CIVIC VOICE RESPONSE TO BUDGET 2026

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Budget backs small high-street businesses but leaves historic buildings paying the price, says Civic Voice

Civic Voice, the national charity for civic societies in England, welcomes the Chancellor's support for town centres. It also regrets that the Budget once again does nothing to address VAT on historic and listed building works.

Repairing and adapting historic buildings still generally carries VAT at 20%, while most new-build housing is zero-rated. That gap is a perverse incentive. It makes demolition and new build cheaper than caring for the buildings that give our towns their character. It also works against the government's own aims on housing, climate and growth, because reusing existing buildings saves carbon and brings empty upper floors back into use. The Culture, Media and Sport Committee has recommended targeted VAT relief for listed buildings. Wednesday was a missed chance to act on it.

The loss of VAT reclamation for listed places of worship this year makes the problem sharper. Volunteers who look after historic churches, chapels and meeting houses now face higher repair bills with fewer places to turn.

Government should extend the existing 5% VAT rate on the adaption of non-residential buildings to residential uses to cover all repair, maintenance and conversion costs of all listed buildings and all buildings in conservation areas regardless of their use.

We welcome the wider business rates relief from April 2027, which means around half of small shops, cafés and pubs will pay no rates at all. This will help the independent businesses that keep our high streets alive. We also welcome giving mayors more control over local investment, and the changes to the Treasury's Green Book. Those changes should help long-term, place-based regeneration compete fairly for funding.

But more could be done to bring town centres back to life, for example:

- **Tackling long-term empty shops,** including bigger units, with high street rental auctions and stronger powers against absentee owners.
- **Fund the conversion of empty upper floors** above shops into homes, so town centres have people living in them again.
- **Ring-fence part of the new visitor levy** for public realm, heritage and town-centre improvements.
- **Rebuilding local conservation and design expertise** after years in which councils have lost conservation and planning enforcement officers.
- **Make sure areas without a mayor** get a fair route to central government funding initiatives.

Robert Osborne, Chair of Civic Voice, said:

> "Wednesday's Budget will help many small businesses on our high streets and we welcome that. But the buildings those businesses trade from matter too. As long as it is cheaper to knock a building down than to repair it, we will keep losing the places that make our towns distinctive. We urge the Chancellor to end this perverse incentive and cut VAT on repairing and reusing historic buildings."

ENDS

Notes to editors

1. Civic Voice is the national charity for civic societies in England.
2. The Budget raises the small business rates relief threshold for retail, hospitality and leisure premises from £12,000 to £18,000 rateable value from April 2027 (Letter to Chief Finance Officers of English Billing Authorities)
3. The Culture, Media and Sport Committee recommended targeted VAT relief for maintaining and converting listed buildings in its report *Protecting built heritage* (Parliament).