 34.7%. Employment in the heritage sector grew at twice the national average over this period. This growth trajectory was disrupted in 2020 during the pandemic, which led to a GVA contraction of 18%, but a strong rebound saw the heritage sector reaching the highest all-time GVA in 2021 (£16.2 billion), before reducing by 5.3% in 2022, tracking the fall in GVA of the construction sub-sector.

Despite recent declines, the heritage sector holds significant potential for future economic growth. The sectoral downturn is temporary, with untapped opportunities that could drive future expansion. As the UK moves towards net-zero, the built environment—UK's second highest emitting sector—will face significant changes. Given that historic buildings account for about 20% of the UK's residential stock, there is substantial scope for targeted heritage-led interventions. Technological advancements in heritage specialist construction services could be key to achieving environmental goals while preserving cultural heritage. Such efforts could also stimulate economic growth, create skilled jobs, enhance community resilience, and promote innovation, positioning the heritage sector as a driver for future sustainable transition towards a low-carbon UK economy.

Heritage-led tourism can be seen as an economic spillover from a vibrant heritage sector. It has rebounded strongly since 2022, with both the number of trips and spending on heritage-related travel surpassing pre-pandemic levels. Seven of the 10 most popular pay-to-enter visitor attractions in England are heritage attractions. Overall, heritage-related tourism in 2023 contributed £28bn in GVA. The value of heritage-related day visits has grown strongly after the pandemic (£4.6bn in 2019, £11.6bn in 2023), connected to the fact that 63% of the population visited a heritage site in the year to March 2023. With the right support, there is potential for further growth. A recent study for the North (NP11 A Place Strategy for the North) estimated the potential for up to 27,000 new jobs and £1bn per year could be generated by developing the domestic tourism offer, with heritage as part of that offer alongside nature and culture.

More than this, however, the heritage sector is an important enabler of growth in the creative industries and in the wider economy. Historic buildings offer flexible, distinctive, and characterful workspaces that attract businesses to local areas. As a measure of this pull factor, nearly 26% of creative firms are located in the 2% of the country designated as a conservation area. Creative and cultural industries in England are 55% more likely to operate out of a listed building rather than in a non-listed building. Research shows that heritage-rich places inspire economic creativity which leads to higher growth; areas richer in cultural heritage, for example, produce a greater number of trademarks. Places that leverage their historic character attract the highly educated workforce on which the future economy will be founded; a 1-unit increase in heritage sites per capita induces an increase of approximately 50 more highly educated people over 5 years and 80 over a 10-year period.

Examples such as Folkestone's Creative Quarter, Resort Studios in Margate, the Birmingham Canal Offices, The Hat Works in Luton and Mackies' Corner in Sunderland show how historic buildings can provide the inspiring and affordable spaces for creative start-ups and mature businesses alike.

Of course, historic places or objects are not just a decorative incidental backdrop to contemporary creative work, in each case they are integral to the whole enterprise. There would have been no *Downton Abbey* without Highclere; no *Poldark* without tin mines. The UK's heritage inspires stories, art, fashion, film, music, performances, and new technology and digital products, especially games. Many forms of cultural activity are hosted within and inspired by our historic assets. Heritage organisations are partners for many creative practitioners in their search for funding, and creative organisations enable exciting new ways of engaging new audiences. Heritage supports and inspires the creative industries to deliver ground-breaking cultural experiences. Without the nation's historic landscapes, spaces, communities and stories, our creative industries would be unable to deliver such

exciting, and enticing, engagement to both the domestic and global audiences and the economic productivity that follows.

5. What are the UK's strengths and capabilities in these sub sectors?

The UK has one of the oldest building stocks in the developed world, forming a significant part of our commercial environment and of our high streets, towns and cities. Up to 48% of the national retail stock and 33% of all offices are over a century old (built pre-1919) and still in productive use. As a direct consequence of this rich built inheritance, the UK has earned global recognition for its knowledge, systems and skills that are utilised for the conservation, adaptation and promotion of its heritage. The UK exports its heritage skills around the world especially to some of the fastest growing markets, such as Saudi Arabia, India and China. Historic England's technical literature is repurposed as textbooks for construction students in universities across all continents. Delegations from national governments from across the world are frequently sent to the UK to learn about our mature system (policies, structures, support mechanisms) for conserving our heritage and to understand how they might also unlock the myriad of public benefits that heritage provides. This interest is ramping up as the world transitions to low carbon future where the adaptation and reuse of the existing building stock becomes ever more important for meeting climate targets and reducing waste and the depletion of natural resources.

6. What are the key enablers and barriers to growth in these sub sectors and how could the UK government address them?

Keeping the UK's heritage in good condition and repurposing it for creative and cultural use requires sustained capital investment. In recent years, funding has been made available to revitalise heritage assets through a series of government capital investment programmes – The Towns Fund, the Levelling Up Fund, Heritage Action Zones and the Cultural Development Fund, to name but a few. These programmes have unlocked local growth and productivity, increased access to high quality creativity and culture, and brought a much-needed boost to community regeneration through transformative place-based creative and cultural initiatives. They have capitalised the untapped potential for investment in creativity and culture, while addressing the regional undersupply and demand for capital funding in creative and cultural infrastructure, helping to deliver more attractive places across the UK where people want to live, work, visit and invest.

Yet, as welcome as it has been, the unpredictable and short-term nature of this capital funding has limited its impact. A more strategic, evidence-led and targeted approach to capital investment for heritage and culture would achieve better outcomes by allowing the growth of skills and supply chains that are required to deliver the maintenance and repair of historic buildings and places over the long-term, improving the quality of delivered schemes, dampening inflationary pressures, and ensuring that the recipients of

funding, especially local government, are investment ready (knowing where, when and how to make best use of the funding for the benefits of the communities they serve). A significant proportion of the UK's heritage remains in a perilous condition, with nearly 5,000 nationally designated historic buildings, monuments and places identified at risk of neglect, decay or inappropriate development in England alone. Contiguous and sustained capital investment programmes are required to keep pace with the threats to the UK's heritage from the effects of climate change and failing local economic markets to ensure that the public benefits of heritage are maintained and grown across the country.

BUSINESS ENVIRONMENT

7. What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

The most significant barrier to investment is economic uncertainty. Although hard to measure, there are some useful proxies, such as the Economic Policy Uncertainty (EPU) Index, that track economic uncertainty over time, and which can help identify possible causes of delayed investment decisions and the tightening of credit supply. The UK's EPU data helps identify specific triggers for increased economic uncertainty at home that are distinct from the more existential causal effects of climate change, inflation, the pandemic and geopolitical tension and conflict. Uplifts in UK EPU data coincide with significant political and policy shifts. There are at least three key areas of policy reform that remain in flux and are yet to be fully addressed – planning, devolution and skills.

Constant reform of planning policy has created instability whilst not yet meeting government expectations or objectives. The result is that nearly 60% of local authorities in England having no up-to-date plan (i.e. adopted within the last five years), communities having little trust in the planning system (a 2019 survey found that only 7% of the public trust local authorities in their handling of large-scale development, and satisfaction with the listed building consent process has reduced from 51% in 2017 to 35% now), and local planning authorities suffering from severe skills shortages and low morale (Historic England's labour market intelligence survey shows the number of conservation specialists in local planning authorities has fallen by 43% since 2006).

Reform of the planning system is clearly warranted, but it needs to be evidence-led and multi-faceted, covering capacity and communication, as well as utilising technology and data to improve decision-making and engagement. Just as importantly, reform needs to be occasional rather than constant, to allow changes to take effect, to restore trust and confidence, thereby reducing uncertainty and increasing investment.

Turning to devolution, there is a broad political consensus that two of the country's main economic challenges – regional inequality and sluggish growth – are in part a result of centralised policy making. Further devolution in England is being sought by the government to address this, with a white paper expected in the near future. A study last year by the Institute for Government looked at the international evidence on the link between devolution and economic performance and found that improvement in outcomes when powers are devolved is not automatic. The report looked at the evidence on the economic claims made for greater devolution, assessed when and how devolution can improve outcomes and when and how it cannot. It argued that combined authorities and similar institutions in other parts of England should have greater control of key economic policy levers, including on transport, skills and planning, but other levers such as research and development funding and regulation should remain centralised. Achieving the right balance of the allocation of powers and responsibilities between regions and 'the centre' will be critical to ensure the benefits (such as greater coordinated and tailored policy interventions) outweigh the costs (e.g. loss of economies of scale and harmful competition).

In order to ensure the creative, cultural and heritage subsectors are part of the national debate about devolution, Historic England joined forces with Culture Commons and other partners to deliver a major four nations open policy development programme to explore how these subsectors might make the most of devolution and address some of the deep-seated policy challenges we face. A series of detailed recommendations from this programme were published earlier this month at <https://devolution.culturecommons.uk/>, which, if implemented in full, will substantially increase the transformative benefits these subsectors bring to local people and places.

A further barrier to investment in the heritage subsector is the shortage of skills and expertise, especially in heritage construction.

There is a distinct lack of appropriate training and qualifications available across the heritage sector. For example, within heritage construction, where heritage qualifications do exist (there are 79 with direct relevance) more than half (48) are no longer awarded/not in current delivery. Most existing qualifications focus on new build, rather than traditionally constructed buildings, which runs counter to the statements made by Skills England in their first published report.

In the construction industry generally, there is currently limited appetite or trust in formal qualifications, with a marked preference for on-the-job training. This limits the incentives for training providers to offer training, which both restricts the pipeline of new workers, and limits accessibility. Taken together, the heritage sector is losing skills far faster than it is replacing them.

Construction firms are not incentivised to upskill in retrofit practices. There is no clear pipeline of work, and regulations mandating training for retrofit projects apply only to government-funded works. The retrofit of traditional buildings is expected to be undertaken by non-heritage construction firms which typically lack a basic understanding of traditional building physics. Without addressing this knowledge gap, there is a significant risk of maladaptation, leading to costly rectifications and negative health impacts, as well as damage to heritage.

Lastly, there is a pervasive lack of awareness about careers in heritage and heritage construction. This lack of visibility means that potential workers are not considering these career paths, further exacerbating the skills shortage in this sector.

BUSINESS ENVIRONMENT – PEOPLE AND SKILLS

8. Where you identified barriers in response to Question 7 which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision), what UK government policy solutions could best address these?

To address workforce issues, Historic England (along with other national bodies such as the National Trust, the Crown Estate, Grosvenor and Peabody, as referenced in the answer to question 1) has asked for a National Retrofit Strategy that sets out a path to upskill UK workers with the specialist knowledge required to maintain, repair and adapt our historic building stock. This strategy would necessitate a long-term approach to protecting our built heritage, packaging together skills, training, funding, standards and advice. The specific approach to retrofit should be local, with government supporting the development of local skills improvement plans and area-based schemes.

Historic England and partners have also called for the reform of the apprenticeship levy to provide increased flexibility for how funds can be used. To bolster heritage construction, financial support to micro-organisations is required to enable them to bring on trainees. By investing in the training of new entrants and career changers, the longevity and sustainability of this important sector can be secured.

A clear pipeline of work is necessary for the heritage construction sector, including retrofit projects. A viable, and visible pipeline of ongoing investment would allow employers to engage in succession planning and invest in training their workforce in an informed way. This could lead the sector towards a robust and resilient skilled workforce.

It is important that Skills England's strategies and plans reflect the skills training needs for retrofit and construction. These qualifications need to adequately reference traditional building techniques alongside modern construction methods. By ensuring that training

programs and qualifications reflect the full spectrum of construction skills, we can preserve our heritage while also advancing modern construction practices.

In summary, targeted financial support, a clear pipeline of work with ongoing investment, and updated qualifications are key to fostering a skilled workforce in the heritage construction sector.

9. What more could be done to achieve a step change in employer investment in training in the growth-driving sectors?

Greater involvement of employers is required in the development and review of training and qualifications, particularly outside of apprenticeship standards. This should be focused on small employers and micro-organisations, which make up the heritage construction sector. Such an approach will ensure the training provided aligns with the actual skills needed in the industry, making it more relevant and effective.

For micro and small and medium-sized enterprises (SMEs) in the construction sector, financial support is crucial. This support will enable these businesses to take on trainees without compromising their productivity or business models. By alleviating the financial burden, SMEs can focus on training new employees, which is vital for the sector's growth and sustainability.

Additionally, financial incentives that reduce the initial costs associated with hiring and training new staff can play a significant role in encouraging employers to invest in training. Previous government initiatives, e.g. the KickStart scheme, have potential to be used as work-trial or pre-apprenticeship opportunities.

Direct support for recruitment is a critical area. Providing resources and assistance in the recruitment process can help employers find suitable candidates more efficiently. This has been a noted success area in Historic England's Heritage Building Skills programme, where we provided advice, support and management of recruitment with host construction firms in recruiting apprentices and trainees. Applying this approach on a macro basis, particularly to specialist areas of industry who have limited capacity, will help to build a more sustainable workforce.

Of equal importance is inspiring the next generation to engage and value our heritage. Promoting construction within schools and educational institutions, to overcome the negative perceptions of heritage construction as a career will be helpful. Advertising existing heritage skills training schemes, especially with young people, upskillers and career changers, will also attract new entrants, especially if reform of the apprenticeship levy reflects the hidden costs of apprenticeships, such as equipment, travel and accommodation. These costs severely impact the ability of unrepresented groups to enter the heritage construction industry.

Business Environment - Innovation

10. Where you identified barriers in response to Question 7 which relate to RDI and technology adoption and diffusion, what policy solutions could best address these?

N/A

11. What are the barriers to R&D commercialisation that the UK government should be considering?

N/A

BUSINESS ENVIRONMENT - DATA

12. How can the UK government best use data to support the delivery of the Industrial Strategy?

N/A

13. What challenges or barriers to sharing or accessing data could the UK government remove to help improve business operations and decision making?

Collaboration between public agencies is much more effective than the alternative of working in siloes. When this collaboration involves data, it is made unnecessarily bureaucratic by the requirement for bespoke data sharing agreements. A common public sector data sharing accord would reduce this bureaucracy while still respecting the need to protect personal data.

As part of the Industrial Strategy, we recommend that the Government encourages all public sector bodies to move towards open data. Making data available for others to use, for example via the GOV.UK website, is reducing the cost of research and development and enabling innovative data products to be created which facilitate evidence-based decision-making. Historic England is building its reputation as an open data institution, sharing for example the official dataset for all designated heritage assets, the National Heritage List for England (NLHE) for others to use. An example of the increased efficiency enabled by this approach, is the use of the NHLE data for the Great Grid Upgrade programme, such as the Norwich to Tilbury and Sealink electricity transmission network reinforcement projects in the East of England. Making the data available online is helping to support the UK's acceleration towards carbon net zero by speeding up the planning of effective route options for additional transmission capacity to accommodate increasing power flows of energy generated mostly from offshore wind.

BUSINESS ENVIRONMENT - INFRASTRUCTURE

14. Where you identified barriers in response to Question 7 which relate to planning, infrastructure and transport, what UK government policy solutions could best address these in addition to existing reforms? How can this best support regional growth?

The absence of regional spatial planning since the abolition of the regional development agencies and regional spatial strategies (RSS) reflects a significant governance and competence gap. Local planning authorities, particularly in areas of low economic performance, rarely have the capacity or incentive to develop timely, integrated and viable strategic plans across administrative boundaries, which are essential for tackling regional inequalities. RSS bridge the gap between local planning policy and national objectives, in many cases allowing for more effective development and infrastructure decisions. Spatial planning in the devolved nations has helped policy coordination, strategic thinking and balanced development.

The return of sub-national spatial planning in England will help with the coordination and reconciliation of different policy objectives and interventions, incorporating social, cultural and environmental objectives as well as economic development goals. If implemented in an inclusive way, spatial plans can support dialogue and negotiation between all of those with a vested interest in an area. In turn this can establish the administrative routines and working relationships that enable effective integration and action on the ground.

Open-minded engagement with local citizens can accurately identify the distinctive needs and contributions of different communities and gain a deeper understanding of local places and the relationships within and between them. The creation of the devolved nations' spatial plans was highly participatory, and they were positively received as a result.

15. How can investment into infrastructure support the Industrial Strategy? What can the UK government do to better support this and facilitate co-investment? How does this differ across infrastructure classes?

One of the key recommendations from the cultural devolution policy programme (see answer to question 7) is for national governments to develop a new creative, cultural and heritage infrastructure fund that is distributed based on need, not competition.

There is real potential for a new wave of place-based regeneration funding to harness the transformative potential of creativity, culture and heritage and support the social, economic and environmental development of local places and spaces. Following a review of the cultural funding landscape, national governments will have a clearer understanding

of how the ecosystem is currently distributed. This will enable policymakers to identify areas characterised by less cultural infrastructure and historically low levels of investment.

National governments should develop a transparent methodology for distributing new longer-term and multi-year funds to areas based on need, not competition, that will maximise investments and unburden local authority teams. There are several methodologies already out in the field that take a 'place first' approach that could be enhanced and deployed across a variety of contexts.

The new fund would be structured to facilitate the development of local 'cultural infrastructures' and should be flexible enough to deliver a blend of both capital and revenue grants, designed to deliver physical infrastructure, programme activity and place-based capacity as necessary in different areas. This will ensure that places have the chance to prioritise investments based on local need, as opposed to benchmarking for nationally set funding criteria.

The new funds would not necessarily require 'new' money. A partial harmonisation of several existing pots associated with the ecosystem that are currently distributed via competition, and/or by bringing funds that are not designed specifically for the ecosystem, but that are nonetheless drawn down for it.

To support harmonisation of funds and their delivery on the ground, National arm's length bodies associated with the ecosystem, including Historic England, should be resourced to continue to deliver 'one-stop-shops' for local authorities across different parts of the UK identified for investment, in-keeping with the multi-agency approach, such as The Better Places Partnership (see answer to question 28).

BUSINESS ENVIRONMENT - ENERGY

16. What are the barriers to competitive industrial activity and increased electrification, beyond those set out in response to the UK government's recent Call for Evidence on industrial electrification?

N/A

17. What examples of international best practice to support businesses on energy, for example Purchase Power Agreements, would you recommend to increase investment and growth?

N/A

BUSINESS ENVIRONMENT - COMPETITION

18. Where you identified barriers in response to Question 7 which relate to competition, what evidence can you share to illustrate their impact and what solutions could best address them?

N/A

19. How can regulatory and competition institutions best drive market dynamism to boost economic activity and growth?

N/A

BUSINESS ENVIRONMENT - REGULATION

20. Do you have suggestions on where regulation can be reformed or introduced to encourage growth and innovation, including addressing any barriers you identified in Question 7?

N/A

BUSINESS ENVIRONMENT – CROWDING IN INVESTMENT

21. What are the main factors that influence businesses' investment decisions? Do these differ for the growth-driving sectors and based on the nature of the investment (e.g. buildings, machinery & equipment, vehicles, software, RDI, workforce skills) and types of firms (large, small, domestic, international, across different regions)?

In terms of influence on business location, local heritage ranks alongside road access as a determinant because of its attractiveness to skilled workers. Places that leverage their historic character attract the highly educated workforce on which the future economy will be founded; a 1-unit increase in heritage sites per capita induces an increase of approximately 50 more highly educated people over 5 years and 80 over a 10-year period.

As stated elsewhere in this response (see answer to question 4), the heritage sector is an important enabler of growth in the creative industries and in the wider economy. Historic buildings offer flexible, distinctive, and characterful workspaces that attract creative businesses to local areas. In his influential book, *The Rise of the Creative Class*, US economist Richard Florida describes the importance of historic buildings as the primary location for businesses working directly within the creative economy. He wrote: *“Our older industrial age cities are potentially cauldrons of creativity ... filled with just the sorts of warehouses, factories, and other buildings that can become the figurative garages where*

start-ups are incubated. We can only succeed if we look at them as opportunities and not blights. Such investments are win-win-win propositions: they reinvigorate our older centres, take the pressure off the new ones and result in a stronger system of cities overall.” Research shows that heritage-rich places inspire economic creativity which leads to higher growth; areas richer in cultural heritage, for example, produce a greater number of trademarks.

According to the Creative Policy and Evidence Centre (PEC), creative clusters and microclusters are the growth hotspots for the UK’s creative industries. Given the pull factor of heritage described above, underused and vacant historic premises in urban areas provide ideal spaces for creative microclusters to grow into clusters and for clusters to grow into quarters. Folkestone’s Creative Quarter is a good example. For every creative job, on average 1.9 additional local jobs are created. Historic England has identified five zones in the North of England where the vital ingredients for creative industries to grow, including heritage buildings in need of re-use, come together. Policy support and investment in heritage makes sense, therefore, if the growth potential of the creative industries is to be realised.

BUSINESS ENVIRONMENT – MOBILISING CAPITAL

22. What are the main barriers faced by companies who are seeking finance to scale up in the UK or by investors who are seeking to deploy capital, and do those barriers vary for the growth-driving sectors? How can addressing these barriers enable more global players in the UK?

N/A

23. The UK government currently seeks to support growth through a range of financial instruments including grants, loans, guarantees and equity. Are there additional instruments of which you have experience in other jurisdictions, which could encourage strategic investment?

N/A

BUSINESS ENVIRONMENT – TRADE AND INTERNATIONAL PARTNERSHIPS

24. How can international partnerships (government-to-government or government-to-business) support the Industrial Strategy?

A recent Creative Policy and Evidence Centre (PEC) State of the Nations Report: Foreign Direct Investment in the UK’s Creative Industries Overview, found that whilst the UK continues to be a globally competitive destination for inward foreign direct investment (FDI) into the creative industries, the number of creative FDI projects into the UK has fallen

by 50% since its peak in 2019. The report's findings identify the need for the Industrial Strategy to focus on initiatives for both attracting inward and generating outward FDI as a policy priority.

Heritage diplomacy can play its part in the advertising and marketing of creative FDI opportunities. Heritage and its protection is increasingly understood by nations and other actors as playing a critical intersectoral role in supporting wider development and diplomacy outcomes through soft power and cultural relations. Recent studies link heritage diplomacy to attempts to develop reciprocal relations between countries, regions, and/or communities through heritage based on dialogue. For example, the British Council's Cultural Protection Fund set up in partnership with the Department of Digital, Culture, Media and Sport, supports efforts to record, conserve and restore heritage. The fund aims to help create sustainable opportunities for economic and social development through building capacity to nurture, safeguard and promote cultural heritage. The external evaluation of the Fund found across stakeholder groups, consultees highlighted that CPF is considered to have been pioneering in bringing heritage protection out of the cultural connection sphere, and into the development, political and diplomatic domain. The evaluation found that when *“viewed through the lens of UK diplomacy, evidence suggests that the Fund has become a valued tool in the toolbox of local HMG missions. It is a diplomatic ice-breaker, it helps to open ministerial doors and supports the strengthening of UK government-to government relations.”* Heritage diplomacy can open up pathways for more complex political diplomacy as it is a way of kickstarting wider diplomatic dialogues around climate change and international development including through the G20 and COP.

25. Which international markets do you see as the greatest opportunity for the growth-driving sectors and how does it differ by sector?

N/A

PLACE

26. Do you agree with this characterisation of clusters? Are there any additional characteristics of dimensions of cluster definition and strength we should consider, such as the difference between services clusters and manufacturing clusters?

One of the main sources of expertise on the creative industries is the Creative Policy and Evidence Centre (PEC) hosted at Newcastle University Business School. They have identified three different levels of the UK's creative industries – not only clusters but also microclusters and corridors. Historic England sees value in this differentiation because

policies and investment models at the cluster level may not be suitable for the smaller or larger end of the spectrum.

27. What public and private sector interventions are needed to make strategic industrial sites ‘investment-ready’? How should we determine which sites across the UK are most critical for unlocking this investment?

Historic England has recently identified five zones in the North of England where the vital ingredients for creative industries to grow, including heritage buildings in need of re-use, come together.

Because of its power to inspire economic creativity as well as its contribution to achieving net zero, heritage should always be seen as an opportunity and not only as a constraint where brownfield sites are identified as having potential for redevelopment to enable growth. There are many examples of successful office campuses that incorporate historic buildings – the HQ building at the heart of the Harwell Science and Innovation Campus for example.

28. How should the Industrial Strategy accelerate growth in city regions and clusters of growth sectors across the UK through Local Growth Plans and other policy mechanisms?

Certainly, the DCMS cultural agencies including Historic England have a part to play in supporting the delivery of Government policy, especially in relation to growing the creative industries sector. The Better Places Partnership, a pilot programme funded by MHCLG, demonstrated that a ‘one-stop shop’ for local authority partners to access the national expertise of the seven national cultural agencies was valued. Investment that enabled the Better Places Partnership to support the development of Local Growth Plans would accelerate their production.

Data will be the fuel required for accelerating the creation of Local Growth Plans. Sharing of data and help with interpreting it in the local circumstances is one of the main ways in which a Better Places Partnership could help. Another is alignment of local aspirations with wider strategies and with complementary sources of funding.

29. How should the Industrial Strategy align with devolved government economic strategies and support the sectoral strengths of Scotland, Wales, and Northern Ireland?

N/A

PARTNERSHIPS AND INSTITUTIONS

30. How can the Industrial Strategy Council best support the UK government to deliver and monitor the Industrial Strategy?

The Industrial Strategy Council's primary objective must be to provide impartial and specialist monitoring and evaluation of the government's progress in delivering the aims of the Industrial Strategy. As such, its membership must be comprised of recognised experts from the eight identified growth-driving sectors drawn from business, academia and civil society, supplemented with recognised experts in skills and education, economics and productivity, monitoring and evaluation, and statistical analysis. In order to look beyond traditional measures of economic performance and productivity, the Council must also ensure it has access to the skills to take account of measures on social, cultural and heritage capital, natural capital, well-being impacts, and the distribution of wealth and opportunity. Ideally, the Council will be supported by a research team with suitable knowledge and experience of the growth-driving sectors and subsectors, including a good understanding of where to find relevant and robust data and evidence.

With the right blend of skills and experience, ably supported by a suitably qualified research team, the Council's first task will be to identify and agree a series of appropriate success metrics – long-term goals and an outcomes framework – necessary to create the Theory of Change model and associated monitoring and evaluation framework.

31. How should the Industrial Strategy Council interact with key non-government institutions and organisations?

N/A

32. How can we improve the interface between the Industrial Strategy Council and government, business, local leaders and trade unions?

N/A

THEORY OF CHANGE

33. How could the analytical framework (e.g. identifying intermediate outcomes) for the Industrial Strategy be strengthened?

At the inputs level there will need to be consideration of the components required for success. For example, in the pursuit of successful places the availability of suitable premises for business incubators and next-stage growth will be essential. Creative businesses have a strong preference for characterful and often more affordable historic buildings (26% of creative businesses operate from the 2% of the country designated as a conservation area). Appropriate policies, land-use planning, and investment will ensure that a lack of suitable premises is not a barrier to growth.

34. What are the key risks and assumptions we should embed in the logical model underpinning the Theory of Change?

One key risk lies in reconciling very substantial capital investment with the goal of supporting net zero carbon emissions because new build is often seen as the easy option rather than reusing existing building stock at much lower cost in emissions. Provided the skills are available for it, the reuse of existing buildings is not only better in terms of reaching net zero but also retains cherished townscapes and makes growth more acceptable to local communities. Whole-life carbon accounting needs to be embedded in the assumptions underpinning the Theory of Change.

35. How would you monitor and evaluate the Industrial Strategy, including metrics?

In our experience a balanced scorecard approach works well, using both lagging and leading indicators. Potentially negative impacts should be monitored as well as sought-after positive ones to identify unanticipated effects early and take corrective action because this will reduce the risk of community push-back where the rate of change causes concern.

As mentioned in response to question 1, the 2022 Green Book is based on the principles and ideas of welfare economics and concerns overall social welfare efficiency, not simply economic market efficiency. Metrics will therefore need to include environmental and cultural outcomes. From a historic environment perspective, one measure of the success of the industrial strategy would be the strength of agreement that historic assets are a key part of the solution to attaining long-term, sustainable, inclusive, and secure economic growth.

ADDITIONAL INFORMATION

36. Is there any additional information you would like to provide?

Heritage is one of the UK's most valuable assets, and Historic England's role is to protect and champion it for the benefit of current and future generations.

Historic England is effectively undertaking this role through its ability to:

- Influence and convene
- Produce reliable evidence and data
- Directly intervene

Influence and convene

A significant part of HE's role is to advise and influence the decision making of others. This is not only through its statutory responsibilities of advising national and local government, but also through working closely with the civil and private sectors to support decision making that allows England to fully realise the potential of its unique heritage. Our advice effects positive change that supports effective and sustainable place-shaping. We do this by working as a constructive partner and convenor. An independent survey of senior local planning offices found Historic England's advice to be knowledgeable, trustworthy and responsible. The highest satisfaction figures related to the impartiality and clarity of our planning advice.

Working directly with local partners, our regional teams have expert knowledge of all aspects of the historic environment and know how to achieve positive impacts for people and places. We also publish advice on key issues affecting local decision making. This advice is for local authorities, developers, owners and other interested parties and aims to improve the quality of decision making and highlight the opportunities for utilising heritage for public benefit, including economic growth.

In summary, Historic England makes a significant contribution to sustainable development, by ensuring the historic environment successfully delivers economic, social and environmental objectives - a strong economy, attractive and prosperous places, healthy and resilient communities. Our role in the planning system is essential for the rapid delivery of the quality homes, commercial development and critical infrastructure (transportation, green energy, water and telecommunications) this country needs.

Evidence and data

We continue, both on our own behalf, and as the lead organisation for the heritage sector, to develop evidence that champions England's heritage. This includes:

Heritage Counts: On behalf of the heritage sector, we collect and publish Heritage Counts which represents the best available evidence to support heritage related decision making. This research is used to better understand the value of heritage and changes in the historic environment to develop policies to demonstrate and unlock its public value.

Mills of the North: Our research into England's textile mills, once the workshop of the world, highlighted their potential to accommodate sustainable, characterful, growth in parts of the country that most need it. These distinctive places can accommodate high quality and desirable homes, workplaces and cultural spaces.

Creative Industries: We have undertaken research that looks at the mutually beneficial relationship that exists between heritage and the creative industries. As identified in other places within this submission, heritage, whether tangible or intangible, is serving as

inspiration for new creative works and innovation that is increasing entrepreneurship and delivering local economic growth.

Direct intervention

Historic England also has limited, but highly effective grant giving powers which are utilised to support the protection and repair of historic fabric for the benefit of local people and businesses. In 2019 this was supplemented by our High Streets Heritage Action Zones programme, which enabled us to invest £95m in high streets in England. An example of how effective this type of intervention can be found in Hastings:

[The Observer Building in Hastings](#) sits within the Hastings High Street Heritage Action Zone. In Hasting, the aim was to enhance the high street, or the Trinity Triangle, by re-using historic buildings to stimulate the local creative economy.

The Observer Building, originally built in 1924, had been abandoned and unoccupied since 1985. Thanks in part to Historic England's programme, it was able to reopen, breathing new life into the local area. Now, it is home to over 60 jobs often specialising in creative industries and containing a creative tech hub, supporting the growth of Hastings' creative economy.