

## **The Gowers Report and the Preservation of Historic Houses: A 21st Century Reflection**

---

**Lord Inglewood, Member of the House of Lords**

**Summary:** In this essay, Lord Inglewood draws on his own experiences to offer a thematic reflection on the legacy of the Gowers Report by examining its impact on taxation and the importance of pragmatic approaches to policymaking. Inglewood highlights why, on the occasion of its 75th anniversary, the findings of the Gowers Report, for the future of the UK's heritage, should be taken as seriously as ever.

In the aftermath of the Second World War, the British Labour Government commissioned a series of high-level reports to inform its expanding social and economic agenda. Among these was the Gowers Report, chaired by Sir Ernest Gowers, a distinguished civil servant. Tasked with considering "what general arrangements might be made by the Government for the preservation, maintenance and use of houses of outstanding historic or architectural interest," the Gowers Committee's work remains one of the foundations of heritage policy in Britain today.

Now, seventy-five years on, it is timely to revisit the report, its arguments, and recommendations in light of the condition of the national economy, current fiscal policy, and practical realities. Drawing on my own experiences at my home, Hutton-in-the-Forest, my family's mid-14th century, Grade 1 Listed, conditionally exempt house, in Cumbria, I argue that while the principles of Gowers have been tacitly adopted by successive governments, the failure to implement his recommendations fully—not least around income taxation—has left a fragile system increasingly imperilled.

### **The Gowers Committee: Philosophy and Recommendations**

The Gowers Committee was distinctive in its composition and approach. Comprising, as it did, genuine experts from across the political spectrum, the committee engaged deeply with what is now known as 'place', viewing historic houses, their settings, and their contents as evolving, cohesive 'art installations', requiring steady long-term management, and not as disaggregated assets to be monetised individually. Their thinking acknowledged that a house, its landscape, and its collections gain significance in combination, forming a cultural and historical entity whose whole is greater than the sum of its parts.

Their central conclusion was strikingly pragmatic: the best custodians of such properties were often their historic owners. In today's words, this could be described as a public-private partnership, sponsorship, or outsourcing—where the private sector delivers public goods.

To achieve this, the committee recommended a framework of fiscal exceptionalism, including targeted capital tax relief and flanking mechanisms to support income sustainability. In return, appropriate regulatory controls and restrictions on the use and spending of money would ensure that public benefit was genuinely delivered and unjustifiable private advantage curtailed. This balance remains the crux of successful heritage policy in this country today.

This issue is not abstract for those involved who are custodians of historic houses. At Hutton-in-the-Forest, we faced the reality that without conditional exemption and the establishment of a Heritage Maintenance Fund, we could not responsibly have continued to look after the house and its contents. It has been in the family since the early 17th century, and the financial impact of inheritance taxation would have led to a piecemeal sale of house and contents. Conditional exemption has prevented this, allowing the integrity of the whole to be maintained.

But this is not a one-time solution. On my death, the process must begin again which highlights the fragility of this model without any systemic policy support. The day-to-day preservation of such places is not simply a matter of family sentiment or historic duty, it is the running of a complex small or medium-sized enterprise (SME), with all the associated risks, commitments, compliance obligations, and fiscal challenges. It is not simply a matter of opening the front door and collecting the money.

### **Taxation**

Gowers focused heavily on capital taxation, while the present-day challenge is more acute around income tax. The current regime dealing with capital assets, especially conditional exemption, has broadly held, although the current wider debate about capital taxation introduces uncertainty.

More problematic today is the way income tax now interacts with Heritage Maintenance Funds. These are statutory private trusts with no human beneficiaries, first introduced in 1976. At that time, it was possible for its income to be spent gross as on the heritage property. Despite their sole purpose being the preservation of heritage in the national interest, their income is taxed. There is no recognition of the 'charitable' purpose on which that income must be spent or that it is a 'business receipt' of the person responsible for looking after the heritage property. Thus, any income generated from the Maintenance Fund can be subject to tax at the 45% trust rate.

## Lord Inglewood, The Gowers Report and the Preservation of Historic Houses

Since this income by law must be spent only on the preservation of the house, contents, or designated land this, at a stroke, halves its effectiveness.

Self-evidently, this is a powerful disincentive to responsible and effective management and undermines the sustainability of these arrangements. The issue is not that profits are being pocketed—far from it—but that income explicitly designated by law and supported by Government for heritage maintenance is first taxed, then what is left is all that actually supports the statutory purpose. The Treasury becomes an equal beneficiary of funds meant to safeguard heritage.

The reformed income tax rules that caused this distortion were part of a broader and understandable, and not unreasonable, simplification and re-balancing of the wider rules. However, in doing so, they appear inadvertently to have destabilised the mechanisms safeguarding national heritage. As is too often the case in policymaking, the proverbial baby ended up being thrown out with the bathwater.

Some grants and agricultural supports are similarly misaligned as well. Designated land, integral to historic estates, is excluded from some forms of rural or environmental support that are otherwise universally available. These exclusions were no doubt a naive attempt to introduce 'fiscal fairness' but fail to take into account additional specific responsibilities, limitations and costs imposed by heritage designation.

The solution is not difficult or complicated. A competent legal draftsman could amend the income tax treatment of Heritage Maintenance Funds without undermining the broader tax system or public finances. The sums involved are minimal and entirely immaterial in the context of overall government expenditure. Moreover, capital taxes are not merely deferred – in some cases they are until the exempted assets are sold, and in others until a time when the conditions are breached or undertakings not renewed. In such cases the tax immediately becomes due. They are not 'written off', as is sometimes assumed.

Thus, this is less a fiscal problem than a political one. There appears to be little will to engage with the detail of these issues, and political leaders remain wary of tabloid narratives that portray support for historic estates and what they are supposed to represent as elitist indulgence—"Toys for Toffs" rather than a sensible heritage strategy.

But this turns the logic on its head: it's not a matter of "Toys for Toffs" but of "Toffs for Toys"—individuals taking responsibility, at great and financial cost, for national cultural assets.

No doubt much of the resistance to reform stems from lingering outmoded perceptions about class and privilege. There is an unhappiness in some quarters with the idea that members of the old establishment should continue to live in ancestral homes, not recognising their work as heritage stewards and that they are the key to a clearly enunciated and continually renewed Government policy. This ignores the reality that today's elite—footballers, entertainers, hedge fund managers and so on—live in far greater luxury and affluence free of statutory obligations of this kind.

Furthermore, historic houses, unlike say supermarkets, were rarely sited for commercial convenience. Their intrinsic commercial viability as enterprises is highly variable. Some may lend themselves to tourism or events; others do not. Expecting every site to run as a committed, self-contained commercial enterprise is neither economically realistic nor consistent with the conservation requirements imposed on them.

### **Policymaking and pragmatism**

At its core, all this exemplifies a broader and increasingly prevalent fallacy in today's public policy; the belief that the mere articulation of a policy goal will bring about its realisation. The law cannot compel water to flow uphill. In heritage, as elsewhere, this leads to the under-resourcing of mandates and unrealistic expectations. Good intentions without practical support achieve little and often lead to the worst of all possible worlds. The detailed arrangements need to encourage successive owners to commit and then to work as intended. A failure on either count spells failure.

Gowers understood this. He proposed a detailed, balanced and realistic framework for partnership between the state and private owners. Successive governments have largely adopted his principles but have failed to implement the mechanisms that would make them actually work.

We are at a critical juncture. Without sensible reform—particularly to the tax treatment of Maintenance Funds and related matters—the Gowers model risks collapse.

## Lord Inglewood, The Gowers Report and the Preservation of Historic Houses

If that happens, the burden will shift back to the public and third sectors, with higher costs, additional net public expenditure and potentially inferior outcomes. Once heritage assets are broken up or lost, they are gone forever.

There is still time to act. A united voice from the heritage sector—cutting across traditional political and institutional priorities — will refocus the necessary attention and momentum. Outcomes are more important than ideology since in this context something lost is gone forever.

Gowers got the 'Big Picture' right. We now need to get the smaller detail correct too.