

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Ymchwiliad byr i oblygiadau ymadael â'r Undeb Ewropeaidd / Short inquiry into the implications of Brexit
CWLC(5) BREXIT09
Ymateb gan Grŵp Amgylchedd Hanesyddol / Evidence from Historic Environment Group

Historic Environment Group

Report on the impacts and opportunities of Brexit for the historic environment in Wales: the EU Transition Sub-group report June 2017

Headline conclusions:

- The Welsh historic environment sector undertook 180 projects in the period 2007–16 that were wholly or partly funded by the European Union.
- The sector received a minimum of £74m in EU funding during that period as its share of grants from European Structural & Investment Funds, including the European Agricultural Fund for Rural Development, the European Regional Development Fund and the European Social Fund (for details, see Appendix 1: Assessing the European Union's contribution to heritage and the historic environment in Wales since 2007).
- In addition Welsh universities received £2.42m in research funding during the period 2013–17, while funding already captured for the period 2018–22 amounts to £1.88m (source: 'The role of EU funding in UK research and innovation', Technopolis Group report, May, 2017: <https://royalsociety.org/topics-policy/publications/2017/role-of-EU-funding-in-UK-research-and-innovation/>).
- From these figures it is clear that the failure to replace lost funding from EU sources will have a serious impact on the substantial and wide-ranging contribution that heritage makes to the Welsh economy, employment and regeneration and to action in areas such as well-being, health, place-making and social inclusion.
- As well as financial considerations, we must guard against a potential drain on skills if the most adaptable and skilled people in Wales decide that their education and careers are best served by moving to mainland Europe.

- As well as a brain drain of academics and students to other parts of Europe, the loss of EU research funding lead to the loss of the historic environment teaching and research that has placed Welsh universities at the forefront of the discipline.
- Farmers in Wales benefit substantially from the Common Agricultural Policy, which in turn is explicitly linked to stewardship of the natural and cultural heritage; the failure to put similar subsidy systems in place could lead to the abandonment of marginal farms and substantial damage to the environment and to Welsh tourism.
- The cost of maintaining Wales's substantial stock of pre-war buildings (40 per cent of the buildings in Wales) will rise if limitations are imposed on the free movement of skilled people and if tariffs are imposed on traditional constructional materials.
- The scrapping or watering down of EU-derived environmental protection legislation could lead to irreversible damage to the archaeological and built heritage of Wales.

Desirable outcomes for the Welsh historic environment sector from the Brexit negotiations:

- Wales expects its devolved powers to be respected in post-Brexit funding and decision-making and Wales should demand that devolved matters covered by the EU (Withdrawal) Act should amended by the Welsh Assembly, not by Westminster; this should be used as an opportunity to improve environmental protection legislation to meet the specific needs of the Welsh historic environment.
- Wales as a whole, and the historic environment sector in particular, should not be any worse off as a result of withdrawal from the EU; in addition, funding packages must continue to be based on 5- to 7-year planning and delivery periods rather than the annualised funding of domestic expenditure.
- Consistent with Wales's 'jobs first' policy, priority should be given to sector skills training to ensure that Wales can continue to supply the people necessary for effective regeneration, tourism, heritage and culture, conservation, traditional building construction, environmental protection and sustainability.

- Given that Welsh universities are heavily dependent on the fees paid by EU students, consideration should be given to reviewing fee structures as an incentive for people from all over the world to study in Wales. Continued access to research funding is vital if Welsh universities are to continue the pioneering historic environment research that has put them at the forefront of the discipline, able to form productive cross-border partnerships with other leading research institutions.
- Agriculture should continue to have a special place in government policy but be refocused, to leave intensive food production to market forces while supporting rural land management schemes that maintain and enhance vulnerable natural and cultural heritage.
- The momentum of regeneration, much of it dependent on EU-funding, must not be lost as an engine for improving people's lives and aspirations and as a form of economic stimulus, in which the heritage sector plays an important role by rescuing unused buildings in urban centres from redundancy and blight.

Overall, what would a successful Brexit deal for Wales look like?

- Clarity about the sums that the UK will save by leaving the EU (designated as 'the Brexit Fund' in Treasury accounting so that it is distinct from other forms of revenue and spending).
- Clarity about the amount that the EU was contributing to Wales pre-Brexit and a guarantee that funding for the historic environment sector will continue at pre-Brexit levels so that Wales will be no worse off post-Brexit.
- Maximum devolution of decision-making subsequent to the EU (Withdrawal) Act, on the basis that many areas of EU-derived legislation should be scrutinised and amended by devolved parliaments rather Westminster.
- Maximum devolution of decision-making about the ways in which any post-EU savings should be allocated.
- Division of the money using a formula based on the need for investment and the anticipated impact, not just on population size (the Barnett formula).

- Continuing the EU principle that funding should be used to support market failure: paying for socially desirable outcomes that the market cannot supply profitably.
- Agreement about the spending priorities: farming for the health of the environment; renewable energy; sustainable practices; regeneration and place-making.
- Support for our universities so that they continue to benefit from European research funding, are able to attract the best teachers and researchers and international students.
- Continued support for Wales as a bi-lingual nation, and protection for the intangible heritage of Welsh language skills; for example through parity in the use of both English and Welsh as a teaching medium in Welsh universities.
- No watering down of environmental protections or of the effort to reduce dependence on fossil fuels and to invest in sustainable energy.
- Protection for Welsh agriculture and sustainable land management, maintaining farmers' access to the subsidies that are essential to their viability and to the protection of the distinctive cultural landscapes of Wales, which in turn are vital for Welsh tourism.
- Continued access to the European Single Market for Welsh businesses.
- Freedom to recruit people of 'exceptional talent' without penalty.
- An end to the excessive and burdensome project management and accounting systems associated with the EU.

EVIDENCE AND DISCUSSION

Wales has its own distinctive heritage that helps to define the nation and inspire and shape our sense of nationhood. Our historic buildings and monuments serve as important reference points for understanding Welsh character, culture and history. They also serve as the backdrop to our daily lives and as a catalyst for health and well-being, learning, research, tourism, regeneration and socially progressive community engagement activities.

Economically, the historic environment is a small but nonetheless significant contributor to the Welsh economy and employment in direct ways (especially through tourism) and indirect (stewardship payments to farmers, research and teaching in Welsh universities and heritage construction).

HERITAGE STATISTICS

Source: Heritage Counts; Heritage Indicators 2016:
<https://content.historicengland.org.uk/content/heritage-counts/pub/2016/heritage-indicators-2016.pdf>

- Over 40,700 people are employed in the historic environment sector (2.9 per cent of Welsh employment); up 24.6 per cent since 2010
- The sector contributes around £1.8 billion in output and £932 million to Wales's national gross value added (2.8 per cent of the Welsh economy), almost twice the size of the agricultural sector
- Money invested by the Welsh Government in the heritage sector attracts high levels of additional private and public sector funding: £1m invested in historic buildings grants last year leveraged an additional £10m of private investment.
- Last year (2016) saw an increase of 4.4 per cent in the number of visits to heritage sites in Wales (13.6m visits)
- 61 per cent of overseas visitors cite historic sites as a key reason to visit Wales.
- School visits were up (675,000 learners) and 43 per cent of schools visiting Cadw properties came from deprived areas of Wales, thanks to targeted travel grants
- Paid-for membership of national heritage bodies in Wales now stands at 440,000; some 102,000 people are members of 700 local heritage societies in Wales
- Major national events, including the Festival of Archaeology (July) and Open Doors (September) attracted a record number of visitors to special events hosted by heritage organisations, as did the annual Eisteddfod, Wales's own national festival of heritage, arts and culture.

If the historic environment sector is going to continue to deliver economic, social and environmental benefits, the historic environment needs to be sensitively and sustainably managed in the post-Brexit era.

Case study: the Heritage Lottery Fund

Analysis of projects supported by the Heritage Lottery Fund in Wales shows that 38 projects have received a total of £98,231,168 in funding since 2014, of which £20,204,600 came from EU sources (20.7 per cent), while £49,392,429 (50.3 per cent) was raised from partnership funding and the balance (£28,634,139, or 29 per cent) came from the HLF.

Projects included in these figures include the regeneration of Cardigan Castle, Ynysangharad Park Lido, the Monmouthshire and Brecon Canal, Merthyr Tydfil Town Hall, Hay Castle, St Dyfnog's Well, Glynneath Gunpowder Works, several public parks, several town centres that have benefited from townscape heritage initiatives, landscapes such as Gower and Holy Island that have benefited from landscape partnerships, various community hubs, faith trails and church and chapel conservation projects.

ENVIRONMENTAL PROTECTIONS

Many of the environmental protection standards that the UK currently adheres to are derived from EU directives. The stated aim of the UK government is to transfer all this European legislation into UK law initially and then consider changes for the future.

The key directive that serves to protect the historic environment is the Environmental Impact Assessment EIA Directive (85/337/EEC), whereby planning applications for major developments must take into account their impact on the cultural and natural heritage. The Environmental Impact Statement must be taken into account by the local planning authority and/or the Secretary of State in deciding whether or not to give consent for the development. The UK as a whole is a signatory to various Council of Europe conventions (eg the Valletta Convention, European Landscape Convention) that will not be affected by Brexit.

Opportunities: Heritage protection is a devolved matter and Wales already has its own Historic Environment (Wales) Act that puts Wales in the vanguard of heritage protection. When it comes to consideration of future changes, opportunities exist to consider a more holistic approach to environmental protection which includes

both the historic and the natural environment and to make them appropriate to the local requirements of Wales.

HERITAGE CRAFT SKILLS

The Chartered Institute of Building 2015 report says that there were 225,000 foreign-born workers in UK construction, about 10 per cent of the total construction workforce. In Wales, it is estimated that 110,000 people are employed in the construction industry (*Construction Skills*, n.d); extrapolating from the 10 per cent figure for the UK, that means some 11,000 foreign-born workers. We do not know how many of those are EU migrants.

There are no figures for the number of construction workers engaged in the heritage sector, but the 'English housing survey 2014 to 2015: housing stock report' says that of the 23,490,000 houses in the UK, 20 per cent (4,698,000) were built before 1914 and 40 per cent (8,601,000) before 1945 and maintaining any of these requires traditional construction skills.

The Construction Industry Training Board's latest employment forecast is that the industry will need to find almost 224,000 new recruits between 2015 and 2019.

The Construction Industry Council (CIC) has warned of a construction skills crisis post-Brexit (<http://cic.org.uk/news/article.php?s=2016-09-15-professional-bodies-warn-government-of-uks-construction-skills-crisis>)

Royal Institute of Chartered Surveyors highlighted in April 2017 the skills shortage in the heritage sector (<http://www.rics.org/uk/news/news-insight/press-releases/specialist-skills-shortage-could-put-beloved-national-treasures-into-disrepair/>)

Opportunities: the most effective way to reduce migration into construction jobs is to invest in training, mentoring and developing young Welsh and UK citizens: we recommend a major programme of investment in training and the embedding of heritage building skills into general construction training.

ARCHAEOLOGICAL SKILLS

The demand for skilled archaeologists is expected to expand significantly over the next decade to undertake field recording in advance of such major infrastructure projects such as HS2, Heathrow's third runway, the A303 Stonehenge tunnel and

the Government's ambitious programme of house building, including 14 new garden villages (TAF 2016). A skills shortage in archaeology has been recognised (CIfA and FAME 2016). Current data show that 3 per cent of archaeologists working in England are from countries from the EU outside the UK, down from 5 per cent in 2007–08. There are no comparable figures from Wales, but as many England-based commercial archaeology companies operate in Wales, the percentages are likely to be similar. The ability to employ EU workers may thus impact on the delivery of commercial archaeological projects in Wales.

The UK is also a world leader in archaeological research, curation and practice, in museum curation, building conservation and heritage science skills. 'The academic sector is internationally admired for the quality of its research and undergraduate and graduate teaching. The professional sector is similarly admired for the quality of work undertaken within the planning process and its significant contribution to new knowledge about Britain's past ... The discipline enjoys enormous public interest and levels of community engagement' ('Reflections on Archaeology', British Academy 2017).

Opportunities: though these big infrastructure projects are all located in England, Welsh archaeological organisations need to be able to compete for contracts; there needs to be a UK-wide sector skills strategy, designed to take school leavers of those seeking a change of career and give them the systematic training in practical field archaeology that will enable them to operate effectively.

HERITAGE MATERIALS AND VAT

£7 billion of building materials and products were imported from the EU In 2016, which included heritage/conservation materials, such as hydraulic lime, timber products and brick and stone. The values of these used in heritage construction are unknown. If tariffs are charged on Brexit then prices will rise.

Opportunities: a potential plus point is the ability to modify VAT rates to create a level playing field between new build (currently exempt from VAT) and repair costs (currently taxed at 20 per cent); which acts as a disincentive to developers to adapt existing historic buildings and it adds to the cost of the routine maintenance and repair work that is essential if historic buildings are to be conserved..

LAND MANAGEMENT AND AGRICULTURE

Wales currently benefits from:

- £220m a year from the Common Agricultural Policy
- £2bn so far in European Structural Funds
- £957m so far for the Rural Development Programme, which funds the Glastir agri-environment scheme and the LEADER programme

Farming and the historic environment are inseparable. The cultural landscape cannot exist without farming, and farmers are the main guardians of the landscape, safeguarding our cultural heritage.

- 80 per cent of our scheduled monuments (equivalent to 93 per cent of all scheduled areas) lie on registered agricultural landholdings
- 80 per cent of our Registered Parks and Gardens (equivalent to 96 per cent of all Registered Parks and Gardens land) lie on registered agricultural landholdings
- 86 per cent of all Historic Environment Features (HEFs) (equivalent to 96 per cent of total HEF areas) lie on registered agricultural landholdings

The LEADER and Glastir sustainable land management scheme (and its precursor, Tir Gofal) offer vital financial support to farmers and land managers that has resulted in the positive management and restoration of historic and natural environment across Wales. Without such support, many farms in Wales will cease to be sustainable; given that some 40 per cent of the upland farms in Wales are tenanted National Trust farms, the loss of viability would lead to a substantial indirect loss of income to the historic environment; abandoning upland farms will lead to rapid transformation of the landscape, some effects of which (eg re-forestation) are likely to be highly detrimental to the historic environment.

Case study: Defra/English Heritage studies estimate that for every £1 of public funding spent on repairing stone walling an estimated £1.92 is generated for the local economy. Similarly, it has been estimated that up to 70 per cent of rural tourism is dependent on high quality environment and money invested in conserving and enhancing heritage assets within rural landscapes has a considerable multiplier effect within local economies.

Opportunities: Wales needs systems of support for agriculture to safeguard the livelihoods of Welsh farmers and the sustainability of all farms, but especially those

in upland regions, and to protect the landscapes that are an important generator of tourist income. The Welsh historic environment requires sustainable management so that it can continue to deliver meaningful social, economic and environmental benefits to the people of Wales.

Policy on agriculture should seek a balance between the need to sustain marginal farming and focus agri-environment schemes on benefiting the historic and natural environment. Public sector food policy across Wales should focus on home-grown produce and stress the links between the food we eat and the historic and natural landscapes that are such a precious resource for Wales and an integral part of the Welsh identity.

There is a need to ensure that the cultural environment (currently a devolved policy area) has parity with other environmental assets/priorities (currently an EU policy area); to rebalance priorities not solely in favour of 'natural capital' and to develop a truly integrated rural land-use system. There is therefore, an opportunity to acknowledge cultural heritage as a key environmental public good, which can contribute in a meaningful way to the prosperity and wellbeing of Wales.

We need to keep investing from the public purse to secure a long-term future for farming by protecting the land and nature on which it depends, and safeguarding the countryside's beauty and heritage, which draws in people to visit and enjoy it.

- Start from the principle of public money for public benefit as the justification and most equitable means to achieve taxpayer value, with the majority of funding supporting the most effective and efficient approach to environmental land management.
- Ensure public funding pays directly for specific actions or results, with those delivering greater public benefit receiving greater public support.
- View the natural and historic environment with parity, approaching public support on a whole farm and no detriment basis ie not damaging an environmental asset whilst being paid to maintain another, achieving one environmental objective not prejudicing another.

HIGHER EDUCATION

EU funding has been especially important to historic environment research in UK universities as a whole and Welsh universities in particular. Archaeology, for

example, receives 38 per cent of its research funds from the EU compared to an average for all subjects of 12 per cent of funding being derived from the UK (source: 'The role of EU funding in UK research and innovation', Technopolis Group report, May, 2017: <https://royalsociety.org/topics-policy/publications/2017/role-of-EU-funding-in-UK-research-and-innovation/>).

In Wales the proportion of EU funds going into historic environment research is even higher than the UK average: EU funding has contributed 48.18 per cent of the total grant funding for the historic environment received from major grant sources (the other main source being the UK research councils). The EU share has become increasingly important, having grown from 22.5 per cent of all funding for heritage-related research by Welsh HE institutions in 2012 to 87.5 per cent of all funding received today. This is not least due to the fact that long-term (three- to five-year) grants worth in excess of €1.2m are almost exclusively derived from EU sources.

The amount of EU funding for heritage-based research in Wales is a tribute to the very high regard in which Welsh institutions and academics are held: put simply, Wales, and the UK as a whole, has been highly successful in winning European Research Council awards, winning more funding in this area than Germany, France, The Netherlands and Belgium combined. Conversely, the loss of access to such funding will result in a huge impoverishment for the research environment in British and Welsh heritage research.

Over the period 2013–17, EU grant funding received by Welsh HE institutions overall amounted to €2.7m (£2.42m), an average of €541,136 (£484,229) per annum. Grant funding already captured for the period 2018–22 amounts to €2.1m (£1.88m), or an average of €423,051 (£378,535) per annum, with further grant capture still expected.

Most EU grants are awarded to a group of institutions, most based in other parts of Europe rather than in the UK. Working with over 100 different partner institutions in other EU countries over the period 2005–15 has proved to be vital to the health of the Welsh HE sector (which also includes such research-analogue organisations as the National Museum, Cadw and the Royal Commission. These links bring valuable non-monetary benefits, including trans-national knowledge and skills transfer, and wider career opportunities for Welsh graduates.

Opportunities: Any post-Brexit settlement for Higher Education should recognise the international nature of fundamental research and protect the rights of academics from abroad who work in Wales and vice versa. Efforts must be made to stem the potential for a brain drain of the best teaching and research staff from Wales to better-funded institutions in the EU. This would have a negative impact on Wales's standing in the Research Excellence Framework ranking tables and impact on our ability to attract fee-paying undergraduates ad post not just from EU countries, but also from England, Scotland, Northern Ireland and Wales itself. Significant drops in student numbers, would leave departments financially unviable and in a worst case scenario would leave Wales unable to develop new generations of heritage professionals, especially those who have heritage sector skills combined with fluency in the Welsh language.