



department for
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Executive summary: A framework for evaluating cultural policy investment

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Executive summary

The focus of this report has been to develop a framework for evaluating cultural interventions that sets out a ‘best practice’ approach to evaluating the benefits of public investment in culture. We show how a consistent conceptual framework for assessing the impact of cultural policy can be established. It can be applied to existing interventions or the development of new interventions. The framework has three steps:

- **Developing a policy matrix.** This provides a taxonomy for defining and identifying the different types of cultural policies that exist and what they aim to do – in particular how the interventions’ objectives relate to the overarching objectives for DCMS.
- **The rationale for each policy.** This involves understanding what the economic rationales are for the range of cultural policy interventions – it also involves mapping interventions to the various rationales and assessing the robustness of the arguments for intervention.
- **Evidence of impact.** This entails a critical understanding of the evidence that exists today on the benefits of cultural interventions. We describe the benefits that the policies are expected to deliver and the ways in which they could be measured.

We develop this framework in this report and show how it can be used in a practical way to evaluate the impact of cultural policy interventions. Figure 1 provides an illustration of the key elements of the framework. Each of the elements is discussed below.

Policy	Name of Policy						
Step 1: PSA/strategic objectives	Strategic objectives						
Step 2: Economic Characteristic	Education	Consumption	Research	Architecture & Renovation	Regeneration	Network Building	Clusters
Step 3: Rationale for intervention	Externalities Lack of information Quality of choice	Lack of information Externalities Coordination failure Quality of choice	Public good Quality of choice	Lack of information	Coordination failure Public good	Transaction costs Lack of information	Externalities Coordination failure
Step 4: Potential benefits from intervention	Improved exam results Improved 'soft skills' Larger supply of creative skill	Higher take up of cultural activities Increased number of repeat users	Enhanced knowledge base New products Input into education	Key input for other activities Projects not otherwise undertaken	New businesses Employment Higher skilled workers Graduate retention Tourism	Key input into other activities Reduced costs Better information flows	New businesses Skills training Graduate retention Employment

Figure 1: Framework for evaluating the impact of culture policies

Step 1: Strategic objectives

The first step is to identify which of the departmental strategic objectives the policy is aimed at. Ultimately, the success of the intervention will be measured by the extent to which it helps achieve the strategic objectives of the department.

In most cases it will be relatively straightforward to identify which objective is being targeted. However, in others, the intervention may appear to be targeting multiple objectives, and it is important to be clear about the relative intended impact of the policy.

Step 2: Key economic characteristics

The next step is to identify the key economic characteristics of the intervention. Typically, the type of investment is closely related to the underlying rationale for a policy. By identifying the key characteristics of the intervention, it will be easier to identify the rationale for the intervention. The flow of benefits to the intervention is also likely to vary considerably with its characteristics. Understanding the economic characteristics of the intervention is therefore an important step in developing the evaluation.

As can be seen from Figure 1 above, we have identified seven different types of cultural policy. Within DCMS, some of the current programmes are built around just one investment type but most contain elements of more than one.

The evidence base for one cultural policy in particular – clusters – is relatively thin. We have sought to address this through a case study which examines how the BBC’s investment in Scotland has led to clustering. A summary is provided in this chapter with a more in-depth description provided in Annexe 2.

Step 3: Identifying the market failure rationale

Having identified the key economic characteristics of the intervention, it is important to link these to the underlying market failure rationale. There are two main reasons for this:

- in the absence of a market failure rationale it is unlikely that the intervention will yield positive benefits; and
- by setting out the underlying market failure rationale it will become clear as to whether the policy under consideration is likely to correct the market failure, or whether it is the most appropriate policy to do so.

With regard to this latter point, take a policy that subsidises attendances at cultural events. If the underlying rationale is that people are not well-informed about the benefits of attendance, then it is not clear that merely subsidising attendance will overcome the problem. Even if it were to do so, it is not clear that it would yield benefits greater than other policies that more directly correct the problem – like providing information on events or improving cultural education.

As can be seen from Figure 1, each of the different policy types is associated with a number of rationales for intervention. The rationales set out in red are those for which we believe there is a relatively strong theoretical and empirical rationale. Those set out in blue are ones for which the economic case is less strong, and would need more work to develop.

Step 4: Identifying the benefits

The final step in the framework is to measure the benefits of the policy. The key steps are to:

- link the benefits to the correction of the identified market failure;
- take account of the ‘counterfactual’ – what would have happened in the absence of the intervention; and
- measure only genuinely additional benefits.

Figure 1 shows that the policy types are associated with a wide range of anticipated benefits. While some of these are classical economic benefits (for example, new businesses) many are benefits that have not traditionally been considered to be economic in the literature – for example, benefits around education and skills development or developing new products.

By following the approach set out above, it is possible to demonstrate the benefits that policies bring by linking them directly to the correction of identified problems and market failures.

In the report, we provide an illustration of the application of the framework using the Creative Partnerships programme. However, the aim is that the methodology can be used as a basis for examining interventions that currently exist and as a basis to an appraisal methodology for new interventions.

We have developed a practical framework that will allow DCMS to make better decisions about resource allocation between policy interventions, and understand more about what is important and what is less important. However, the framework is not a mechanistic or quantitative tool that simply churns out a set of numbers so that a policymaker can objectively assess each policy intervention and rank them in order of importance. Cultural investment, like other areas of policy (e.g. health and education), cannot be treated in that way and it would not be appropriate to do so.

An appreciation of how best to use the framework requires an understanding that incommensurables and uncertainties are pervasive in cultural investment. The framework will help policymakers to think more clearly and logically about the choices they face and will provide them with more relevant and improved information on which to base decisions.

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