

Social value of Culture, Heritage, Sports and Community Projects

*Identifying good
practice*



Department for
Communities

An Roinn
Pobal

Department for
Commonities

www.communities-ni.gov.uk



Table of Contents

Table of Contents	2
1. Introduction	3
2. Literature review	4
3. Reviewing DfC project assessments.....	23
4. Final observations	26
Annex A.....	27

1. Introduction

Background

- 1.1 With increasing strains on Departmental budgets, it is becoming even more important to identify projects which can deliver the biggest impact for the given resource input. The ranking of economic projects can be relatively easily determined using a range of quantitative economic measures, but estimating the anticipated impact of cultural projects is more challenging.
- 1.2 This research helps inform the development of a more comprehensive assessment framework for the broader cultural sector. In particular, the research considers approaches to valuing cultural assets; relevant assessment criteria; and the current assessment process used by DfC.
- 1.3 Any new process would complement the business case approval process which covers quantitative financial factors (e.g. value for money and financial sustainability) and economic factors (e.g. tourism spend and job creation) alongside, to some extent, non-monetary considerations.
- 1.4 The research is relevant to a wide range of areas including: arts, heritage, sports and community. For the purposes of this report, they are collectively referred to as cultural projects.

Methodological approach

- 1.5 The approach included a **desk-based review** of the following:
 - Relevant national and international research to identify good practice assessment models;
 - Evaluations of previous capital projects in the cultural sector to identify lessons learned; and
 - The existing application and assessment approach used by DfC.
- 1.6 In addition, a small number of **consultations** were completed with key staff in DfC and ALBs to understand the current approach applied and the implications of the research findings in a NI context.

2. Literature review

Introduction

- 2.1 Cultural heritage plays an increasingly important role in society. It is a key component in developing cultural creative quarters, heritage-led regeneration and in attracting private sector investment and talent. It also creates a unique identity and narratives to support tourism development and provides stimulus to education and life-long learning which improves quality of life, social capital and cohesion¹.
- 2.2 This section of the report sets out a summary of the findings from the literature review and covers the following areas:
- Quantitative approaches to Valuing Cultural Assets;
 - Qualitative/ Non-monetary approaches to valuing cultural assets²
 - Example Assessment Toolkits;
 - Applying an appropriate approach to DfC Projects
 - Need for good data.

Quantitative approaches to valuing cultural assets

- 2.3 Valuing cultural assets is a challenging task because they tend not to have a market and trade at a “zero price”. This market failure can result in underfunding and an over-reliance on government support. In these circumstances a range of alternative approaches have been developed:
- Financial;
 - Exchequer cost savings;
 - Revealed preference;
 - Stated preference; and
 - Subjective well-being and income compensation.

¹ European Commission (June 2015), *Cultural Heritage Counts for Europe*

² DCMS (December 2010), *Measuring the value of culture*

Financial

2.4 The following financial valuations can be used:

- **Replacement Cost³**: this method values cultural assets based on the cost of replacing them with similar assets. This may be appropriate for valuing tangible cultural assets such as buildings (albeit it may not be possible to replace older buildings like-for-like);
- **Income Approach⁴**: this approach values cultural assets based on the present value (PV) of future (estimated) net income streams. This method can be used for valuing projects that generate revenue, such as events and festivals.

2.5 Although relatively easy to estimate, these approaches do not represent the true economic value of the cultural asset and may over (or under) estimate the benefits. Furthermore, where applicable, these methods are likely to be used in the business case and so are not considered further in this analysis.

Exchequer cost savings⁵

2.6 As indicated above, access to cultural assets can improve people's well-being, which has a value to the individual. However, an improvement in well-being can also have a positive impact on an individual's health which in turn can reduce the need to access health services and result in a saving to the public purse. This results in either lower taxes or a re-direction of public funding to other priorities.

2.7 There is no mandated approach to calculating exchequer cost savings but typically data could be used to understand the association between cultural asset usage with improved well-being and reduced medical visits. On this basis cost savings can then be estimated. Arts Council England research on public libraries estimated the aggregate NHS cost savings across England from library use at £27.5m.

2.8 This approach, whilst robust, requires specialist expertise to estimate. In addition, where available, this evidence is also likely to be included in the business case and therefore not considered further.

³ Identified from the 'Compensation Methods' approach in: World Bank, *The economics of uniqueness*

⁴ Standard approach used in business cases.

⁵ Arts Council England (March 2015), *The health and well-being benefits of public libraries*

Revealed Preference^{6,7}

2.9 Revealed preference methods look at “surrogate markets” and determine preferences implied by behaviour in an associated market. The most popular revealed-preference techniques include:

- **Hedonic Pricing Method (HPM)** – this approach involves estimating the value of a good or service by examining the prices of related goods or services. The method assumes that the value of a good or service is reflected in the price that consumers are willing to pay for it, as well as in the prices of other goods or services that are related to it. The HPM can be used to value the benefits of cultural resources and amenities such as historic buildings, public spaces and cultural events.

Illustrative example: the HPM can be used to estimate the value of the buildings by comparing the prices of properties in an historic district to those in other parts of the city with similar characteristics, such as location, size, and age. By controlling for other factors that affect property prices, such as proximity to amenities and services, the HPM can provide an estimate of the value that residents and visitors place on the historic district.

- **Travel Cost Method** – the cost of travel to visit a cultural asset can be used to infer a value on that asset even if the admission fee is zero.

2.10 These approaches have significant weaknesses, although HPM uses actual market prices to estimate value, its use is typically restricted to property assets and therefore not applicable to all cultural assets. In addition, the Travel Cost Method will depend on the distance a visitor has to travel rather the distance they would be prepared to travel.

2.11 Furthermore, revealed preference valuations are also likely to under-value assets because they do not reflect *non-use* values, such as:

- Option value – the value derived from a service being available for use at some point in the future;
- Existence value – the value derived from its existence even if not actually used, this could include altruism (knowledge that others enjoy the service) or for the benefit of future generations.

2.12 To overcome some of these limitations and include non-use values, a different approach, ‘Stated Preference’ valuation, can be applied.

⁶ The Getty Conservation Institute, *Assessing the Values of Cultural Heritage*

⁷ DCMS (December 2010), *Measuring the value of Culture*

Stated Preference Approaches^{8,9,10}

2.13 The stated preference approaches use hypothetical markets by means of a survey to identify preferences where no market exists and the most common are:

- **Contingent Valuation Method (CV):** CV is a survey-based approach that involves asking individuals to state their willingness to pay (WTP) for a hypothetical change in provision of a cultural asset. The method assumes that people's preferences for non-market goods can be measured by asking them directly how much they would be willing to pay for them. The CV approach can be used to value the benefits of cultural assets (although historically more commonly used in environmental and transport economics).

Illustrative example: due to funding cuts a local History Centre may close, and all the resources contained in the archive would be lost or relocated. It has been estimated that keeping the Centre open would cost each household in the council £5 per year. The approach would involve a survey to understand if households would be prepared to pay additional taxes to keep the Centre open and this data used to estimate the value of the Centre. The survey could also be structured to ask a range of prices to help inform the valuation calculation.

- **Choice Modelling (CM):** this alternative stated preference approach builds on CV and is also survey-based. Respondents are presented with descriptions of alternative goods, differentiated by their attributes and then asked to do one of the following:
 - i. Rank the alternatives in order of preference;
 - ii. Rate each alternative on a preference scale (this allows for greater differentiation between alternatives);
 - iii. Choose their most preferred alternative.

Including price as one of the attributes can also incorporate a willingness to pay (WTP) into the analysis. In addition, Choice Modelling also provides information to value individual attributes as well as the project as a whole.

⁸ The Getty Conservation Institute, *Assessing the Values of Cultural Heritage*

⁹ DCMS (December 2010), *Measuring the value of Culture*

¹⁰ Arts Council England, *Measuring the economic benefits of arts and culture*

Illustrative example: An area has several buildings of historic interest, identify which attributes attract most visitor interest.

Property A	Property B
Garden	No Garden
Remarkable architectural style	Unremarkable architectural style
Exceptional collections	Exceptional collections
Entry fee: £20	Entry fee: £5

- I would prefer to visit property A
- I would prefer to visit property B
- I would not visit either property

- 2.14 Survey design should include input from relevant experts and stakeholders to identify a wide range of information. In particular, an attribute-based valuation approach can serve a number of cultural policy objectives:
- Measure total value associated with different attributes;
 - Determine possible trade-offs e.g. access v conservation;
 - Derive ranking of attributes;
 - Determine level of public support for cultural properties/ policies.
- 2.15 The literature also indicates that the stated preference approaches have a range of limitations. Typically, that they require expertise to implement, can be expensive to apply and if done poorly can produce misleading results. Choice Modelling is seen as more effective than Contingent Valuation but shares many of the same issues in terms of applying the approach.
- 2.16 Overall, although there are many critiques of these approaches, they continue to be used because a viable alternative has not been developed.

Subjective well-being and income compensation¹¹

- 2.17 This methodology values engagement based on people's Subjective Well-Being (SWB). SWB is a survey-based approach designed to understand the impact of an event/activity on an individual's well-being and then determining the level of income required to achieve the same change in well-being – known as the income compensation.
- 2.18 By way of example, research quoted in the DCMS paper found that: doing sport at least once a week had an income compensation value of £11,000 per household per year; going to a cinema at least once a week had an income compensation value of £9,000 per household per year; and going to a concert at least once a week had an income compensation value of £9,000 per household per year.
- 2.19 As with the other methodologies discussed above, the SWB approach also has its limitations. Defining and measuring wellbeing is subjective and varies across individuals and the link between well-being and income is unclear.

Qualitative/ Non-monetary approaches to valuing cultural assets¹²

- 2.20 Given the challenges on placing a quantitative financial/ economic value on cultural assets, qualitative non-monetary approaches have also been developed.

Outcomes based methods

- 2.21 There is not a single 'outcomes-based' approach on which consensus exists across the sector. Some focus on qualitative narratives of people's engagement with culture and others on using quantitative approaches to understand participation and engagement (e.g. through the use of attitudinal surveys). A combination of both approaches can also be used. Therefore, the value is based on "the meaning of culture for individuals and communities and the levels of their participation" and not an economic value.
- 2.22 These approaches are evaluative in nature (i.e. they are used to evaluate the significance of an asset) and a value case is then built on the findings. This also points to the 'intrinsic' value of cultural assets.
- 2.23 One limitation of these approaches is their appropriateness for comparison when assessing multiple applications for funding.

Narrative methods

- 2.24 This approach is to narrate the value for culture and that "intrinsic value has to be articulated, not measured". Whilst narratives can help explain the meaning behind economic value, they do not provide cost-benefit data to assist decision-makers.

¹¹ DCMS (December 2010), *Measuring the value of culture*

¹² DCMS (December 2010), *Measuring the value of culture*

Environment – measuring avoided carbon¹³

2.25 “The extraction of materials is a chief culprit in climate change and biodiversity loss—a challenge that will only worsen unless the world urgently undertakes a systemic reform of resource use. Such a reform is both necessary and possible.”¹⁴ Therefore the construction sector makes a significant contribution to carbon emissions and recognising the value of “embedded” carbon in older buildings is an important consideration when making a decision to renovate/ refurbish or rebuild.

Table 2.1: Whole life carbon emissions from buildings

Embodied Carbon	Operational Carbon
Demolition	Space Heating
Recycling/ Landfill	Water Heating
Raw material extraction	Lighting and appliances
Transport	Cooking
Manufacture	Ventilation
Construction	

2.26 Calculating the carbon impact associated with heritage buildings requires specialist knowledge and expertise which has created a new discipline of “carbon accounting”. In general carbon accounting is the method by which organisations calculate their carbon footprint. In addition, many specialist consultancies have developed carbon calculators to estimate the carbon impact of construction projects¹⁵.

Social Return on Investment (SROI)^{16,17}

2.27 Social Return on Investment (SROI) is a framework for measuring the broad concept of value by measuring social, environmental and economic outcomes and uses monetary values to represent them. It then calculates a ratio of benefits to costs to be calculated (e.g. a ratio of 3:1 indicates that an investment of £1 delivers £3 of social value). SROI is about value, rather than money.

2.28 SROI can be used to base decisions and includes case studies as well as qualitative, quantitative and financial information. There are two types of SROI:

¹³ [MEASUREMENT AND VALUE in the built historic environment: an economic perspective \(espon.eu\)](http://espon.eu)

¹⁴ UN Environment climate change specialist Niklas Hagelberg.

¹⁵ <https://www.turnerandtownsend.com/en/expertise/services/cost-and-commercial-management/carbon-accounting/>

¹⁶ The SROI Network (January 2012), *A guide to Social Return on Investment*

¹⁷ Arts Council England, *Measuring the economic benefits of arts and culture*

- Evaluative – conducted retrospectively and based on actual outcomes achieved;
- Forecast – based on the anticipated social value created if the activities meet their intended outcomes. Forecast SROIs are useful at the planning stage and can help show how to maximise impact and for identifying the measures to be tracked when the project is operational.

2.29 Conducting an SROI analysis involves six stages:

- 1) **Establishing scope and identifying key stakeholders** – set clear boundaries on the areas to be covered by the SROI analysis, who will be involved in the process and how.
- 2) **Mapping outcomes** – engage with stakeholders to develop an impact map, or theory of change, which shows the relationship between inputs, outputs and outcomes.
- 3) **Evidencing outcomes and giving them a value** – sourcing data to show the outcomes achieved and then valuing them. The valuation approaches discussed above (financial; revealed preference; and stated preference) can be applied where relevant/ appropriate.
- 4) **Establishing impact** – having collected evidence on and monetised outcomes, the net impact is identified by removing: those aspects of change that would have happened anyway (deadweight), activity moved from elsewhere (displacement), the extent to which it will diminish over time (drop-off), the scale of benefits outside the project area (leakage) and benefits derived due to other factors (attribution).
- 5) **Calculating the SROI** – adding the benefits and subtracting the costs/ negative impacts and comparing the result to the investment. Sensitivity analysis can also be tested.
- 6) **Reporting, using and embedding** – sharing findings with stakeholders and responding to them, embedding good outcomes processes and verification of the report.

Example Assessment Toolkits

2.30 Several assessment toolkits have been developed which can be applied to the cultural sector. Overall, a toolkit should achieve a balance between simplicity and robustness; be flexible for use at both the organisational and aggregate level; link the collection of data with existing processes (e.g. current reporting approaches); can capture the scale of social activities; and can be completed with proportionate resource implications¹⁸.

¹⁸ ALMAUK, *Economic Toolkits for Archives, Libraries and Museums*

2.31 Depending on the nature of individual projects and capability of individual project promoters, these tools can be used for evaluative or assessment purposes:

1. **Social Value Engine**¹⁹ – the Social Value Engine was developed by Rose Regeneration and East Riding of Yorkshire Council to help voluntary and community groups measure the social value of their outcomes. The 'engine' works alongside the SROI methodology and provides an online tool to identify social value.

The tool provides over 200 financial proxies which can be used to give a monetary estimate of the value of each identified outcome, which in turn can be used to calculate a ratio of social value created for every £ invested. In addition, the tool can be both evaluative (i.e. it can look back and assess the value created) and used to forecast (i.e. make an estimate of the potential value of a project if its outcomes are achieved). This can be useful at project appraisal stage.

The Social Value Engine has been used several times including in a pilot project conducted by the Rural Community Network and Rose Regeneration in Northern Ireland²⁰. **This report provides six case study examples of the application SROI using the Social Value Engine** and the information gained can then be used to:

- understand where an organisation is having the most impact;
 - make decisions about where to invest resources;
 - demonstrate the value of an activity to funders and other stakeholders.
2. **Moore Kingston Smith Impact Measurement Toolkit**²¹ – this approach is more often used in the charity sector and is based on the principles of the SROI approach: identifying and engaging stakeholders; asking stakeholders to outline impacts/ outcomes (this can include predictive outcomes and set out the 'change evolution' leading to 'final outcome'); ranking and valuing the outcomes (using market value, stated preference, revealed preference and subjective well-being); identifying the material impacts (including quantity, duration, causality and value); do not overclaim (consider deadweight, attribution and duration); be transparent; and verify the result.

¹⁹ [Home - Social Value Engine](#)

²⁰ <https://www.ruralcommunitynetwork.org/app/uploads/2021/06/SVE-Measuring-What-Matters.pdf>

²¹ Moore Kingston Smith, *Impact Measurement Toolkit* <https://www.culturehive.co.uk/wp-content/uploads/2020/08/Impact-Measurement-Toolkit.pdf>

3. **Event Impacts Toolkit**²² – provides detailed approaches to estimating the impacts of events:
- Economic impacts toolkit:
 - Basic impacts – based on spectator/ attendance numbers and proportion from outside host economy;
 - Intermediate impacts – measures the additional spend within a defined area attributed to staging an event;
 - Advanced impacts – measures longer term impacts typically identified via use of multipliers.
 - Environmental impacts toolkit:
 - Waste impacts – waste management, reduction and re-cycling;
 - Energy and water impacts – energy and water use at events;
 - Transport impacts;
 - Food and drink impacts;
 - Sustainability – planning and management to ISO 20121 Sustainable Event Management standards.
 - Social impacts toolkit:
 - Participation – changing attitudes and behaviours to increase levels of social engagement (e.g. through sport);
 - Volunteering and skills – raises engagement and employability skills;
 - Satisfaction – satisfaction is a pre-cursor to enhanced civic pride;
 - Image and identity – civic pride in the attendees and non-attendees and enhanced reputation of place.
4. **ALMAUK Economic Impact Toolkit**²³ – this study reviewed previous impact assessments to develop toolkits to be rolled out across the sector. The report identified four high level economic approaches (Multiplier Analysis, Contingent Valuation, Return on Investment and Economic Valuation), all similar to the valuation approaches discussed above, but also included a range of social impacts:
- Volunteering – roles and hours assigned to each role which could be assigned a market value (hourly wage).

²² <https://www.eventimpacts.com/>

²³ ALMAUK, *Economic Toolkits for Archives, Libraries and Museums*

- Learning activities – number of learners and hours and broken down by accredited/non-accredited’.
- Social inclusion – any initiatives that support people into employment particularly those which support ‘hard to reach’ groups.
- Regeneration impacts – leveraging in private sector investment or other cultural-led, physical regeneration impacts.

5. **Social Value Toolkit**²⁴ – this was developed to help heritage practitioners understand the social values associated with the historic environment and sets out a detailed approach to undertaking a study. A range of methods for collating data on the site/ cultural asset were identified including: interviews; focus groups; observations (e.g. observe activity and people on the site); mapping (analysing behaviour and how people experience the site/ asset); engage with community group meetings and public events; transect walks (participant is accompanied by the researcher as they move through the site); and engaging with users through social media/ on-line fora.

Typical social impacts include: sense of place and links to narratives of place; community belonging and ownership; multi-generational connections; keeping memories alive; pride; inspiration; and reflections.

2.32 In summary, each of these assessment toolkits and frameworks is designed to provide an evaluation of the impacts of cultural initiatives and projects. They typically involve a process of data collection, analysis and evaluation and many include stakeholder consultation and engagement. These models and frameworks can help organisations develop a better understanding of the potential impacts of their projects and make more informed investment decisions.

²⁴ University of Stirling (March 2021), *Social Value Toolkit*

Summary of methods and toolkits

2.33 Table 2.1 below sets out a summary with pros and cons associated with each valuation approach and toolkit discussed above.

Table 2.1: Summary of valuation approach and toolkits

	Description	Pros	Cons
Valuation approaches			
Financial	Includes replacement cost and present value of future net income.	<ul style="list-style-type: none"> • Easily understood. • Easy to apply. 	<ul style="list-style-type: none"> • Does not represent true economic value or include wider social/cultural value. • Only suitable for specific types of projects (e.g. buildings or income generating projects).
Revealed Preference	Includes Hedonic Pricing and Travel Cost Methods.	<ul style="list-style-type: none"> • Based on actual market data. 	<ul style="list-style-type: none"> • Restricted to property assets only. • Does not include non-use values. • Expertise required to apply.
Stated Preference	Includes Contingent Valuation Method and Choice Modelling, typically based on survey evidence.	<ul style="list-style-type: none"> • Includes non-use value. • Viable alternatives have not been developed. 	<ul style="list-style-type: none"> • Expertise required to apply. • Can be expensive and results could be misleading if completed incorrectly.
Subjective well-being	Survey based approach to identify the income compensation required for a loss of event/activity.	<ul style="list-style-type: none"> • Provides a financial valuation. 	<ul style="list-style-type: none"> • Measuring well-being is subjective and varies across individuals. • Link between well-being and income is unclear. • Expertise required to apply.
Exchequer cost savings	Involvement in cultural activities improves well-being creating savings elsewhere e.g. in health.	<ul style="list-style-type: none"> • Provides a financial valuation. 	<ul style="list-style-type: none"> • Expertise required to apply. • Excludes wide range of social and cultural values.
Qualitative approaches	Includes Outcome based and Narrative methods.	<ul style="list-style-type: none"> • Relatively easy to apply. 	<ul style="list-style-type: none"> • Cannot be used for comparisons. • Very subjective.

Social Value of Cultural, Heritage and Arts Projects



Environmental	Measuring avoided carbon	<ul style="list-style-type: none"> • An increasingly important priority. • Scope for monetary valuation with a carbon cost. 	<ul style="list-style-type: none"> • Expertise required to apply. • Only suitable for building projects.
SROI	A framework for measuring social and environmental and economic outcomes.	<ul style="list-style-type: none"> • Comprehensive approach. • Can be both evaluative and used to forecast. • Useful at planning stage to maximise impact and identify measures to be tracked. • Demonstrates value. • Commonly applied. 	<ul style="list-style-type: none"> • Expertise required but user-friendly models available. • Caution when making comparisons.
Toolkits			
Social Value Engine	Based on SROI Framework and provides 200+ financial proxies through an online tool to identify social value.	<ul style="list-style-type: none"> • As per SROI above. • Relatively easy to apply and already used in NI. • Useful to project promoters to direct resources. 	<ul style="list-style-type: none"> • Subscription to Social Value Engine required to access proxies and online tool. • Caution when making comparisons.
Event Impacts	Toolkit to estimate the economic, environmental and social impacts of hosting events.	<ul style="list-style-type: none"> • Considers wide range of factors. 	<ul style="list-style-type: none"> • Some expertise required. • Specific to events.
Moore Kingston Smith	Based on SROI Framework and similar to Social Value Engine.	<ul style="list-style-type: none"> • As per SROI and Social Value Engine above. 	<ul style="list-style-type: none"> • Need to engage with Moore Kingston Smith to apply in full. • As per Social Value Engine above.
ALMAUK Economic Impact	Uses range of valuation approaches (such as return on investment and contingent valuation) alongside social impacts (such as volunteering and social inclusion).	<ul style="list-style-type: none"> • Covers both economic and social impacts. 	<ul style="list-style-type: none"> • Designed for libraries and museums. • Not as comprehensive as other toolkits identified.
Social Value Toolkit	Identifies social value based on qualitative assessments.	<ul style="list-style-type: none"> • Relatively easy to apply. 	<ul style="list-style-type: none"> • No quantitative estimates provided. • No way to make comparisons across projects.

Applying an appropriate approach to DfC Projects

2.34 The analysis above shows that all methods developed to date to assess social and cultural value have their short comings, although some are more applicable than others. Whilst economic projects can be assessed simply in terms of economic costs and benefits to make a comparative assessment, it is not possible to identify a 'one size fits all' approach to assess cultural projects. How can one compare a project with hard economic outputs with a funding application for a music festival? Nevertheless, this is the challenge that DfC faces and therefore the following suggestions have been made to inform the development of an assessment framework.

2.35 The following points to note in the first instance:

- A business case is still required – any social/ cultural valuation and assessment would complement the business case process and some information captured as part of the social/ cultural valuation assessment could perhaps be included in the business case.
- A two-tier approach (programme then project level) to be introduced on a phased basis – given the characteristics of the methodologies identified in terms of the level of resources and expertise required to complete an assessment, it is likely that an overall programme level assessment could be applied in the first instance to help inform (not determine) allocation of resources across different programme areas. Then separately, within each programme area, specific approaches can be tailored for the characteristics of projects in that individual area. In addition, the roll-out could be phased, whereby programme level assessments are put in place in 'Year 1' and then project level assessments are developed and put in place in subsequent years when staff are more experienced with the concept and approach.
- Dealing with interoperability – with no 'one size fits all' approach available, adopting a two-tier model allows for a reasonable comparison to be made. A consistent approach can be taken across programmes, and then a different consistent approach can be taken within programmes to assess projects.
- Pilot approach in first instance – given there is limited (if any) experience of rolling out a framework of this nature across a Government Department, it is likely that piloting approaches, may be the appropriate way to proceed in the first instance.
- Methodology can be amended over time but must be consistently applied at a point in time – given the imperfections of each approach identified in this literature review, as methodologies are applied, they should be amended to best suit requirements. This includes being practical in terms of resource requirements to complete an individual programme or project assessment.

- A subjective component will also exist in the final decision – although the valuation assessment will provide a quantitative output, other factors will also be considered as part of the funding allocation decision including some form of subjectivity (and the business case).
- Equality in accessing public funding – it is also important to consider an organisation's ability to access other sources of funding²⁵ e.g. small grassroots organisations may not have the capacity to access private market funding or large public funding opportunities (this could potentially be assessed in the business case under 'additionality' or may be part of the social value funding consideration).

Programme level assessment

- 2.36 Following review of the approaches above, it is likely that one based on the principles of the Social Return on Investment (SROI) would be most appropriate to make an assessment at a programme level. These are comprehensive assessments and the expertise and resource commitments required to complete an SROI are justified given they are **informing** larger (i.e. programme level) funding allocation decisions²⁶.
- 2.37 In addition, support material from organisations such as the Social Value Engine can be used to develop a specific model that best meets the Department's requirements.
- 2.38 Given all approaches have weaknesses in terms of their ability to make comparisons, this should be somewhat (although not completely) mitigated, if the same personnel complete the programme assessments.
- 2.39 Finally, if the Department puts in place this type of assessment approach, **it may be prudent to roll-out the programme level assessment first and then phase in the implementation of project level assessments in subsequent years** when staff have increased their experience/ expertise.
- 2.40 See **Annex A** for a link to detailed guidance on the application of SROI.

Project level assessment

- 2.41 It must be recognised that implementing a social/ cultural valuation assessment for individual projects could create a significant additional resource requirement (e.g. a social/ cultural case to sit alongside the business case). Given resource constraints already exist, the Department should tailor project assessment approaches that are both practical and meet the specific needs of individual programmes.

²⁵ [Presentazione standard di PowerPoint \(espon.eu\)](http://espon.eu)

²⁶ As noted above, the SROI approach has been used to assess individual projects by the Rural Community Network (RCN). This was completed with guidance and support and therefore it is not clear if this could be applied across individual projects in an affordable way.

- 2.42 Therefore, whilst it is not achievable to develop a consistent project level cultural value assessment approach across the entire Department, it is more achievable to develop a consistent approach within individual programme areas. As a consequence, project level assessments will likely differ across programme areas.
- 2.43 Table 2.2 below sets out a wide range of potential impacts and measures to consider at the project level. However, **it must be stressed that at the project level, only a small number of these impacts and measures will be applicable within an individual programme area.** In turn this allows for a manageable process that can be specifically tailored to the specific requirements of project types within an individual programme. This could be referred to as a 'Pick and Mix' approach.
- 2.44 It is recommended that staff within the Department with 'hands-on' project level experience are best placed to identify the appropriate measures within an individual programme area. They will also have the greatest understanding of project promoter capability and availability of information to assess individual measures (i.e. they will understand the measures for which information exists, rather than selecting a 'better' measure, against which an assessment cannot be made).

Table 2.2: Project Level Cultural Assessment Measures

Impact	Measure
Social cohesion	<ul style="list-style-type: none"> • Social networks – the strength and diversity of social connections between individuals or groups within a community; promoting community integration and tolerance. • Trust in institutions – the level of trust that people have in institutions such as government, police and civic organisations. • Sense of belonging – the level of connection and attachment that individuals have to their community or neighbourhood.
Community engagement	<ul style="list-style-type: none"> • Attendance and participation rates – creating places where social • Satisfaction levels – the views of individuals and groups • Social media engagement – the level of engagement and

Improved well-being	<ul style="list-style-type: none"> • Mental and physical health – the impact of cultural projects on mental and physical health, such as stress levels, anxiety and physical activity levels. • Quality of life – the overall quality of life of individuals and communities, including factors such as happiness, life satisfaction and self-esteem. • Social capital – the resources and connections that individuals and groups have within their community, including social support, shared values, and civic engagement.
Cultural Impact	
Cultural awareness	<ul style="list-style-type: none"> • Audience reach – the number of people engaged with cultural projects (and their demographic profile). • Perceptions and attitudes – the impact of cultural projects on the attitudes and perceptions of individuals towards culture, such as their understanding, appreciation and interest/ tolerance in different cultures. • Education and learning – the level of education and learning that individuals gain through cultural projects, such as new skills, insights, and perspectives.
Preservation of cultural heritage	<ul style="list-style-type: none"> • Cultural heritage significance – the cultural and historical significance of cultural heritage sites, artifacts and traditions. • Preservation and conservation – the impact on the preservation and conservation of cultural heritage resources, such as the level of maintenance, restoration and protection of cultural sites and artifacts.
Increased access to cultural assets	<ul style="list-style-type: none"> • Accessibility and diversity – the level of accessibility and diversity of cultural resources, such as the availability of cultural events and facilities that cater to different audiences. • Collaborations and partnerships – the level of collaborations and partnerships between cultural organisations and the extent of engagement with other sectors, such as education, business and tourism.

Economic Impact	
Innovation/ Creativity	<ul style="list-style-type: none"> • Innovation – the degree to which the project presents original ideas or concepts; • Creativity – the degree to which the project offers a new or distinctive perspective on an existing issue or is an experimental form of expression; and • Divergence – the degree to which the project goes beyond conventional thinking and offers new, imaginative and unconventional solutions.
Development (most likely incorporated in the business case.)	<ul style="list-style-type: none"> • Increased tourism revenue; • Job creation; • Skills development; and • Urban regeneration.
Environmental Impact²⁷	
Environmental improvements	<p>Consider the extent to which a project can:</p> <ul style="list-style-type: none"> • create increased green space; • reduce energy consumption; • increase biodiversity.
Sustainable access	<ul style="list-style-type: none"> • consider the tension between access and conservation
Carbon	<ul style="list-style-type: none"> • minimise carbon footprint

²⁷ The environmental impact of all Government interventions, particularly in the context of 'net zero', must now be considered and this extends beyond just economic projects. Environmental impact assessments on cultural assets have been applied for many years but typically focus on minimising the negative impact of proposed developments to cultural/ heritage assets.

The need for good data for international comparison

2.45 The European Observation Network for Territorial Development and Cohesion (ESPON) sponsored a range of research projects which were presented at a conference in June 2023²⁸. This considered a wide range of socio-economic and well-being aspects of cultural heritage and one important issue recognised was the need for good data to assist in international comparisons.

2.46 In particular, the lack of a commonly agreed framework on the definition of cultural heritage results in data differences collected across countries. The following was therefore recommended²⁹:

- Develop a common agreed framework for the definition of both cultural heritage and societal well-being to allow their measurement and comparability across time and countries;
- Develop a common classification and measurement system to harmonise and weight the different forms of heritage across countries and to capture all dimensions of societal well-being, as well as the impacts of heritage on well-being;
- Improve data collection on cultural heritage and its contribution to societal well-being at national and regional/local level, including data collection system on EU investments/funding in cultural heritage;
- Test new data (big data) and methodologies. The analysis of big data can be useful for identifying the involvement of audiences in relation to heritage. TripAdvisor and Wikipedia can provide data to assess impacts;
- Improve empirical analyses and the evaluation of qualitative information to integrate quantitative data;
- Build the capacity of cultural heritage actors at all levels to set up data collection systems and gather data;
- Implement continuous monitoring and evaluation of cultural heritage strategies/initiatives and their contribution to well being.

2.47 It may not be possible/ appropriate to implement all aspects listed above, but it may provide a useful basis to consider wider data needs.

²⁸ [The material cultural heritage: operationalisation of diverse research outcomes for policy makers | ESPON](#)

²⁹ [Presentazione standard di PowerPoint \(espon.eu\)](#)

3. Reviewing DfC project assessments

Introduction

- 3.1 This section of the paper sets out observations made on the project assessment approach adopted by DfC **through the lens of identifying social value** as a potential tool to assist in project assessments. This follows a review of the Department's prioritisation tool, project business cases, evaluations and social value analyses conducted for NI Government Departments.

DfC Capital Prioritisation Tool

- 3.2 The Department use an excel based tool to prioritise typically larger projects, smaller projects are considered at the programme level. The assessment is split into two criteria groups:
1. 'Initial Criteria' – these are initial 'gate' criteria (yes/ no) which must be passed if the assessment is to proceed. These cover statutory obligations, flagship obligations, signed contracts, on track for signed contracts and strategic fit.
 2. 'Criteria for prioritisation' – of the six criteria, one is expenditure related, three are strategic alignment related (PfG and DfC strategies), one is deliverability related and **one considers 'Additional Benefits'**. Within the 'Additional Benefits' criteria, five sub-criteria are financial/ funding related (e.g. scope for leveraging additional funding) and two sub-criteria are social value focused:
 - Buy Social – this focuses on incorporating social value clauses into government procurement contracts (e.g. commitment to provide employment opportunities to the long-term employed as a condition of contract award); and
 - Shaping Places, creating places where people want to live work, visit and invest – this is the primary sub-criteria focused on considering the wider social value impact of projects.

Observations

- 3.3 The following observations have been identified in respect of this tool:
- The tool considers a comprehensive range of criteria (and sub-criteria) all relevant to prioritising projects (or programmes) for funding.
 - Of the 53 sub-criteria, only one considers the wider social value impact.

- The scoring approach is a positive or negative 1, 3 or 5 against each sub-criterion. Therefore, the current prioritisation tool does not seek to estimate or quantify the social value of a project (or programme) in financial terms.

Project business cases

3.4 DfC supplied a range of business cases and a post-project evaluation to review. These reports were completed in a pro-forma document consistent with the Northern Ireland Guidance to Expenditure Appraisal and Evaluation (NIGEAE). Observations are made on a collective basis (i.e. across all reports reviewed, not an individual project basis). In particular, the following was noted:

- Objectives and outcomes – on some occasions objectives could be activity focused, but the proforma encourages project teams to identify outcomes to the end user. This benefit to the end user should be the focus of all business cases and evaluations.
- Non-monetary benefits section provides opportunity to explore social value – business cases inherently focus more on financial and economic aspects of a project, but the non-monetary section provides the opportunity for the social value to be explored in more detail. An estimation of the social value was not conducted in any of the business cases reviewed.
- Projects demonstrate alignment with Government strategies – all projects typically showed alignment with Programme for Government (PfG) and the objectives of other relevant Government strategies. These objectives are often consistent with delivering social value such as creating a more equal society and creating more shared spaces, but this 'Strategic Case' component of the business case does not quantify the impact.

3.5 It is important to note that business cases have historically not been used to identify or quantify social value, so the observations above are not a critique of the business cases completed. Furthermore, given the relatively small scale of many individual projects, it is perhaps not appropriate to devote the level of resources required to estimating social value at the individual project level. Rather, **social value estimates could be identified at organisational or programme level.**

Social Value analyses

3.6 A range of social value analyses reports were reviewed which used the Social Return on Investment (SROI) methodology and the Social Value Engine toolkit to quantify the social value of a range of Government funded projects. Those reports made the following high-level findings:

- Data collection was not consistent across projects – the evaluators found there was no consistent data collection approach to monitor and evaluate the social value impact of projects. Project monitoring systems were not designed with social value measurement in mind. Some groups collected a wealth of data and others were creating more social value than could be robustly verified because of a lack of data.
- Challenges comparing across projects³⁰ – the analyses conducted quantified social value benefits and calculated SROI ratios for each project, but the RCN evaluators concluded that comparisons between projects are challenging (“The true value is more than just an SROI number”). Differences between capital and revenue projects and long term and short term projects have delivered different types of outputs, outcomes and achievements.

[This is a subjective conclusion from the RCN and whilst it is recognised that SROI analyses provide a rounded view of positive change and is part of a wider narrative about the impact of projects, they nevertheless also provide some basis to make an informed comparative judgement on the social value and return of different projects.]

- SROI evaluation process very valuable to project promoters – the process of going through the evaluation helped organisations understand the importance of demonstrating outcomes and achievements to funders, it validates their work/ effort and can be a positive motivation for staff.
- The Social Value Engine approach is user friendly – with the right support, community groups can learn to evidence and measure their impact using the proxies provided in the Social Value Engine tool.

³⁰ Rural Community Network (May 2021), *Social Value Analysis of DAERA Funded Projects*

4. Final observations

4.1 The following observations have been identified from reviewing previous business cases and the social value analyses reports:

- Increased focus on outcomes – the main benefit from conducting the social value analysis is not the identification of the SROI ratio itself, but the change in behaviour from project teams. In particular, it helps project managers focus on the project outcomes, from the planning stage, through implementation and to evaluation.
- Helps prioritise effort and activity – with a greater understanding of the outcomes (and associated activities) that end users value most, project promoters can focus their efforts and resources more effectively and efficiently.
- Evidencing the social value created – understanding the need and benefit from estimating social value creates the incentive to capture robust and comprehensive data from the outset and to include this thinking at the project planning stage.
- Complements the business case process – as noted above business cases do not currently seek to quantify the social value of projects. Given the well-established guidance on the completion of business cases, it would seem more appropriate for social value analyses to complement business cases rather than seek to embed them within business cases at this point. When quantifying social value becomes more mainstream and methodologies and expertise increases, it may then be appropriate to integrate both approaches.
- Embedding social value estimates into more project applications – smaller project groups found the Social Value Engine toolkit to be user friendly with some initial expert support. Embedding this type of measurement approach across the broader cultural sector could improve social value measurement and create greater focus on outcomes as mentioned above.
- Consider independent assessment of social value impact – there is also a benefit in having an independent assessment of social value derived from individual projects. There is a risk that groups which are good at the process of estimating social value, will receive more funding than other groups who may be less able to evidence the value they create. It could be argued that this type of risk has existed for many years, for example, groups well versed in completing funding applications will be more successful. Nevertheless, independent assessment also has benefits.

Annex A

The following links are provided to specific guidance which may be of benefit to DfC in applying some of these techniques.

Social Return on Investment (SROI)

A detailed guide is provided here:

<http://www.socialvaluelab.org.uk/wp-content/uploads/2016/09/SROI-a-guide-to-social-return-on-investment.pdf>

Arts Council England – see page 24 to 28 – includes reflections on an SROI exercise:

https://www.artscouncil.org.uk/sites/default/files/download-file/Measuring_the_economic_benefits_of_arts_and_culture.pdf

Measuring What Matters – a pilot SROI project carried out by the Rural Community Network (NI) and Rose Regeneration

<https://www.ruralcommunitynetwork.org/app/uploads/2021/06/SVE-Measuring-What-Matters.pdf>

Community Finance Ireland Report – completed by Rose Regeneration and RCN
Document provided by Department for Communities for this analysis

SROI Toolkits

Social Value Engine Homepage:

<https://socialvalueengine.com/>

Moore Kingston Smith Impact Measurement Toolkit – brief overview of the approach:

<https://www.culturehive.co.uk/wp-content/uploads/2020/08/Impact-Measurement-Toolkit.pdf>

Other Toolkits

Measuring the impact of events:

<https://www.eventimpacts.com/>