

# THE NATIONAL CHURCHES TRUST - 2021 BUDGET REPRESENTATION

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## The financial case for the UK's church buildings

### 1. Delivering social value

The UK's 42,000 churches, chapels and meeting houses are so much more than places of worship.

From foodbanks to credit unions, church buildings across the UK provide a growing list of essential services for people in urgent need. The impact of COVID-19 has made the social value of church buildings even more relevant.

In 2020 The House of Good, a report commissioned by the National Churches Trust, quantified the economic and social value of church buildings to the UK. Not just the bricks and mortar but the welfare and wellbeing they create in our communities. (<https://www.houseofgood.nationalchurchestrust.org/>)

The report demonstrated that the total economic and social value that church buildings generate in the UK is at least £12.4 billion per year, which averages around £300,000 per church. That is roughly equal to the total NHS spending on mental health in England in 2018.

Cost benefit analysis shows that for every £1 invested in church buildings there is a Social Return on Investment (SROI) of £3.74 using the most conservative methods, with some wellbeing valuation methods estimating the SROI to be up to £18.10.

The report at almost every stage used the most conservative estimates and did not include all areas of social and community care. It also did

not include other areas of potential value for church buildings such as tourism, heritage and non-use value.

Though urban and rural churches generate the same amount of social value per person, The House of Good data showed that church buildings in urban areas, which are more deprived on average, generate more social value overall – mostly because they serve larger communities.

Distributional weighting were not applied to the findings of The House of Good. However, If they were applied that would multiply some of the value of the findings by at least 1.3 or as much as 2.5.

## **2. The market and non-market value of church buildings.**

The House of Good study followed a methodology that is consistent with HM Treasury's The Green Book. The evaluation is divided into two key sections on market and non-market value.

### **(i) Market value**

- £1.4 billion: the direct economic value created by the running, staffing and hiring out of church buildings.
- £200 million: the replacement cost of social and community services, like food banks, youth groups, mental health services.
- £850 million: the replacement cost of volunteers' time.

### **(ii) Non market value**

- £165 million: the wellbeing value to volunteers.
- £1.4 billion: the wellbeing value of attending church services.
- £8.3 billion: the wellbeing value to the hundreds of thousands of people who benefit from social and community services provided in, or with the help of, churches. This £8.3billion is made up of:

£7 billion annually through the distribution of food to those in need and food banks .

£900 million a year in the counselling and mental health services their volunteers provide .

£400 million a year in youth groups.

£127 million through addiction support services.

### **3. Keeping church buildings open.**

We recognize the immense support of the government in making available the £1.57bn Culture Recovery Fund, and recently the announcement of a second round, as well as additional funds made available by the National Lottery Heritage Fund. To date we understand that churches have received in excess of £30 million towards revenue and capital costs which is a great support.

To remain at the service of local people and communities, church buildings need to remain open and have essential facilities such as toilets and kitchens.

However, the poor condition of many church buildings remains a source of great concern. Historic England's 2020 'Heritage at Risk Register' included over 900 listed places of worship that are in a particularly parlous state.

The risk of church buildings closing is also highest where the need is greatest. According to a recent study by the Church Buildings Council, churches in the most deprived parishes in the country are "far more likely to struggle" than those in less deprived areas, and even more likely to close. ([https://www.churchofengland.org/sites/default/files/2020-02/Struggling\\_closed\\_and\\_closing\\_churches\\_report.pdf](https://www.churchofengland.org/sites/default/files/2020-02/Struggling_closed_and_closing_churches_report.pdf))

Following the decision by in 2017 the National Lottery Heritage Fund to end its ring-fenced Grants to Places of Worship scheme, and the ending of the Government supported Listed Places of Worship Roof

Repair Fund, it became harder for places of worship to obtain the funding they need to keep their buildings open and in good repair.

The Listed Places of Worship Roof Repair Fund was a Government funded scheme which aimed to make the UK's listed places of worship weathertight, thus ensuring church buildings can remain open and serving their communities.

Two rounds were operated in 2015 and 2016: over 1,900 applications were received in Round 1 with the combined value of the grant requests totalling over £105 million; and over 1,500 applications were received in Round 2 with the combined grant requests valued at £88 million.

A total of 502 Listed Places of Worship were successful in the first round of funding with £26.4m in total grants being awarded; and 401 were successful in the second round of funding with grants of nearly £23 million awarded.

The Historic Religious Buildings Alliance has stated that, looking at Church of England buildings alone, 1,100 churches were disappointed applicants to the Roof Fund, and they would probably have been applying for grants totalling about £65m. (<http://www.hrballiance.org.uk/wp-content/uploads/2015/01/churches-funding-gap-final.pdf>)

Information sourced from the National Lottery Heritage Fund in 2020 showed a large decline in their funding for churches; from 246 grants totalling £60m in 2016/17 to just £17m in 2018/19. In 2019/20 they gave 96 grants totalling almost £21m, which is a welcome increase, but the funding remains at a third of the level in 2016/2017.

Funding for timely maintenance can prevent the need for major repairs, and therefore means less money needs to be spent by churches, as has been shown in a recent study by Historic England.

This showed that by not attending to repairs when they are first identified, repairs costs rise by 25% due to consequential damage from delaying. (<https://historicengland.org.uk/images-books/publications/value-of-maintenance/value-of-maintenance-report>)

Congregations remain key to raising funds to pay for repairs and maintenance. But in many cases it is impossible for them to raise the money themselves. That is why in recent years the UK's mixed economy of local funding, national philanthropy from trusts and foundations and Governmental heritage body grants has proved so essential and effective in safeguarding the heritage of many churches, chapels and meeting houses.

Carrying out church repairs and maintenance is a boon to local economies as this work often involves local contractors and makes use of an incredible range of heritage craft skills at which the UK excels.

#### **4. Extending the benefit and value of church buildings**

Church buildings provide a vital public service by providing a place where people can meet, collaborate and build community.

Many are used as community hubs for activities including playgroups and nurseries for children, drop-in centres and lunch clubs for older people and venues for concerts, exhibitions and public celebrations for the whole community.

Use of church buildings for community activities, in addition to worship, increases their long-term viability. Additional uses bring in new people who then have a stake in the future of the building. It can also generate much needed revenue.

However, many church buildings cannot be used to their full potential as they lack basic facilities such as toilets and kitchens. The Church of England estimated in 2017 that only half of its churches have a kitchen and one third lack toilet facilities. The situation is likely to be similar, if not worse, in buildings belonging to other denominations. ( <https://www.churchofengland.org/sites/default/files/2017-11/Statistics%20for%20Mission%202015.pdf>)

The survey The National Churches Trust ran in 2020 as part of the research for The House of Good report identified that many churches are limited in the activities they can provide and the lack of suitable

facilities (e.g. toilets, kitchen, disabled access) was cited as one of the main reasons for this, alongside volunteer time and lack of suitable space.

Without significant support, and that support coming quickly, greater numbers of churches are at risk of closing their doors for good because they cannot repair a roof or provide an accessible toilet – we must work together now to prevent this.

As well as the loss of all the social good that these key places generate, there are further economic impacts, e.g., on industries that gain work from these buildings, including craftspeople, contractors and suppliers, charities that benefit from reasonable rental of space and other small local businesses such as childcare providers.

## **5. Financial measures**

Therefore, in its submission for the 2021 Budget, the National Churches Trust asks for the establishment of a new Listed Places of Worship Urgent Repair and Maintenance Fund. This would provide an annual £10 million funding scheme to run from 2021 – 2025.

In addition, the National Churches Trust asks that a new Churches Community Facilities Grant Programme be established. This would be a £10 million capital-only grant scheme and be targeted at church buildings in deprived areas.

Grants would be made available for the physical improvement of churches by the installation of toilets or kitchens up to a total of £20,000. If the maximum amount were to be claimed for every grant, a £10 million fund could help pay for the installation of 500 toilets or kitchens – a match-funding scheme could help pay for 1,000.

## **6. Delivering the funding**

The National Churches Trust has the expertise and track record to help deliver these grant schemes, either by itself or in partnership with others.

Of course, other administrative and distribution networks exist and the Trust's submission to the Treasury for the provision of funding for

church buildings is not dependent on the Trust managing funding schemes.

The National Churches Trust successfully and efficiently delivers significant funding to local places of worship UK wide to enable local people to keep their buildings open and serving their communities. We support local people to help them unlock the potential of faith buildings to maximise their public benefit; supporting people's well-being, and enabling the conditions to support social benefit, inclusion and cohesion.

To help meet the increasing demand for funding, in 2020 the National Churches Trust awarded 260 grants totalling £1,723,000, including recommendations on behalf of other funders with £200,000 of the funding provided by the Wolfson Foundation. This is an increase in grant funding of almost £400,000 compared to 2019, when the Trust made 188 awards totalling £1,344,474.

Since 2010 we have awarded or recommended over 1,800 grants totalling more than £15million. We have a small and cost-effective grants team which already recommends and administers grants in behalf of other funders, including the Wolfson Foundation.

In 2012-13 the Trust administered a one-off grant from the Department of Culture, Media and Sport (DCMS) which allowed it to award several significant grants to listed places of worship doing vital work to support local people.

Our independent status means that we can work across different denominations and faith traditions. Increasingly known for innovation in the sector, we are uniquely placed to work with others.

Founded in 1953 to assist with the repair of churches after the Second World War, as the Historic Churches Preservation Trust, we expanded our remit and became the National Churches Trust in 2007. We have over 60 years of experience in supporting church buildings.

Funders such as the Wolfson Foundation, Pilgrim Trust, the Dulverton Trust and the Worshipful Company of Mercers entrust us with funds

and trust in our expertise in distributing them to where they are most needed and of most benefit.

We have delivered a number of innovative projects which have been grant funded by the National Lottery Heritage Fund, VisitBritain, Visit Wales and other public funders.

As a charity set up to support Christian places of worship, our concern must be with churches, chapels and meeting houses. However, places of worship belonging to other faiths also deliver social value to the UK.

## **7. Keeping church repairs free of VAT.**

The Listed Places of Worship Grant Scheme gives grants that cover the VAT incurred in making repairs to listed buildings in use as places of worship. Although churches and cathedrals are responsible for fundraising for their own repairs, the scheme pays grants to cover the VAT incurred on urgent structural work and new roofs and reduces the burden on congregations to raise funds.

The scheme covers repairs to the fabric of the building, along with associated professional fees, plus repairs to turret clocks, pews, bells and pipe organs and has been of great help in keeping church heritage in good repair. Without it, a church would have to add 20% onto the cost of a repair project, a substantial increase in costs and a gap many funders, like ourselves, would not be able to cover. The Listed Places of Worship Grant Scheme has paid out over £296m since its inception and assisted over 13,000 buildings.

In October 2019 it was announced that the Listed Places of Worship Grants Scheme is to be extended by the Treasury for a further year until March 2021.

The National Churches Trusts asks that the Listed Places of Worship Grants Scheme funding be guaranteed until March 2025, to provide certainty for churches undertaking repair projects, and whose finances have been so severely impacted as a result of Covid-19. ( <https://www.churchtimes.co.uk/articles/2021/1-january/news/uk/parish-giving-falls-by-40m-in-pandemic>)

