



Credit: Coventry City of Culture

Coventry City of Culture 2021



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Implementing the Culture and Heritage Capital Approach

Workshop 3

Cost Benefit Analysis Framework

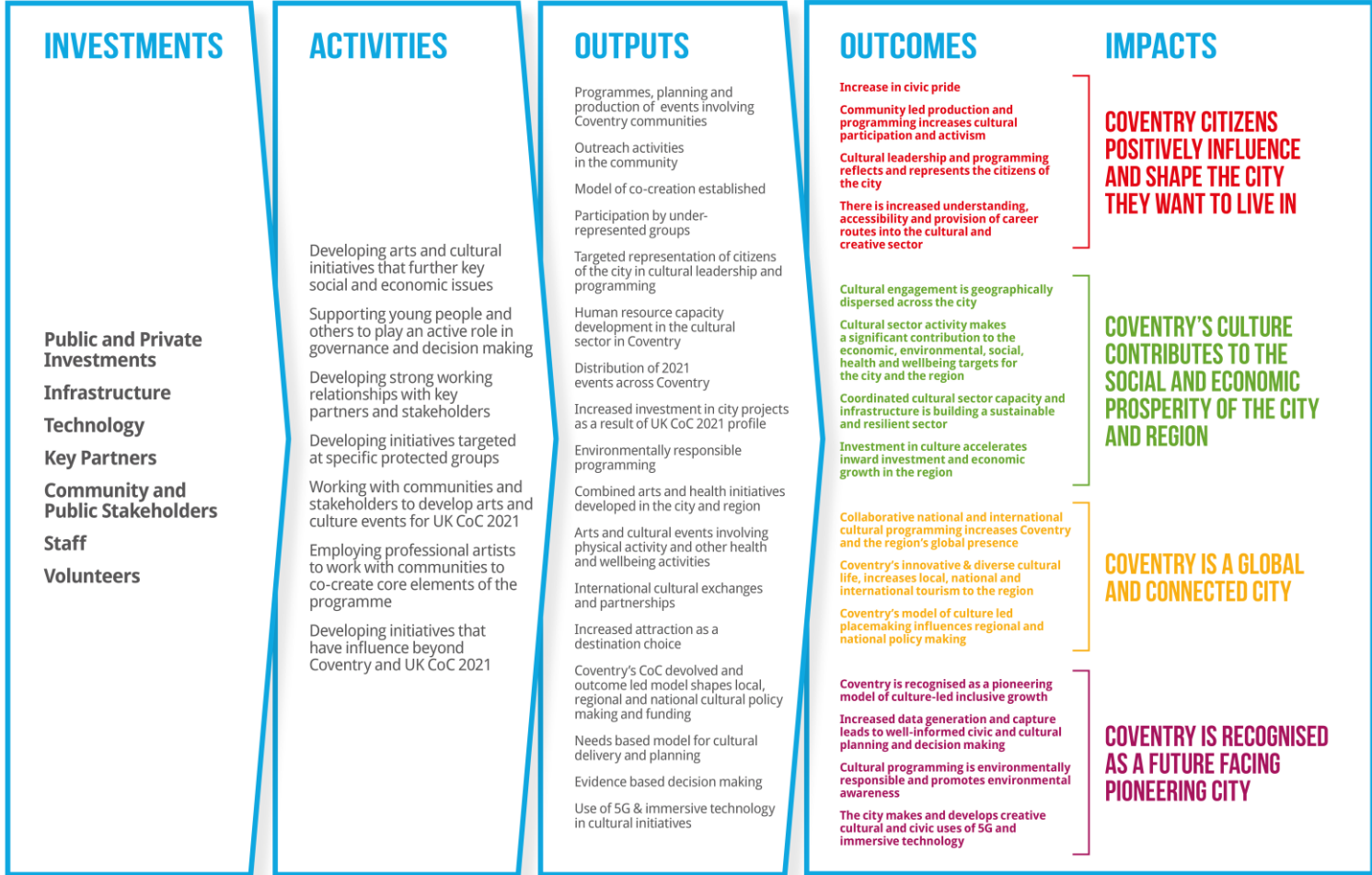
March 2022

Context

- ▶ CCoC 2021 – Social Cost Benefit Analysis (CBA) compliant with HM Treasury (HMT) guidance
- ▶ Revised HMT Green Book issued December 2020. Greater emphasis on:
 - **Place-based impacts** – local employment and productivity
 - **Distributional impacts** – equivalised income approach
 - **Equalities** – in line with Equality and Human Rights Commission
 - **Environmental** – cost of carbon (costs/benefits)
- ▶ DCMS Valuing Culture and Heritage Capital: A framework towards informing decision making (January 2021)

UK CoC 2021

Coventry UK CITY OF CULTURE 2021 LOGIC MODEL



UK CoC 2021



Programme*	Expenditure
Build up programme	£1,680,000
2021 Programme	£23,600,000
Marketing and PR	£3,400,000
CoC Trust staffing and on costs (excl secondments)	£5,622,955
Overheads and research	£1,906,850
Volunteering programme (City Hosts)	£750,000
Contingency	£720,195
	£37,680,000

Source: Coventry CoC 2021 Bid document; * Excludes partner contributions

Projected Economic Impact	Expenditure
Programme*	£61,360,000
Research	£2,000,000
Heritage and Cultural Capital	£64,800,000
Direct Hotel Construction	£14,000,000
Cultural and Creative SME growth	£5,000,000
Tourism impact of 2021	£106,915,698
Tourism impact of build-up and 2022	£95,731,193
Total	£349,806,891

Source: Coventry CoC 2021 Bid document; * Excludes partner contributions

2021 Events and activities Programme - examples:

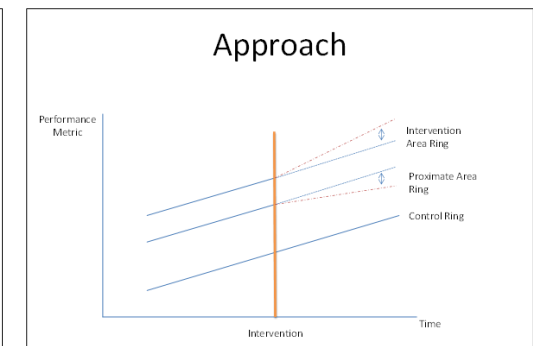
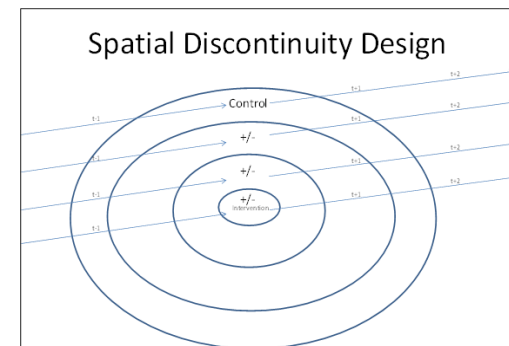
- ✓ Coventry Glides – Cathedral Ruins
- ✓ Turner Prize – Herbert Art Gallery and Museum
- ✓ Window Wonderland + Artist On My Street
- ✓ Try it! Art and Stitch Workshops
- ✓ Arts Industry Visits

CCoC 2021 CBA - approach

- ▶ Clear analytical CBA framework
- ▶ Clear typology of impacts (costs/benefits)
- ▶ Clear methodological approach
 - Data assembly/collection
 - Mixture of monetised and qualitative (textual)
 - Triangulation of methods (e.g., Travel Cost and Spatial Discontinuity)
 - Benefits transfer (e.g., contingent valuation and subjective wellbeing)



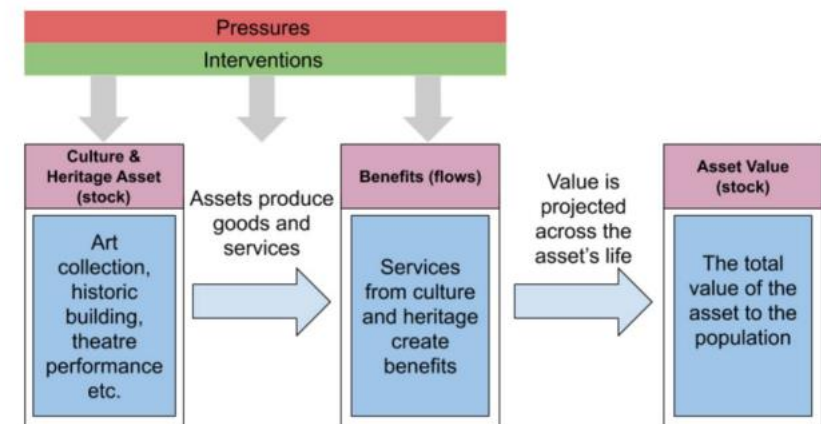
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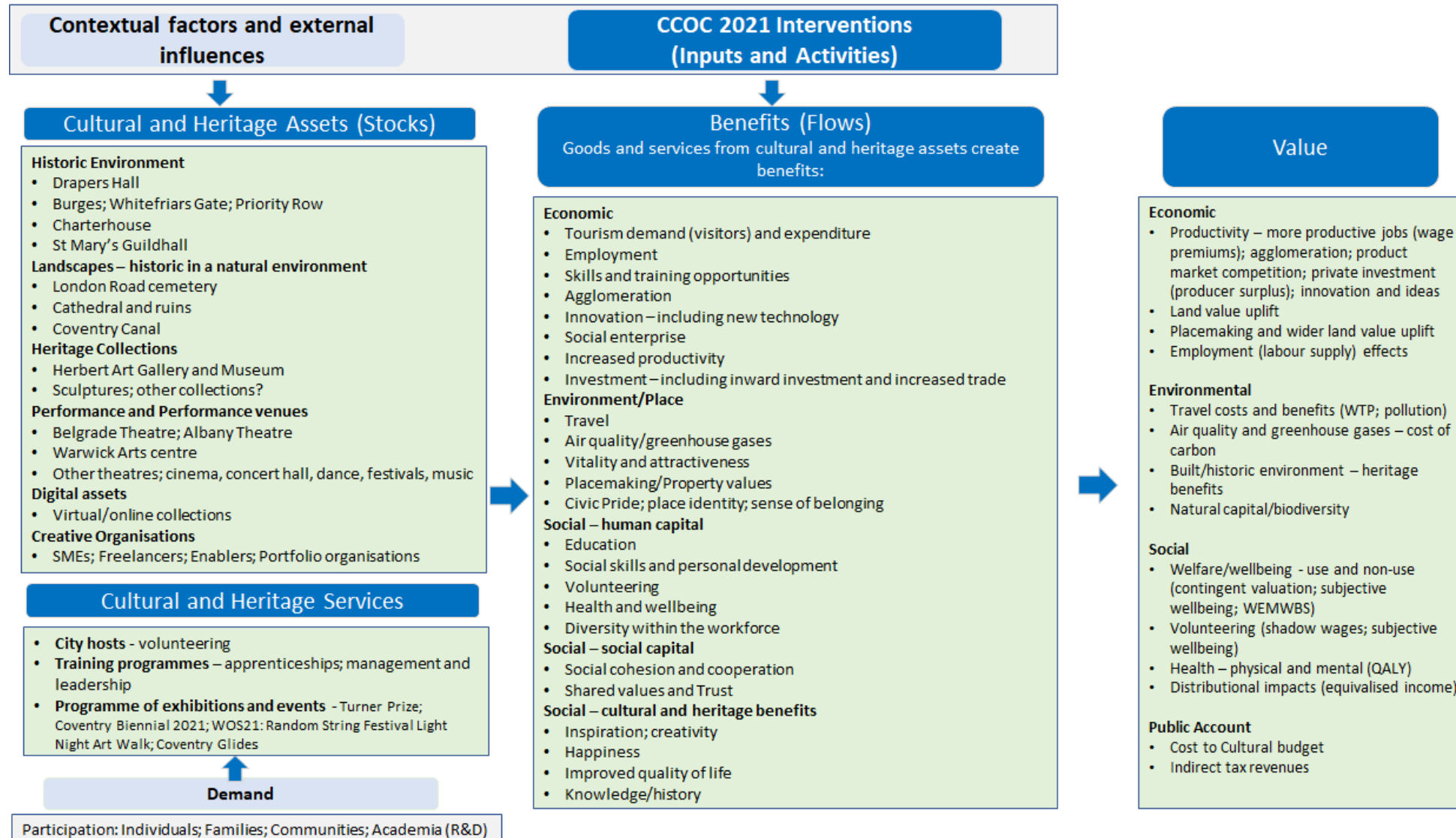
Clear Analytical Framework

- ▶ CCoC 2021 combines investment in cultural and heritage assets and funding for events (services)
- ▶ Core Cultural and Heritage CBA Framework will combine asset (stocks and Flows) and consumption services (flows) analyses
- ▶ Stocks and flow analysis will consider use and non-use values
- ▶ Externalities will also be included (e.g. positive including potential placemaking effects and negative effects such as congestion and carbon effects)

Framework for valuing Culture and Heritage assets



Clear Analytical Framework



Clear impact framework

- ▶ Developing a detailed Evaluation Summary Table (EST) for COCC 2021
- ▶ Summarising key impacts and sources/guidance
- ▶ Developing a matrix applying the EST framework to the assets/services associated with the CCOC 2021 Programme

Cultural Intervention Impacts		
Social	S1	Welfare/wellbeing - use
	S2	Welfare/wellbeing - non-use/existence
	S3	Accessibility - Generalised Travel Costs (individuals)
	S4	Transport - Active mode
	S5	Volunteering
	S6	Health - physical activity and mental wellbeing
	S7	Education/Skills - welfare/wellbeing
	S8	Placemaking - wider land value uplift (Hedonic pricing)
	S9	Amenity impacts
	S10	Distributional Impacts (Marginal Utility of Income - equalised distributional income)
Economic	Ec1	Productivity - Agglomeration (static or dynamic clustering)
	Ec2	Productivity - Product market competition (output change in imperfectly competitive markets)
	Ec3	Productivity - Private investment (producer surplus)
	Ec4	Productivity - Idea flows/innovation/R&D
	Ec5	Productivity - Labour supply impacts
	Ec6	Productivity - Movement to more (or less) productive jobs (wage premium)
	Ec7	Tourism - additional national added value
	Ec8	Land Value Uplift
	Ec9	Employment (labour supply) effects
	Ec10	Productivity - Education/Skills
	Ec11	Accessibility - Generalised Travel Costs (businesses)
Environmental	En1	Transport costs
	En2	Air quality and greenhouse gases
	En3	Built/historic Environment - heritage benefits
	En4	Natural capital/biodiversity
Public Accounts	Pa1	Cost to public sector budget - capital and revenue (gross and net)
	Pa2	Tax Implications

Clear methodological approach



- ▶ The evaluation will address a broad range of questions
- ▶ Many of the methods will provide evidence to inform the CBA
- ▶ Economic and econometric analysis will include testing counterfactual impact analyses using spatial discontinuity approach

Evaluation questions	Trust/Creative Industries financial data	Performance Monitoring Data (CRM)	Secondary data sources	Primary data surveys	Case studies with SMEs and CW10	Stakeholder interviews	Economic and econometric analysis	Cost Benefit Analysis
Economic Uplift to the City		✓	✓	✓	✓	✓	✓✓✓	✓
Achievement of objectives – tourism; investment; cultural and creative industries	✓	✓✓✓	✓	✓✓	✓✓	✓✓	✓✓	✓
Distribution of impacts	✓	✓✓	✓✓	✓✓	✓	✓	✓✓	
Unanticipated outcomes		✓		✓✓	✓✓	✓✓		
SME impacts		✓✓	✓	✓✓	✓✓✓	✓		
CW10 impacts	✓✓				✓✓✓	✓✓		
Was CoC 2021 a beneficial investment (VfM)	✓✓	✓✓	✓✓	✓✓✓	✓	✓✓	✓✓✓	✓✓✓
Wider benefits			✓	✓✓	✓✓	✓✓		✓
What worked well/lessons				✓✓	✓✓	✓✓		
Culture-led inclusive growth	✓			✓✓	✓✓	✓✓	✓✓	

EST Framework – CCOC 2021



- ▶ Developing a detailed Evaluation Summary Table (EST) for COCC 2021
- ▶ Summarising key impacts and sources/guidance
- ▶ Bringing together all key evaluation evidence into a single table
- ▶ Set out Benefit Cost Ratios (BCR) and Net Present Social Value (NPSV)
- ▶ Present other factors that cannot reliably be monetised
- ▶ Provides a key input into the overall judgement on value for money

Example Evaluation Summary Table (2021/22 prices, £m)

		CCoC2021 Programme
A	Present Value Benefits	£xxm
B	Present Value Costs / (Surplus)	£xxm
C	Net Present Social Value [A-B]	£xxm
D	Benefit-Cost Ratio [A/B]	X.X:X
E	Significant Non-monetised impacts	
F	Value for Money	<ul style="list-style-type: none">• BCR ratios• NPSV