

# Measuring Impacts: Culture and Heritage

8 October 2021



Source: Photo by [ian dooley](#) on [Unsplash](#)

# Terms & Conditions

- This document has been developed by the Towns Fund Delivery Partner, a consortium led by Ove Arup & Partners Ltd with our partners, Grant Thornton UK LLP, Nichols Group Ltd, FutureGov Ltd, Copper Consultancy Ltd and Savills UK Ltd (collectively 'we'). The content of this document is for your general information and use only.
- Neither we nor any third parties provide any warranty or guarantee as to the accuracy, timeliness, performance, completeness or suitability of the information and materials found in this document for any particular purpose. You acknowledge that such information and materials may contain inaccuracies or errors and we expressly exclude liability for any such inaccuracies or errors to the fullest extent permitted by law.
- Your use of any information or materials contained in this document is entirely at your own risk, for which we shall not be liable.
- This document contains material which is owned by or licensed to us. This material includes, but is not limited to, the design, layout, look, appearance and graphics. Reproduction is prohibited other than in accordance with the copyright notice which can be found at [townsfund.org.uk](https://townsfund.org.uk)
- Unauthorised use of this document may give rise to a claim for damages and/or be a criminal offence.
- This document may also include links to other materials, websites or services. These links are provided for your convenience to provide further information. They do not signify that we explicitly endorse these materials, websites or services.
- Your use of this content and any dispute arising out of such use of the content is subject to the laws of England, Northern Ireland, Scotland and Wales.
- For formal Government guidance on Towns Fund please visit [gov.uk](https://gov.uk)

# Introduction

## Speaker



**WENDY CHEUNG**

## Deputy Services Lead, TFDP

Senior economist specialising in business case development and economic appraisals of regeneration and infrastructure-led projects.

Recent project experience includes FHSF and LUF project business case submissions.

## Purpose

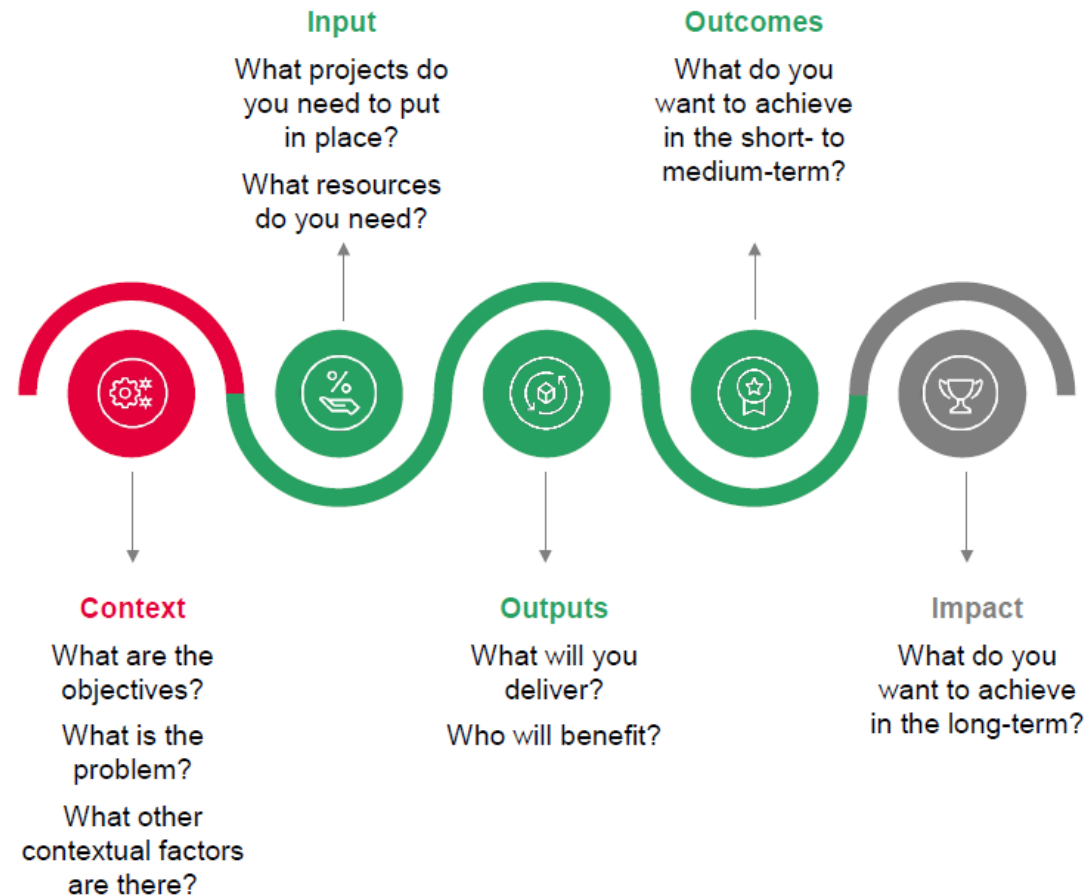
Brief guidance on how to articulate, both quantitatively and qualitatively, economic benefits of culture and heritage-type projects.

## Agenda

- Identifying economic benefits
- Methodologies of quantifying benefits
- What if the benefits cannot be quantified?
- General appraisal considerations
- Q+A

# Identifying economic benefits

## Linking back to the strategic case



**Figure 1:** Theory of Change: logic mapping  
Source: [TFDP, "Introduction Theory of Change", 2020](#)

# Identifying economic benefits

## Linking back to the Strategic Case

### Project drivers / problems / opportunities

Lack of culture and heritage offer

Poor utilisation and/or maintenance of building / open space

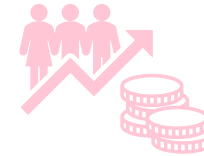
Poor provision and maintenance of culture and heritage assets

Negative perception of town

Lack of community cohesion and local pride



### Example benefits sought



Economic growth and additional quality jobs



Improved local tourism



Promotes the active preservation and protection of important local resources



Increased community engagement and cohesiveness

# Identifying economic benefits

## Demonstrating the benefits

When demonstrating the economic case of your project, there are two main types of analyses to be considered:



Quantified benefits

There are a number of factors to consider when deciding which economics benefits can be assessed quantitatively or qualitatively, including:

- Is the required data/input available?
- How robust is your data/input?
- If you need to apply assumptions, how robust are they? Can they be supported by evidence/benchmark case studies?
- Which methodologies are available? How robust/established is the methodology?
- Is the methodology to be adopted in line with the Green Book principles?



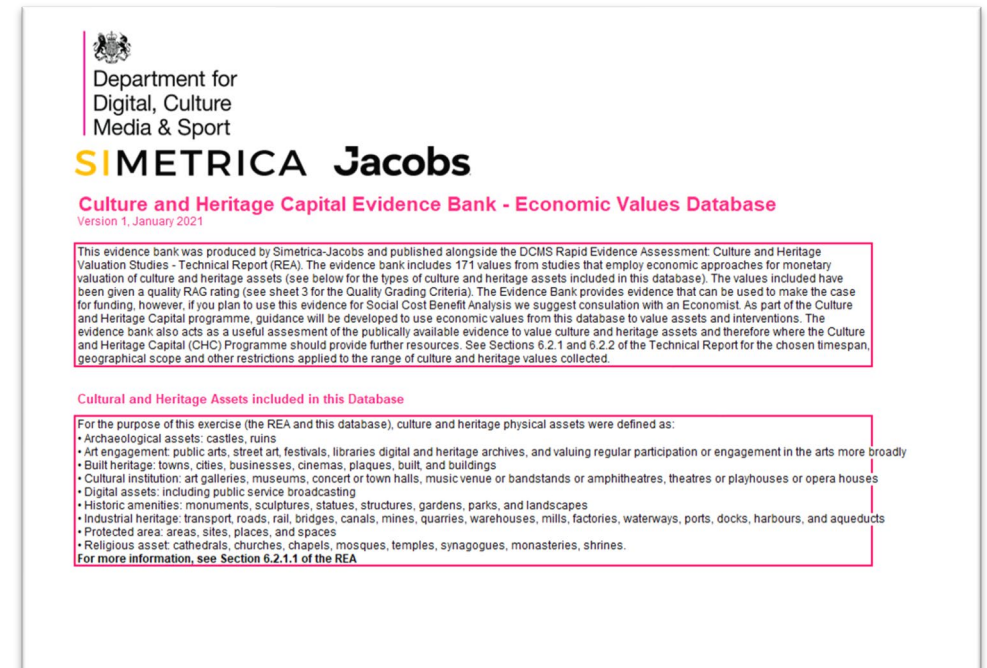
Non-quantified benefits

# Methodologies of quantifying benefits

# Valuing Culture and Heritage Capital Approach

## Overview

- In January 2021, the Department for Digital, Culture Media & Sport (DCMS) published “Valuing Culture and Heritage Capital: A framework towards informing decision making” (H. Sagger, J. Philips, M. Haque, 2021).
- The document sets out details on DCMS’s ambition to develop a formal approach to value the benefits of culture and heritage assets to society, formerly referred to as **the culture and heritage capital approach**.
- Accompanying the framework, an evidence bank of values for a range of culture and heritage assets was issued by DCMS. DCMS permits the use of the evidence bank of 171 values to be used to support funding cases\*.



Department for Digital, Culture Media & Sport

**SIMETRICA Jacobs**

**Culture and Heritage Capital Evidence Bank - Economic Values Database**  
Version 1, January 2021

This evidence bank was produced by Simetrica-Jacobs and published alongside the DCMS Rapid Evidence Assessment: Culture and Heritage Valuation Studies - Technical Report (REA). The evidence bank includes 171 values from studies that employ economic approaches for monetary valuation of culture and heritage assets (see below for the types of culture and heritage assets included in this database). The values included have been given a quality RAG rating (see sheet 3 for the Quality Grading Criteria). The Evidence Bank provides evidence that can be used to make the case for funding, however, if you plan to use this evidence for Social Cost Benefit Analysis we suggest consultation with an Economist. As part of the Culture and Heritage Capital programme, guidance will be developed to use economic values from this database to value assets and interventions. The evidence bank also acts as a useful assessment of the publicly available evidence to value culture and heritage assets and therefore where the Culture and Heritage Capital (CHC) Programme should provide further resources. See Sections 6.2.1 and 6.2.2 of the Technical Report for the chosen timespan, geographical scope and other restrictions applied to the range of culture and heritage values collected.

**Cultural and Heritage Assets included in this Database**

For the purpose of this exercise (the REA and this database), culture and heritage physical assets were defined as:

- Archaeological assets: castles, ruins
- Art engagement: public arts, street art, festivals, libraries digital and heritage archives, and valuing regular participation or engagement in the arts more broadly
- Built heritage: towns, cities, businesses, cinemas, plaques, built, and buildings
- Cultural institution: art galleries, museums, concert or town halls, music venue or bandstands or amphitheatres, theatres or playhouses or opera houses
- Digital assets: including public service broadcasting
- Historic amenities: monuments, sculptures, statues, structures, gardens, parks, and landscapes
- Industrial heritage: transport, roads, rail, bridges, canals, mines, quarries, warehouses, mills, factories, waterways, ports, docks, harbours, and aqueducts
- Protected area: areas, sites, places, and spaces
- Religious asset: cathedrals, churches, chapels, mosques, temples, synagogues, monasteries, shrines.

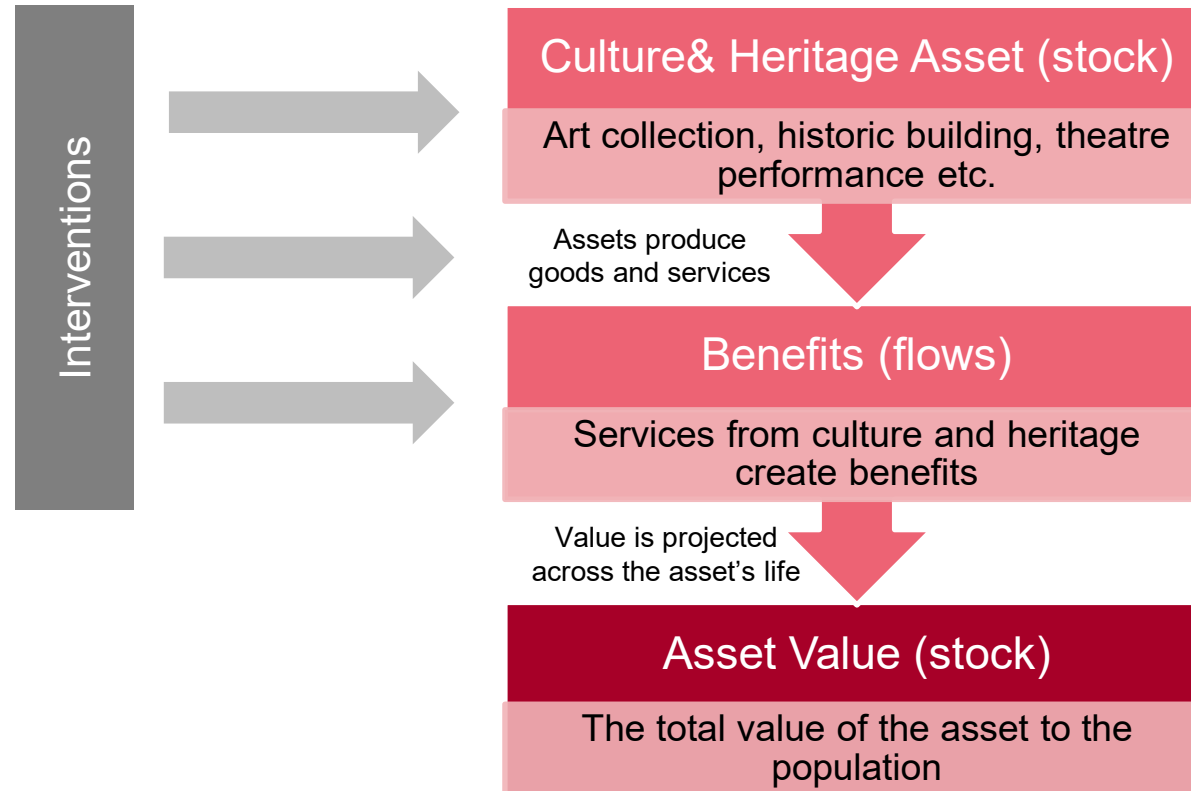
For more information, see Section 6.2.1.1 of the REA



# Valuing Culture and Heritage Capital Approach

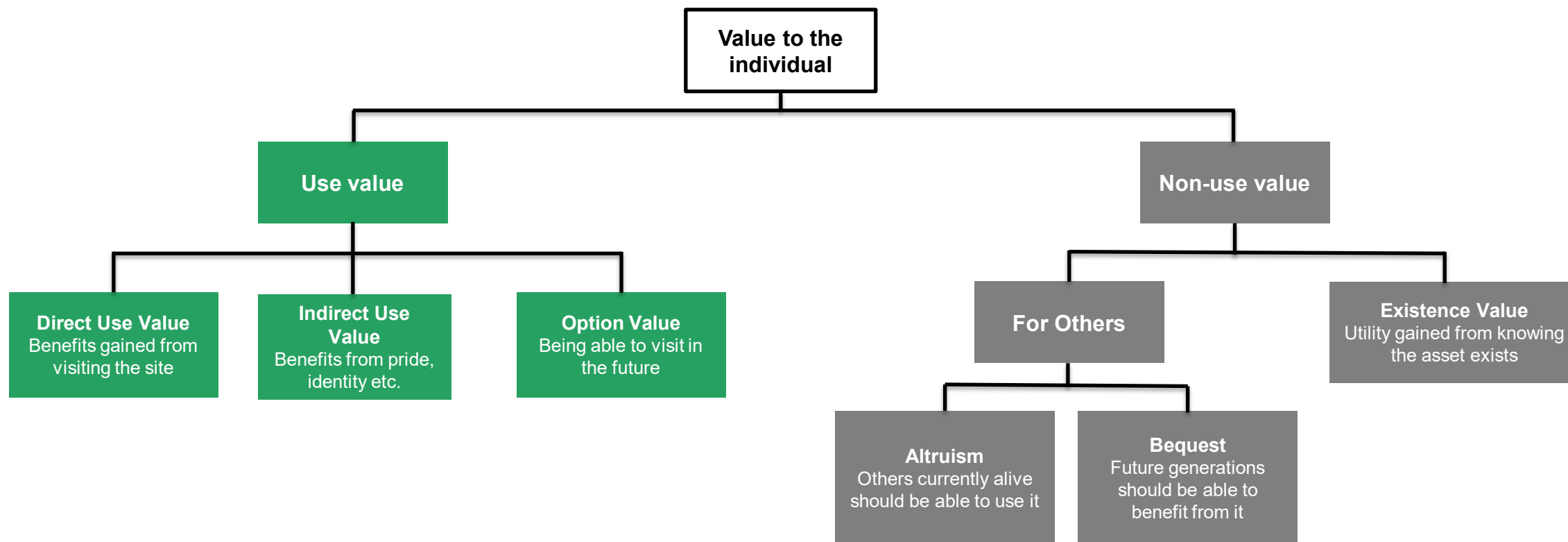
## Culture and Heritage Capital Framework

Figure 2 illustrates the Culture and Heritage Capital Framework, demonstrating the logic mapping from the point of intervention, to placing a value on the culture and heritage asset to society.



**Figure 2:** The Culture and Heritage Capital Framework  
(source: DCMS, 2021, "Valuing Culture and Heritage Capital: a framework towards informing decision making")

# Valuing Culture and Heritage Capital Approach



**Figure 3:** Types of values for culture and heritage assets to an individual  
(Source: Art Council England, DCMS, Nesta, Simetrica-Jacobs)

# Methodologies of quantifying benefits

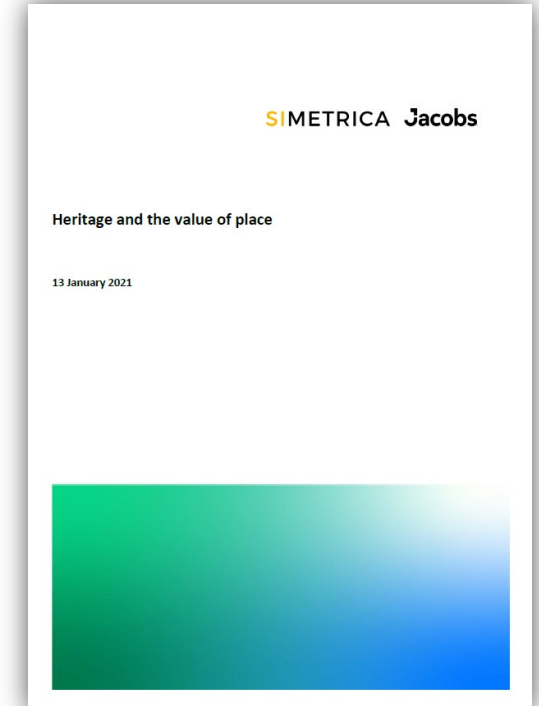
## Overview

- Both sector-specific guidance is part of the wider programme led by DCMS to develop the Culture and Heritage Capital approach.
- The valuation approach outlined in this Guidance Note aligns with the Social Cost Benefit Analysis (SCBA) methods in the UK HM Treasury Green Book Guidance (2020).
- Economic valuation approach is similar across both methodologies, adopting the **Benefits Transfer** method.
- Both guidance likely to be updated as further research is carried out by DCMS



How to quantify the public benefit of your Museum using Economic Value estimates

Source: Arts Council England, 2020



Heritage and the value of place

Source: Historic England, 2020

# Methodologies of quantifying benefits

## Contingent valuation

**Contingent Valuation** is a method of estimating the value that a person places on a good or service. The survey-based economic technique focuses on asking people to report their willingness-to-pay (WTP) for obtaining the good/service. This technique is applied in the absence of market-driven valuation of the good/service. There are four methods of valuations:

Valuation method	Description	Example
Revealed Preference (RP)	Applied to goods and services that result in observable changes in behaviour in indirect markets	Value of built heritage may be revealed indirectly in housing markets across regions where the level or quality of provision of built heritage differs.
Stated Preference (SP)	Applied to goods and services that do not result in observable changes in market behaviour but are amenable to direct monetisation	Willingness to pay to access a hypothetical entry fee to access a cultural institution that is currently free to the public, e.g. museums, art galleries.
Wellbeing Valuation (WV)	Applied to goods and services that do not result in observable changes in market behaviour and are difficult to monetise directly, but may have measurable effects on individual wellbeing measures and so can be monetised indirectly.	Regular engagement with culture and heritage
Benefit, or Value, Transfer (BT)	Method of transferring values from one site to another. Values can be obtained from the literature using source studies.	

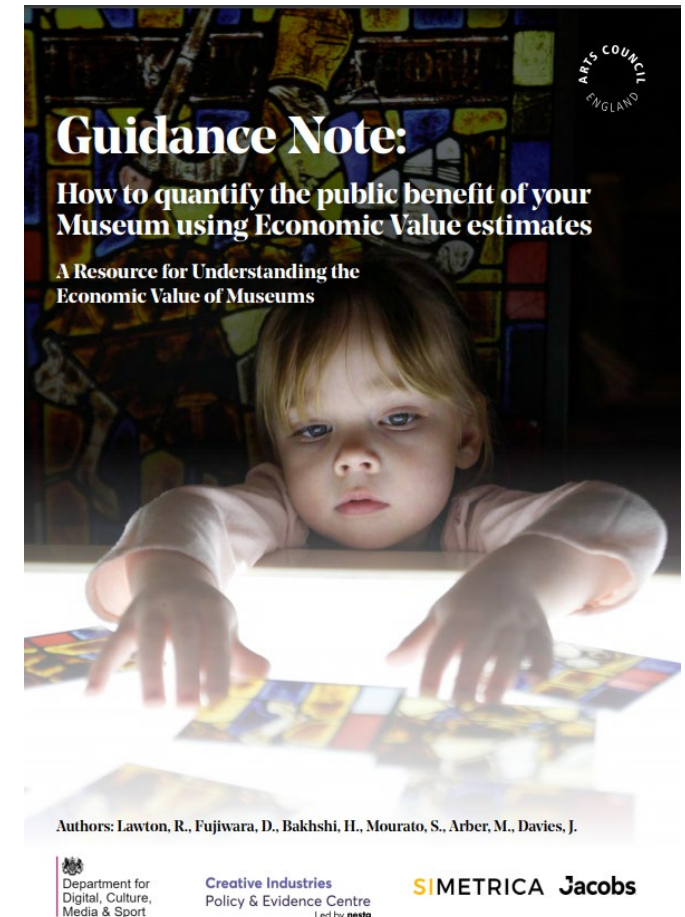
**Table 1:** Main non-market valuation techniques

(Source: Simetrica-Jacobs, 2020, "DCMS Rapid Evidence Assessment: Culture and Heritage Valuation Studies – Technical Report)

# 1. How to quantify the public benefit of your Museum using Economic Value estimates

## Overview

- The guidance published by the Arts Council England is part of the ongoing Economic Value of Culture project carried out by Nesta's Creative Industries Policy and Evidence Centre and Simetrica-Jacobs. It was published in 2020.
- The aim of the guidance is to help project appraisers demonstrate “regional museums” social and culture impact in economic terms and how they can be applied in practice, such as to business cases and funding applications.



\*The maximum amount of money a person is willing to pay to continue to enjoy a good or service at its current 'business as usual' level.

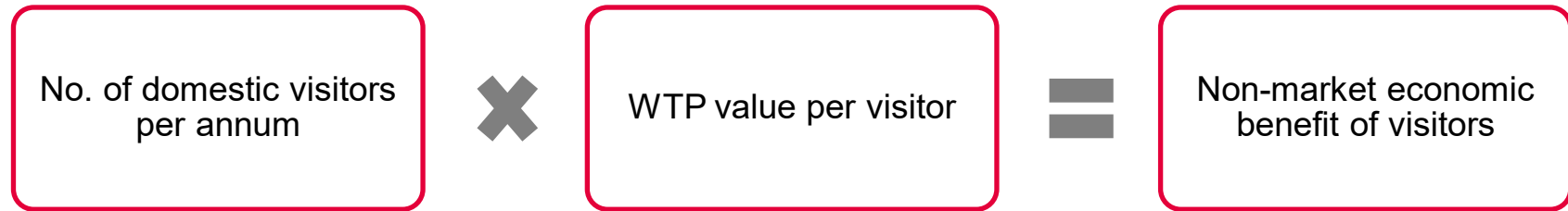
\*\*The method of applying an estimated economic value (or benefits) of one or more sites to another site.

# 1. How to quantify the public benefit of your Museum using Economic Value estimates

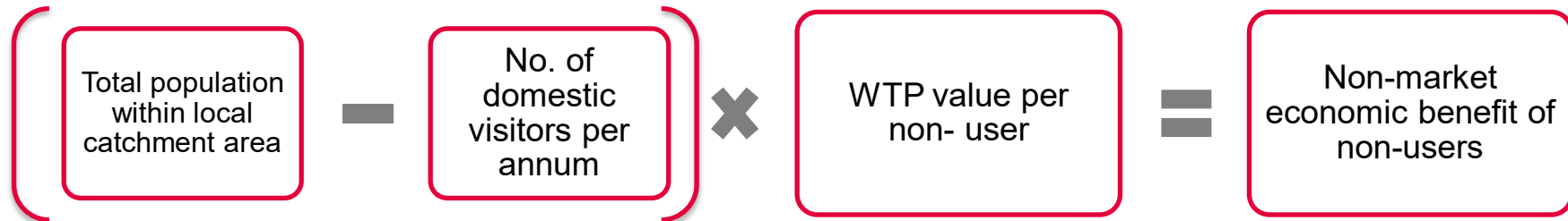
## Calculation

- The calculation to quantify the public benefit is called a **Benefit Transfer (BT)**. It is an exercise which takes estimated values from a sample of sites and applies them to another site.

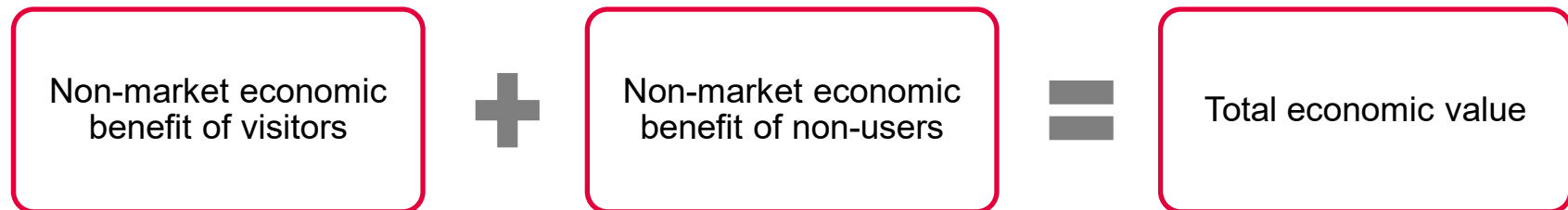
**Step 1:**



**Step 2:**



**Step 3:**



# 1. How to quantify the public benefit of your Museum using Economic Value estimates

## Inputs

Key inputs include:

- Number of visitors per annum (historic and/or forecast)
- Local population figures
- Visitor and non-visitor Willingness-to-Pay (WTP) values

Given the WTP values presented in Table 2 are more appropriate for regional museums, alternative WTP values which reflects more local museums may be obtained via [DCMS's Culture and Heritage Capital Evidence Bank](#).

Willingness to pay for regional museums. Based on WTP values for Great North Museum (Newcastle), World Museum (Liverpool), National Railway Museum (York), Ashmolean Museum (Oxford)	
Population Group	2020 WTP value (2018 value)
Visitor WTP for access – user value per visit	
Visitor WTP entry fee for access museum (per visit)	£6.16 (£6.01)
General population WTP to maintain museum and its collections – Non-user/Non-visitors	
Non-visitor (non-user) WTP	£3.25 (£3.17)

**Table 2 :** Benefit Transfer Table of Economic Values for Culture (regional museums)  
(source: Art Council England, DCMS, Nesta, Simetrica-Jacobs)

### Top tip

To avoid overstating visitors, one way of deriving a plausible percentage of visitors in the local population is to use an estimate from national data as a proxy, which is 20%.

# 1. How to quantify the public benefit of your Museum using Economic Value estimates

## Outputs

	Visits (user WTP)	Local population non-visitor (non-user WTP)
Worked example museum WTP	£6.16	£3.25
Worked example relevant group	426,367 visits	408,597 local households of non-visitors (510,746 local households – 20% of possible local visitors)
<b>Aggregate Value</b>	<b>£2,626,421</b>	<b>£1,327,940</b>
<b>Total non-market value: Combined User and Non-user WTP</b>		<b>£3,954,361</b>
<b>Indicative annual museum operating costs</b>		<b>£1,978,146</b>

**Table 3:** Worked example – Benefit transfer from Benefit Transfer Table of Economic Values for Culture to case study of a museum in Manchester (2020 prices)

(source: Art Council England, DCMS, Nesta, Simetrica-Jacobs)



# General economic appraisal considerations



## Avoid double counting!

According to both Historic England and Arts Council England's guidance, if you have included economic valuations based on Revealed Preference methods such as travel costs or house price uplifts (land value uplift), then **avoid adding WTP values to the business case as this will lead to double counting.**

Furthermore, be careful when obtaining the number of visitors/users of the asset not to double count non-users.















## Optimism Bias

Evidence shows that appraisers and project promoters are often overly optimistic about the outcomes that will be delivered by the project.

TFDP recommends applying optimism bias to reflect the level of uncertainty in the data or assumptions used to derive the economic benefits, in line with HM Treasury/new economy's approach.

# Optimism Bias

## Confidence Grade (Benefits)

Confidence grade	Colour coding	Population/Cohort Data	Evidence base (engagement / impact)	Age of data / analysis	Known data error		Optimism bias correction
1		Figures taken from agency data systems	Randomised Control Trial in UK	Current Data (<1 year old)	+/-2%		0%
2		Figures derived from local stats	International Randomised Control Trial	1-2 years old	+/-5%		-5%
3		Figures based on national analysis in similar areas	Independent monitoring of outcomes with a robust evaluation plan	2-3 years old	+/-10%		-10%
4		Figures based on generic national analysis	Practitioner monitoring of outcomes with a robust evaluation plan	3-4 years old	+/-15%		-15%
5		Figures based on international analysis	Secondary evidence from a similar type of intervention	4-5 years old	+/-20%		-25%
6		Uncorroborated expert judgement	Uncorroborated expert judgement	>5 years old	+/-25%		-40%

**Table 12:** Confidence grade for benefits data

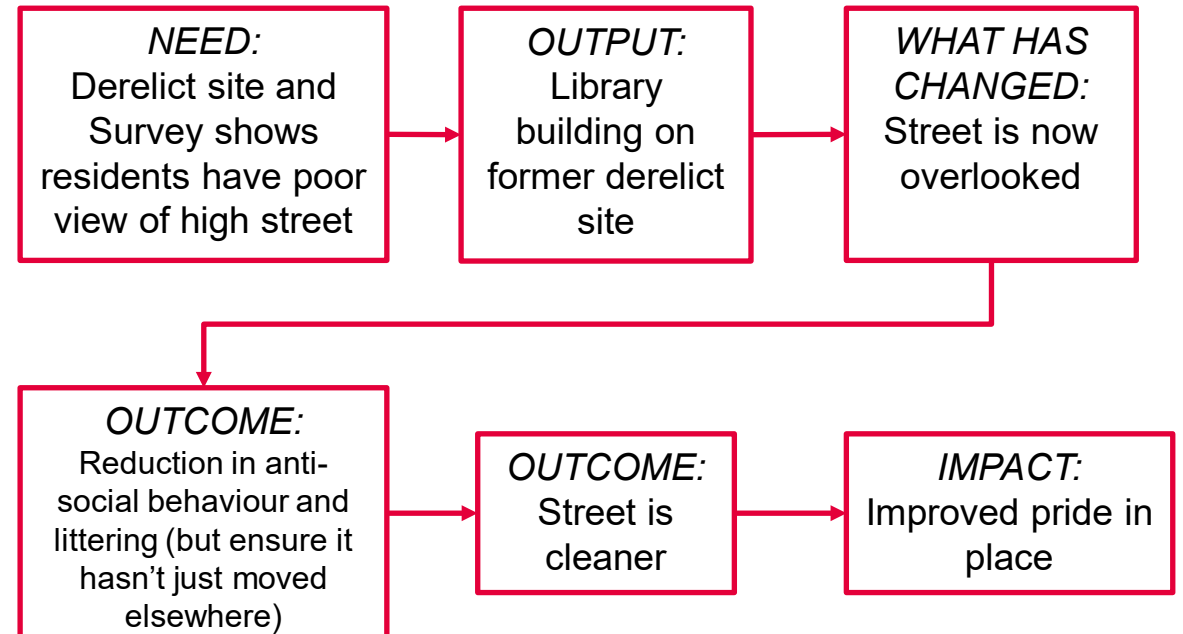
Source: HM Treasury, new economy, 2014, [“Supporting public service transformation: cost benefit analysis guidance for local partnerships”](#)

**What if the benefits cannot be quantified?**

# Non-quantified benefits

Non-quantified benefits are an important part of the Economic Case. It may not always be proportionate (effort or cost required) or possible to quantify all benefits. No specific format or method is required by MHCLG, but there are steps that can be taken to show that these benefits are robust and evidenced:

- Show a **benefits map/logic model/detailed theory of change** for the project benefits and disbenefits.
- Identify any **additional activities which need to happen in order to achieve the benefit** (i.e. just because a new arts centre is built, does not necessarily mean that this will increase cultural participation). Ensure these are included in the project scope and plan if they are going to be claimed as direct benefits, otherwise they should be claimed as indirect or enabled benefits which require a further project or works to be delivered
- Identify **beneficiaries** for further robustness
- Specify the **magnitude and certainty** of the benefit
- A **benefits register** should be provided as part of the Management Case



**Figure 4:** Detailed benefits map/theory of change for a project

# Proportionality

## What is the level of detail required?

Determining the level of detail required for the Economic Case (and overall business case) will depend on a number of factors, including the scale of the project.

**Ultimately, you should follow any guidance on the level of detail required for business cases based on your local assurance processes.**

The [TFDP Proportionality Guide](#) can help you consider the level of detail the economic case will go into. Figure 4 illustrates the spectrum between 'low' level of detail, to 'high' level of detail.

Economic case			
Risk and novelty of project	Low	←→	High
Scenario definition	Simple	←→	Complex, including Covid-19 impacts
Certainty around costs and benefits	High certainty	←→	Low certainty
Disbenefits	No disbenefits	←→	Potential Disbenefits
Monetising benefits	Easy to monetise	←→	Difficult to monetise
Distributional impacts across groups	simple impacts, less relevant to project	←→	Complex distributional impacts

**Figure 5:** Economic Case – proportionality tool  
Source: [TFDP Business Case Template](#)

# Culture and Heritage

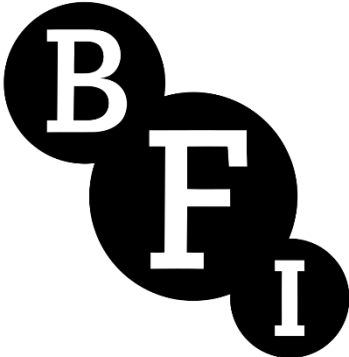
## Tools and resources

There are a number of tools and resources available online which provides guidance on estimating economic benefits of culture and heritage-based intervention.

### Best practice benchmark guidance, toolkits and other relevant resources

- [Introduction to the Culture and Heritage Capital Programme by Lord Mendoza](#)
- [Valuing Culture and Heritage Capital: A framework towards informing decision making](#) (Department for Digital, Culture, Media & Sport, January 2021)
- [Culture and Heritage Capital Evidence Bank](#) (Department for Digital, Culture, Media & Sport, January 2021)
- [How to quantify the public benefit of your Museum using Economic Value estimates](#) (Arts Council England, 2020)
- [Heritage and the value of place](#) (Historic England, Simetrica-Jacobs, 2021)
- [Towards better valuation: The Culture and Heritage Capital approach](#) (Historic England, 2021)
- [Supporting public service transformation: cost benefit analysis guidance for local partnerships](#) (HM Treasury, new economy, 2014)

# DCMS Partners



Department for  
Digital, Culture,  
Media & Sport



Historic  
England



VisitBritain<sup>®</sup> VisitEngland<sup>™</sup>

<https://townsfund.org.uk/external-partners/dcms-partners>

# Q+A



**Towns<sup>®</sup>**  
**Fund<sup>^</sup>**  
Delivery Partner