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Ipsos MORI

Annex to Evaluation of the Culture Recovery Fund

4th July 2022

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- To what extent did an application to CRF enable organisations to develop and deliver a plan that could lead them towards financial sustainability (bearing in mind the slightly differing CRF 1 and CRF 2 objectives)?
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- Were there significant cultural organisations that failed because they could not access a CRF grant in time?

Wider Financial, Economic, Cultural and Social Impacts

- **Headline question: What impact has CRF had across the broader creative and heritage sectors?**
- For those applicants who were rejected for reasons relating to failing to demonstrate financial need, how many were then unable to trade viably?
- For those applicants who were rejected for reasons relating to failing to demonstrate financial need, how many were able to trade viably?
- What were the implications of losing organisations unable to trade viably by June 2021? For example:
  - Direct cost to public sector and government;
  - Ongoing financial liabilities to public sector or government;
  - Loss of, or greater risk to, cultural and heritage assets.
- For CRF1 and 2 respectively, were there any wider additional economic and social implications for areas in which organisations:
  - Were successfully supported and able to trade viably up to June 2021?
  - Were supported but unable to trade viably by June 2021?
    - By cultural, economic and social implications we are interested in:
      - To what extent did the CRF sustain the skills and talent pipeline and support retention of specialist skills, for example did CRF avoid labour market scarring?
      - To what extent did the CRF support maintenance of supply chains?
      - To what extent did the CRF support the ability of organisations to commit to their social, educational and community programmes beyond June 21?
      - How far did the CRF sustain the country's culture and heritage physical assets in a good state of repair?
    - We are also interested in to what extent there were changes in employment between those organisations receiving funding and those not funded (e.g. redundancies, restructuring, use of freelancers)?

Value for money

- **Headline question: Has the CRF demonstrated value for money?**
- How far have the inputs to the CRF been obtained at optimal cost?
- How far has the CRF delivered its outputs efficiently?
- How effectively has CRF delivered its results?

Consistency and application of criteria

- **Headline question: Did the criteria for CRF awards enable the delivery of the intended outcomes across the cultural sector? Were the funding criteria applied consistently?**

  - When considering the above two questions, the evaluators should particularly consider:
    - The experience of commercial and not-for-profit organisations;
    - The experience of different sectors;
    - The experience of organisations in different parts of the country;
    - The experience of organisations without a track record of applying to public funding compared to those with a track record.)
- Are there indications that there may have been organisations rejected as a result of inconsistent application of the criteria?

The Process Evaluation questions

- **Headline question: What lessons can we learn from the CRF process for future sector support schemes?**

Targeting

- How were the different grants and loans funding schemes designed, who were they targeted at and what can be learned from the delivery methods used?
- How did the design of the fund and loans change over the two iterations?
- Did the scope of the fund change, or who was targeted through delivery?
- How many applicants were successful in the grants and loan schemes, and what were their reasons for applying for CRF funding?

- How did the programme design balance the need for emergency support with wider government aims? What could be learnt from this?

Application

- What worked well or less well in engaging cultural organisations during the application process?
- Did applicants have the necessary information to inform their decision to apply for a loan or a grant?
- To what extent did the conditions and terms of the grant or loan affect the decision to apply?
- Could the application and guidance process be improved? How did different types of organisations' experiences of the application and guidance process vary?

Implementation

- What did those administering the funding think were the enablers and barriers to delivering two rounds of funding during a changing health context?
- What specific capabilities and resources were needed to deliver CRF at pace, as an emergency response programme?
- How did the different stakeholders (DCMS, ACE, HE, NLHF, external contractors) work together to deliver the loans and grants; what worked well and not so well?
- Were the administrative costs incurred for CRF to be expected, given the scale of the programme and the circumstances which it responded to?
- The delivery approach for the programme shifted during the delivery process. To what extent did these changes enable the programme to improve the delivery model, and/or did these changes create challenges?

Decision-making

- How did the management and governance structures affect the delivery of the loans and grants?
- How was the risk appetite of the Independent Board reflected in decision-making?
- To what extent did the cultural and financial criteria and assessments enable effective decision-making by the relevant decision maker (i.e. ALBs, CRF board)?

Governance

- What lessons can be learned from the hybrid delivery model, where DCMS contracted with ALBs to deliver the loans programme and seconded staff into a Secretariat to support the Board?
- How useful was the information provided by the Secretariat to support the Board in its assurance function over the CRF programme?

CRF 3

The Impact Evaluation questions

Cultural Sector Impacts

- **Headline question: To what extent has CRF delivered it's intended impacts and outcomes for the organisations that received funding?**
- What was the impact of CRF1&2 in preventing insolvencies in the culture and heritage sectors by 31st June t 2021? (CRF3 impacts cannot be assessed.)
- What was the impact of CRF in supporting cultural and heritage organisations to a) survive; b) re-open or c) adapt up to June 2020? (CRF1&2 only) (CRF3 impacts cannot be assessed.)
- To what extent did an application to CRF enable organisations to develop and deliver a plan that could lead them towards financial sustainability (bearing in mind the slightly differing CRF 1 and CRF 2 objectives)? To what extent were they financially sustainable by December 2021/ January 2022 and could they trade viably without additional government assistance? What role did CRF1, 2 and 3 play in achieving this?
- How viable were these plans at the point finance was allocated, and how far did they remain realistic up to June 2021, in light of the evolving context and public health assumptions?
- To what extent were organisations funded by the CRF 1&2 on a trajectory towards financial sustainability (i.e. no longer requiring emergency government funding)? What role did CRF play in achieving this?
- What was the relative effectiveness of the grants in supporting organisations towards financial sustainability, bearing in mind the differences in CRF 1 and CRF 2 objectives?
- What was the relative effectiveness of the loans in supporting organisations towards medium term financial sustainability?

- What were the positive cultural impacts on the wider sector of CRF supporting cultural organisations?
- What were the negative impacts of losing any cultural and heritage organisations that were not able to trade viably on or by June 2021 (e.g. loss of significant cultural and heritage assets, reduced partnerships etc) and December 2021/ January 2022?
- Were there significant cultural organisations that failed because they could not access a CRF grant in time?

Wider Financial, Economic, Cultural and Social Impacts

- **Headline question: What impact has CRF had across the broader creative and heritage sectors?**
- For those applicants who were rejected for reasons relating to failing to demonstrate cultural need, how many were able to trade viably?
- For those applicants who were rejected for reasons relating to failing to demonstrate financial need, how many were able to trade viably?
- What were the implications of losing organisations unable to trade viably by June 2021 and December 2021/ January 2022? For example:
  - Direct cost to public sector and government;
  - Ongoing financial liabilities to public sector or government;
  - Loss of, or greater risk to, cultural and heritage assets.
- For CRF1 and 2 respectively, were there any wider additional economic and social implications for areas in which organisations:
  - Were successfully supported and able to trade viably up to June 2021?
  - Were supported but unable to trade viably by June 2021?
    - By cultural, economic and social implications we are interested in:
      - To what extent did the CRF sustain the skills and talent pipeline and support retention of specialist skills, for example did CRF avoid labour market scarring?
      - To what extent did the CRF support maintenance of supply chains?
      - To what extent did the CRF support the ability of organisations to commit to their social, educational and community programmes beyond June 2021?

- ☐ How far did the CRF sustain the country's culture and heritage physical assets in a good state of repair?

▷ To what extent were there changes in employment between those organisations receiving funded and not funded (e.g. redundancies, restructuring, use of freelancers)?

Value for money

▶ **Headline question: Has the CRF demonstrated value for money?**

▶ How far have the inputs to the CRF been obtained at optimal cost?

▶ How far has the CRF delivered its outputs efficiently?

▶ How effectively has CRF delivered its results?

Consistency and application of criteria

▶ **Headline question: Did the criteria for CRF awards enable the delivery of the intended outcomes across the cultural sector? Were the funding criteria applied consistently?**

▷ (When considering the above two questions, the evaluators should particularly consider:

- The experience of commercial and not-for-profit organisations;
- The experience of different sectors;
- The experience of organisations in different parts of the country;
- The experience of organisations without a track record of applying to public funding compared to those with a track record.)

▶ Are there indications that there may have been organisations rejected as a result of inconsistent application of the criteria?

The Process Evaluation questions

▶ **Headline question: Did the criteria for CRF awards enable the delivery of the intended outcomes across the cultural sector?**

Consistency and application of criteria

▶ Were the funding criteria applied consistently? Considering:

▷ The experience of commercial and not-for-profit organisations;

- ▷ The experience of different sectors;
- ▷ The experience of organisations in different parts of the country;
- ▷ The experience of organisations without a track record of applying to public funding compared to those with a track record.

- ▶ Are there indications that there may have been organisations rejected as a result of inconsistent application of the criteria?
- ▶ **Headline question: What lessons can we learn from the CRF process for future sector support schemes?**

Targeting

- ▶ How were the different grants and loans funding schemes designed, who were they targeted at and what can be learned from the delivery methods used?
- ▶ How did the design of the fund and loans change over the two iterations?
- ▶ Did the scope of the fund change, or who was targeted through delivery?
- ▶ How many applicants were successful in the grants and loan schemes, and what were their reasons for applying for CRF funding?
- ▶ How did the programme design balance the need for emergency support with wider government aims? What could be learnt from this?

Application

- ▶ What worked well or less well in engaging cultural organisations during the application process?
- ▶ Did applicants have the necessary information to inform their decision to apply for a loan or a grant?
- ▶ To what extent did the conditions and terms of the grant or loan affect the decision to apply?
- ▶ Could the application and guidance process be improved? How did different types of organisations' experiences of the application and guidance process vary?

Implementation

- ▶ What did those administering the funding think were the enablers and barriers to delivering two rounds of funding during a changing health context?

- What additional capabilities and resources were needed to deliver CRF at pace, as an emergency response programme?
- How did the different stakeholders (DCMS, ACE, HE, NLHF, external contractors) work together to deliver the loans and grants; what worked well and not so well?
- Were the administrative costs for CRF to be expected, given the scale of the programme and circumstances which it responded to?
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Decision-making

- How did the management and governance structures affect the delivery of the loans and grants?
- How was the risk appetite of the Independent Board reflected in decision-making?
- To what extent did the cultural and financial criteria and assessments enable effective decision-making by the relevant decision maker (i.e. ALBs, CRF board)?

Governance

- What lessons can be learned from the hybrid delivery model, where DCMS contracted with ALBs to deliver the loans programme and seconded staff into a Secretariat to support the Board?
- How useful was the information provided by the Secretariat to support the Board in its assurance function over the CRF programme?

Section 2: Telephone survey – technical note on approach

To support the evaluation, Ipsos completed 925 telephone interviews between 7th July and 9th December 2021, with a mix of successful and declined applicants. This annex explains the approach to sample selection, data collection and analysis in detail.

Sampling approach in detail

For the telephone survey Ipsos were provided with details of more than nine thousand individual applications to CRF in the spring of 2021 from participating ALBs (ACE, NLHF, BFI). These applications spanned round one and two and organisations would have been included within the application data multiple times if they applied for funding more than once. Therefore, to develop a sample frame for the survey which reflected an accurate view of the universe of organisations that did or did not receive funding from CRF, a process was put in place to aggregate application-level data into organisation level data. Where relevant, several applications for one organisation were aggregated into one record, indicating whether that organisation has received funding or not, in which round, and how much funding was received: as well other profiling information for that organisation such as discipline, company size or region.

In total, as outlined below, more than nine thousand individual applications were aggregated into just under seven thousand organisation level records.

Table A1: Summary of applicant aggregation

ALB	Number of applications	Number of organisations
ACE	7149	5166
NLHF	1707	1367
BFI	223	139
NLHF Standalone	24	22
Total	**9,103**	**6,694**

Because ALBs recorded and presented application-level data differently a detailed and systematic process of aggregation was undertaken including the follow steps:

Where ALBs provided unique organisation identifiers these were used to aggregate different applications from the same organisation.

- In addition, Ipsos manually reviewed application-level data using identifiers such as postcode, applicant name, email address and phone number to identify further candidates for aggregation.
- A 'master record' was then created for each organisation indicating whether they had successfully received funding or been declined. Organisations were allocated as successful if they had received any money from any round of CRF funding. Organisations were allocated as declined if they had applied and not received funding.
- Where organisations had been successful, Ipsos calculated the sum of all successful applications to see how much money they had received from CRF in total.
- For profiling purposes, where details such as organisation discipline or size differed across application, we used the details from their earliest application where possible. Where an organisation had applied for funding from different ALBs, for sampling purposes they were allocated to the ALB where they had applied for or received most funding.
- The result was each organisation level record in our sample indicated whether the organisation has been successful for applying for funding or not, when they received funding and how much they received overall. In addition, we were able to profile organisations by key firmographic variables such as discipline, org size and region.
- As an additional quality check, application details were confirmed with survey participants during the telephone interview, and they were given the opportunity to correct them if necessary. Overall, 95% confirmed application details were correct demonstrating that the aggregation exercise had worked well[1].

In total, our potential sample universe included 4,214 organisations that successfully received CRF funding and 2,480 that were declined.

Sample selection for successful applicants

Once a sample universe was developed, Ipsos then had to select a sample to approach for survey. From here successful and declined applicants were dealt with separately. As Ipsos initially set target of n=500 telephone surveys with successful applicants from a sample universe of 4,214 organisations, it would not be necessary to approach every organisation. Therefore, in selecting organisations to approach, Ipsos applied two principles.

- First, Ipsos identified certain groups that would be useful for analysis purposes but where the eligible sample universe was small (e.g., successful applicants from BFI) and therefore random sampling would not yield sufficient sample sizes for analysis.

[1] For the remaining 5% respondents were given the opportunity to correct the data if things had changed since the original sample were provided. However, checks undertaken versus the MI showed that for most of this group the respondent was mistaken, and the initial application details were in fact correct. This was dealt with at the data cleaning and analysis phase detailed later in this annex.

For these groups a *census* was undertaken, meaning that all eligible applicants were approached.

- Secondly, where numbers of eligible applicants were larger (e.g., successful applicants from ACE, NLHF), organisations were randomly invited to participate on a 1 in n basis. Sample were stratified by key profiling variables (region, round, amount of money received) to ensure a representative sample were selected. Reserve sample was held for groups that it was anticipated might be hard to reach (e.g., medium and large organisations) and these were invited to participate later in the survey process as appropriate.

In total, n=1,891 organisations that successfully received funding were identified to participate in the survey. A small subgroup of this audience was invited to take part in a pilot survey, with the remainder eligible to take part in the main phase of research. The exact breakdown of the n=1,891 organisations identified to participate can be found below. As we can see this group is dominated by successful applicants from ACE and NLHF:

Table A2: Sample selection for successful organisations

Group	# of organisations
Successful applicants from ACE and NLHF	1,275
Census groups BFI successful applicants, NLHF standalone, ACE loan recipients	206
Boost samples of small ACE / NLHF organisations (FTEs 10-49)	195
Reserve samples of medium and large ACE / NLHF organisations (FTEs <50)	133
ACE / NLHF / BFI successful selected for pilot	82
Total	**1,891**

It should be noted that the approach to sampling undertaken by Ipsos was based on sampling organisations rather than individuals. This means that should an individual submit applications on behalf of different organisations, they might be included in the sample universe more than once as a potential survey contact. Therefore, to avoid contacting an individual respondent more than once, a final round of deduping was undertaken before survey invitations were issued. Here, if an individual contact appeared in the sample more than once they were only approached to answer on behalf of one of the organisations they applied on behalf of. Respondents were also removed if they had been invited to take part

in case studies or if their phone number was on a national 'do not call' register. This served to reduce the number of survey invitations issued to successful applicants from n=1,891 to n=1,848. Therefore, the response rate outlined later in this annex refers to the latter figure.

Sample selection for declined applicants

For declined applicants the approach to sample selection was slightly different. Here Ipsos took the initial universe of 2,480 organisations that had been declined funding and sought to create a suitable 'control' group of declined applicants that would be appropriate for comparison to the treatment group of applicants that received funding. The primary purpose of this exercise, rather than simply randomly sampling, was to identify a comparison group of organisations that could be considered to share equivalent characteristics to those that were awarded funding. Details of the construction of the comparison group are provided in Section 4 of the annex.

Table A3: Sample selection for declined organisations

Group	# of organisations
Initial control group of declined organisations meeting financial eligibility criteria	789
Census groups BFI declined applicants and other declined applicants not applying for grant	83
Expanded control group during fieldwork	478
Total	**1,350**

As for successful applicants, a further round of deduping was undertaken before survey invites were issued so as to only contact individual applicants once, even if they had applied on behalf of more than one organisation. Respondents were also removed if they were used in evaluation case studies, or they were on a national DNC register (this led to the removal of around 15 organisations and would not have caused issues with selection bias). Therefore, the total number of survey invites issued to declined applicants was n=1,314 and this is the total referenced in the response rate below.

For both successful and declined applicants, quotas were set on key profiling variables within each audience to ensure a representative sample were surveyed. A full breakdown

of the achieved survey profile versus the target universe can be found in the 'respondent profile and weighting' section later in this annex.

Survey fieldwork and response rate

Overall, 925 interviews were undertaken between 7th July and 9th December 2021. These interviews were completed in two phases:

- A pilot phase of 24 interviews was completed between 7th and 16th July 2021. The average interview length for these interviews was 46 minutes.
- The main phase of 901 interviews was conducted between 8th September and 9th December 2021. The average interview length for this phase was 31 minutes.

As we can see the initial survey piloted was far too long and a significant process of rationalisation of survey questions was undertaken post pilot to reduce the survey length to under 30 minutes. This was not quite achieved in the end, but the final survey was much shorter than the one piloted.

A full version of the final survey instrument used can be found in the annex below, but key survey themes included:

- Introduction and confirmation of applicant details.
- Organisation characteristics e.g., # of sites or visitors per year, current status.
- Financial health pre application – income, expenditure, liabilities, reserves, perceptions of financial viability.
- Financial health post application – income, expenditure, liabilities, reserves, perceptions of financial viability.
- Staff numbers pre application – # of full-time, part-time employees, freelancers, volunteers. Use of furlough. Redundancies.
- Staff numbers at the time of survey – # of full-time, part-time employees, freelancers, volunteers. Use of furlough. Redundancies.
- Use and impact of funding (if received) plus other sources of funding accessed.
- Current status (fully / partially re-opened or not).
- Confidence in future financial viability.
- Wrap up and permissions.

Looking at the nature of the questions asked, it is well understood that fieldwork was a challenging task. Respondents were being asked to provide detailed and sensitive information on their finances and jobs at different time periods during the past two years. Not only did this require a degree of preparation for those willing to take part, this also presented a challenge specifically with declined applicants – who may not have seen the material benefit to them of participating considering that they did not receive funding.

- Several steps were taken to maximise response rates and ensure data quality in this context:
- DCMS and ALBs issued communications to applicants to let them know the research was happening and to encourage participation.
- Invite emails were sent by Ipsos ahead of fieldwork to explain the purpose of the research and crucially the type of information we would need to capture. Each respondent received up to three reminder emails during fieldwork.
- Ipsos staff managed an email mailbox where respondents could make appointments, ask for further information or opt-out as required.
- Interviews were conducted by telephone with each respondent being contacted up to 8 times. Interviewers made appointments with participants if they could not participate at the time of the call.
- Respondents were strongly encouraged to consult the invite email ahead of their interview so they could prepare the detailed financial and jobs information required ahead of time. This served a twin purpose of shortening the interview, thus improving the respondent experience and also maximising data quality by giving the survey participant time to prepare answers and consult others in their organisation as appropriate.

Across both surveys the overall response rate was 29% but this differed significantly for successful and declined applicants. For successful applicants the response rate was 37% and for declined it was 19%. A full breakdown by audience can be found below.

Table A4: Telephone response rate

	Total		Successful		Declined	
	# Records	%	# Records	%	# Records	%
Abandoned	76	2%	30	2%	46	4%
Answer machine / no answer / busy	1099	35%	651	35%	448	34%
Appointment	104	3%	81	4%	23	2%
Complete	**925**	**29%**	**679**	**37%**	**246**	**19%**
Number disconnected	109	3%	70	4%	39	3%

	Total		Successful		Declined	
	# Records	%	# Records	%	# Records	%
Opt out / refused	588	19%	185	10%	403	31%
Other ineligible	7	0%	5	0%	2	0%
Over quota	27	1%	27	1%	0	0%
Removed cleaning*[2]	2	0%	1	0%	1	0%
Respondent screenout	10	0%	3	0%	7	1%
Unavailable during fieldwork	136	4%	74	4%	62	5%
Wrong number	79	2%	42	2%	37	3%

Data analysis and cleaning

Before survey data were weighted a thorough data cleaning exercise was undertaken. This mainly consisted of:

- Removing two completed interviews from the final dataset based on the answers they gave to the survey.
- Reviewing cases where the respondent disagreed with the application details put to them versus publicly available data and deciding what action to take.
  - This only occurred in 49 of the initial 927 interviews completed and in most cases, it was the respondent that was mistaken rather than the MI. For example, some respondents misunderstood when they got money.
  - In total, 4 respondents were moved from the successful to declined group or vice versa as part of data cleaning. These isolated cases occurred where MI was misleading or inaccurate. However, overall, it should be stressed that this occurred

[2] In the main phase of fieldwork Ipsos actually completed n=927 interviews but quality checks showed that two respondents – one successful and one declined – should be removed based on the answers they gave. One respondent gave inconsistent answers and the other was a duplicate respondent where the organisation had completed the survey twice.

in a very small minority of cases and this does not impact the evaluation findings in any way. These changes are reflected in the above response rate.

- A thorough check of financial and jobs data provided by respondents was also undertaken to review where implausible figures might be provided (these would be removed from the final analysis) and to ensure mean and median scores provided in the final analysis were calculated correctly.
- Finally, where appropriate, data from the pilot and main waves of the survey were aggregated where this was possible. In most cases this happened by default as the same questions were asked at each phase. However, where questions were changed in some way, each question was reviewed to see if the two phases of data could be sensibly combined for analysis purposes.

Once data cleaning was finalised, survey data were weighted to be representative of the sampled universe (see 'respondent profile and weighting' for more). Data tables are provided alongside this report containing analysis by successful and declined applicants as well as additional profiling variables including by application round, region, amount of funding awarded, organisation discipline and others. Survey results are subject to statistical error. Confidence intervals for successful organisations stand at +/- 4 points at the 50% level. For declined applicants this figure is +/- 6% points. For smaller subgroups confidence intervals can be much larger and should be treated with care. Any sample size of less than 50 respondents should be treated as indicative only.

Respondent profile and weighting

This section of the annex provides a detailed breakdown of the achieved respondent profile for the successful and declined survey audiences and how these compared to the sampled target universe. Here we also detail our approach to the weighting of survey data too.

Tables A5 and A6 below show the target sample universe for successful and declined applicants and the achieved profile for each audience. As we can see, for both audiences, the achieved respondent profile was very similar to the target universe due to effective quota sampling.

Table A5: Respondent profile for successful applicants compared to universe

Category	Profile	Universe (n=4,214)	Universe (n=4,214)	Achieved (n=679)	Achieved (n=679)
ALB	ACE	3292	78%	498	73%
	NLHF	782	19%	142	21%
	BFI	118	3%	37	5%
	NLHF standalone	22	1%	2	0%

Category	Profile	Universe (n=4,214)	Universe (n=4,214)	Achieved (n=679)	Achieved (n=679)
Org size	Small (>50 FTEs)	3697	88%	568	84%
	Medium (50-249)	220	5%	66	10%
	Large (250+)	42	1%	10	1%
	Unknown	255	6%	35	5%
Region	London + South	2211	52%	376	55%
	Midlands + East	1005	24%	155	23%
	North	991	24%	145	21%
	Scotland / Wales[3]	7	0%	3	0%
Discipline	Combined Arts	530	13%	79	12%
	Film	123	3%	39	6%
	Historic Areas	474	11%	81	12%
	Music	854	20%	112	16%
	Theatre	659	16%	118	17%
	Other	1574	37%	250	37%
Money awarded	CRF 1 only	1369	32%	202	30%
	CRF 2 only	1480	35%	227	33%
	CRF 1+2	1365	32%	250	37%

Table A6: Respondent profile for declined applicants compared to universe

Category	Profile	Universe (n=1,350)	Universe (n=1,350)	Achieved (n=246)	Achieved (n=246)
ALB	ACE	1152	85%	191	77%
	NLHF	177	13%	52	21%
	BFI	21	2%	3	2%
	NLHF standalone	0	0%	0	0%

[3] Data on the regional distribution of applicants was provided by ALBs and some organisations provided the address of their headquarters in Scotland and Wales (although sites in these areas were not eligible for funding)

Org size	Small (>50 FTEs)	1196	89%	224	91%
	Medium (50-249)	34	3%	9	4%
	Large (250+)	10	1%	1	0%
	Unknown	110	8%	12	5%
Region	London + South	790	59%	142	58%
	Midlands + East	264	20%	57	23%
	North	291	22%	47	19%
	Scotland / Wales	5	0%	0	0%
Discipline	Combined Arts	119	9%	28	11%
	Film	31	2%	7	3%
	Historic Areas	115	9%	37	15%
	Music	285	21%	33	13%
	Theatre	137	10%	20	8%
	Other	663	49%	121	49%
Round applied	CRF 1 only	352	26%	57	23%
	CRF 2 only	858	64%	160	65%
	CRF 1+2	140	10%	29	12%

Data were then weighted. Two types of weights were applied:

- RIM weighting on successful and declined survey responses to ensure each group was representee of the target universe based on the above profile. This data is typically used for organisation profiling and basic questions such as perceptions of financial viability or what sources of funding were accessed beyond CRF. Because the achieved respondent profile closely matched the target universe the weighting efficiency for each audience was very high (92.5% for successful applicants and 89.4% for declined).
- Propensity score matching weights were applied to declined applicants for financial health and jobs metrics to control for differences between successful and declined organisations that may be driven by organisation profile, rather than the impact of CRF / other funding.

The type of weighting used in different analyses is indicated throughout the report as appropriate.

Research instruments

Below are copies of research instruments used for the telephone survey

Questionnaire

CRF 1 & 2 Survey

We are conducting an important survey about the Culture Recovery Fund on behalf of the Department for Digital, Culture, Media & Sport. Our records show that you applied for CRF funding, and this call is to invite you to take part in a 25-minute telephone survey about your organisation. You should have received an email about this research recently?

Findings from the survey will be used to help DCMS evaluate the impact of CRF funding on the UK culture sector.

This research is being conducted by Ipsos MORI, in accordance with the MRS Code of Conduct and General Data Protection Regulation (GDPR). Your responses will be strictly confidential, no answers will be attributable to any individual without your explicit consent. You are under no obligation to answer any of the questions asked and you can choose not to participate at any time.

Q1 [ASK ALL]

- ▶ Can I just check the organisation name that we have for you is [INSERT ORGANISATION NAME], is this correct? Is this the organisation that you applied for funding on behalf of?
  - ▷ Yes
  - ▷ Yes – but modification on spelling or minor amends to name (WRITE IN)
  - ▷ No

Q2 [ASK ALL]

- ▶ Can I confirm that your organisation applied for funds from the CRF in either CRF 1 or CRF 2? We will ask about these applications in more detail later.
  - ▷ Yes
  - ▷ No

Q3 [ASK ALL]

- ▶ Is your organisation a venue / site / space or collection that is open to the public?
  - ▷ Yes
  - ▷ No
  - ▷ Don’t know

Q4 [ASK ALL]

- How many sites did your organisation operate from in 2019?
  - Only one
  - Don't know
  - Prefer not to say

Q5 [ASK ALL ORGPUBLIC = 1 (OPEN TO THE PUBLIC)]

- Approximately how many face-to-face visitors / audience members did your organisation have in 2019 across the sites you operated from?
  - WRITE IN ANSWER
  - Not applicable
  - Don't know
  - Prefer not to say

Q6 [ASK ALL ORGPUBLIC = 1 (OPEN TO THE PUBLIC)]

- Approximately how many face-to-face visitors / audience members did your organisation have in the past 12 months across the sites you operated from?
  - WRITE IN ANSWER
  - Not applicable
  - Don't know
  - Prefer not to say

Q7 [ASK ALL]

- Had your organisation closed permanently by June 30th, 2021? We do not mean closed due to coronavirus restrictions but ceased trading on a permanent basis.
  - Yes
  - No
  - Don't know
  - Prefer not to say

Q8 [ASK IF SITES CODE 1 OR 2 IS ONLY ONE / MORE THAN 1 AND CEASED TRADING = NOT1]

- How many of your sites remain operational today? Please include sites that are closed but may reopen in the future.
  - SCROLL DOWN BOX FOR # OF LOCATIONS
  - All of them
  - None of them
  - Don't know (DO NOT READ OUT)

▷ Prefer not to say (DO NOT READ OUT)

Q9 [ASK ALL]

▶ We would just like to confirm a couple of details about your application or applications to the Culture Recovery Fund. Our records show that you were:

['FUNDING OUTCOME SUMMARY']

- [Successful / Declined / did not apply] in CRF 1

- [Successful / Declined / did not apply] in CRF 2

- [IF SUCCESSFUL CRF 1] You were awarded [INSERT AMOUNT] in CRF 1

- [IF SUCCESSFUL CRF 2] You were awarded [INSERT AMOUNT] in CRF 2

Does this sound about right?

▷ Yes

▷ No

▷ Don't know

Q10 [ASK IF CEASEDTRADING=1]

▶ Earlier you indicated that your organisation has ceased trading or permanently closed. What were the main reasons you decided to close permanently?

▷ OPEN-ENDED WRITE IN

▷ Don't know

Q11 [ASK ALL]

▶ What was your organisation's total operating income for 2019/2020? This would include grants for revenue expenditure (but not capital grants), proceeds of loans and other public subsidies as well as any earned and contributed income (e.g., sponsorship and donations)

▷ WRITE IN ANSWER

▷ Don't know

▷ Prefer not to say

Q12 [ASK ALL NOT 2/3 AT FINANICAL HEALTH_2020_TOTAL_INCOME]

▶ And what percentage of your organisation's income for the financial year 2019/20 came from the following sources? Again, please note your best estimate is fine.

▷ Earned income

▷ Revenue grants (Any grants to fund operating expenditure)

▷ Contributed income (sponsorship and donations)

▷ Other public subsidies

- ▷ Other operating income not included above (can include loan proceeds but exclude capital grants)
- ▷ Total
- ▷ Don't know [DO NOT READ OUT]
- ▷ Prefer not to say [DO NOT READ OUT]

Q13 [ASK ALL]

- ▶ What was your organisation's total operating expenditure for 2019/2020? This would include any costs of servicing liabilities but excludes capital expenditures. Please also include staff costs, overheads, marketing and communications and any payments to performers, production companies or other suppliers (if relevant)
  - ▷ WRITE IN ANSWER
  - ▷ Don't know
  - ▷ Prefer not to say

Q14 [ASK ALL NOT 2,3 AT FINANICAL HEALTH_2020_TOTAL_EXPENDITURE]

- ▶ And what percentage of your spending in the 2019/2020 financial year was placed on the following items?
  - ▷ Artistic fees and expenditure e.g. payment to performers or production companies
  - ▷ Salaries (including taxes and pension contributions)
  - ▷ Marketing and communications
  - ▷ Overheads (rent, insurance, maintenance)
  - ▷ Other operating costs not included above (including debt servicing costs)
  - ▷ Total
  - ▷ Don't know
  - ▷ Prefer not to say

Q15 [ASK ALL NOT 2,3 AT FINANICAL HEALTH_2020_TOTAL_EXPENDITURE]

- ▶ Could you tell us what percentage of your spending, excluding salaries of employees, was placed with suppliers based in your local authority (including local branches of national suppliers) for the financial year 2019/20?
  - ▷ %
  - ▷ Don't know [DO NOT READ OUT]
  - ▷ Prefer not to say [DO NOT READ OUT]

Q16 [ASK ALL]

- Now thinking about the period between the start of the COVID-19 outbreak and your first application to CRF. Which of the following best describes how your organisation operated during this period?
  - Fully operational as before the pandemic
  - Fully operational but with new online practices/solutions
  - Operating at reduced capacity due to COVID restrictions with some new online practices / solutions
  - Operating at reduced capacity with no new online practices / solutions
  - Ceased operations / closed to visitors - temporarily
  - Ceased operations / closed to visitors – permanently
  - Other SPECIFY – [DO NOT READ OUT] (FIX)
  - Don't know [DO NOT READ OUT] (FIX)
  - Prefer not to say [DO NOT READ OUT] (FIX)

Q17 [ASK ALL]

- Approximately how much did your organisation hold in financial reserves at the time just before your first application to CRF? By this we mean unrestricted reserves, or any funds reserved to cover unplanned or unexpected costs. For example, to meet emergency funding needs.
  - Financial reserves
  - Don't know [DO NOT READ OUT]
  - Prefer not to say [DO NOT READ OUT]

Q18 [ASK IF CODE1 OR CODE2 AT RESERVES_2020_APP]

- And how many weeks in operating cost would these reserves have covered at the time? Your best estimate is fine.

Write answer

  - Don't know [DO NOT READ OUT]
  - Prefer not to say [DO NOT READ OUT]

Q19 [ASK ALL]

- And could you tell us how much your organisation held in total liabilities at the time just before your first application to CRF?
  - Total Liabilities
  - Don't know [DO NOT READ OUT]
  - Prefer not to say [DO NOT READ OUT]

Q20 [ASK ALL]

- At the time just before your first application to CRF, approximately how long did you think that your organisation could have continued to trade or operate without emergency sector specific financial support?
  - Less than 1 month
  - More than 1 month, up to 3 months
  - More than 3 months, up to 6 months
  - More than 6 months, up to 1 year
  - More than 1 year
  - Indefinitely
  - Not applicable – was not trading at that point
  - Don't know
  - Prefer not to say

Q21 [ASK ALL]

- What was your organisation's total operating income for 2020/2021 (the financial year ending in April 2021)? This would include grants for revenue expenditure (but not capital grants), proceeds of loans and other public subsidies as well as any earned and contributed income (e.g. sponsorship and donations)
  - WRITE IN ANSWER
  - Don't know
  - Prefer not to say
  - Ceased trading at this time

Q22 [ASK ALL FINANICAL HEALTH_2021_TOTAL_INCOME NOT =2,3,4]

- And what percentage of your organisation's income for the financial year 2020/21 came from the following sources? Your best estimate is fine.
  - Earned income
  - Revenue grants (including CRF but excluding CJRS or other COVID-19 emergency programmes)
  - Contributed income (sponsorship and donations)
  - Other public subsidies (i.e. CJRS and other COVID-19 emergency grants)
  - Other operating income not included above (can include loan proceeds but exclude capital grants)
  - Total
  - Don't know
  - Prefer not to say

Q23 [ASK ALL]

- ▶ What was your organisation's total operating expenditure for 2020/2021? This would include any costs of servicing liabilities but excludes capital expenditures. Please also include all staff costs, overheads, marketing and communications and any payments to performers, production companies or other suppliers (if relevant)
  - ▷ WRITE IN ANSWER
  - ▷ Don't know
  - ▷ Prefer not to say
  - ▷ Ceased trading at this time

Q24 [ASK ALL FINANICAL HEALTH_2021_TOTAL_EXPENDITURE NOT =2,3,4]

- ▶ And what percentage of your spending in the 2020/2021 financial year was placed on the following items?
  - ▷ Artistic fees and expenditure e.g. payment to performers or production companies
  - ▷ Salaries (including taxes and pension contributions)
  - ▷ Marketing and communications
  - ▷ Overheads (rent, insurance, maintenance)
  - ▷ Other operating costs not included above (including debt servicing costs)
  - ▷ Total
  - ▷ Don't know
  - ▷ Prefer not to say

Q25 [ASK ALL FINANICAL HEALTH_2021_TOTAL_EXPENDITURE NOT =2,3,4]

- ▶ Could you tell us approximately what percentage of your total spending, excluding salaries of employees, was placed with suppliers based in your local authority (Including local branches of national suppliers) for the financial year 2020/21?
  - ▷ %
  - ▷ Don't know
  - ▷ Prefer not to say
  - ▷ Ceased trading

Q26 [ASK ALL]

- ▶ Approximately how much does your organisation holds in financial reserves as of today? By this we mean unrestricted reserves, or any funds reserved to cover unplanned or unexpected costs. For example, to meet emergency funding needs.
  - ▷ Financial reserves
  - ▷ Don't know
  - ▷ Prefer not to say

- ▷ Ceased trading

Q27 [ASK IF CODE1 OR CODE2 AT RESERVES_2021]

- ▶ And how many weeks of operating costs would this cover? Please note, your best estimate is fine.
  - ▷ Write answer
  - ▷ Don't know
  - ▷ Prefer not to say

Q28 [ASK ALL]

- ▷ And could you tell us how much your organisation holds in total liabilities as of today? And how many weeks of operating costs would this cover? Please note, your best estimate is fine.
- ▷ Total Liabilities
- ▷ Don't know
- ▷ Prefer not to say
- ▷ Ceased trading

Q29 [ASK ALL]

- ▷ Thinking about your current situation, approximately how long do you think that your organisation can continue to operate without further emergency sector specific financial support beyond what you have already received?
- ▷ Less than 1 month
- ▷ More than 1 month, up to 3 months
- ▷ More than 3 months, up to 6 months
- ▷ More than 6 months, up to 1 year
- ▷ More than 1 year
- ▷ Indefinitely
- ▷ Not applicable – we are not trading at this point
- ▷ Don't know
- ▷ Prefer not to say

Q30 [ASK ALL]

- How many staff did you employ in the following categories at the time? Please include employees that were placed on furlough at the time.
  - Full time staff
  - Part time staff
  - Consultants / contractors / freelancers
  - Volunteers
  - Don't know
  - Prefer not to say

Q31 [ASK ALL]

- And how many, if any, of your full time or part time staff were placed on furlough at the time?
  - Full time staff
  - Part time staff
  - None
  - Don't know

Prefer not to say

Q32 [ASK ALL]

- How many employees were made redundant between March 2020 and the time [IF SUCCESSFUL 'FUNDING OUTCOME SUMMARY'=3] you were first awarded/applied funding by the CRF? Please express as the number of full-time equivalent employees.
  - Total redundancies / # of FTEs
  - None
  - Don't know
  - Prefer not to say

Q33 [ASK ALL CEASED TRADING =NOT 1 (E.G. NOT CEASED)]

- Now thinking about your organisation today. How many staff do you currently employ in the following categories? Please include any employees who are currently on furlough.
  - Full time staff
  - Part time staff
  - Consultants / contractors / freelancers
  - Volunteers

- ▷ Don't know
- ▷ Prefer not to say

Q34 [ASK ALL CEASED TRADING =NOT 1 (E.G. NOT CEASED)]

- ▶ And how many, if any, of your full time or part time staff are currently placed on furlough?
  - ▷ Full time staff
  - ▷ Part time staff
  - ▷ None
  - ▷ Don't know
  - ▷ Prefer not to say

Q35 [ASK ALL]

- ▶ And how many employees have been made redundant since you were first awarded/applied funding by the CRF? Please give your best estimate as a number of full-time equivalent employees.
  - ▷ Total redundancies / # of FTEs
  - ▷ None
  - ▷ Don't know
  - ▷ Prefer not to say

Q36 [ASK IF CODE 3 AT OUTCOME FUNDING SUMMARY ONLY ASK OF FIRST SUCCESS]

- ▶ Thinking about the funding you received from CRF. On what did you spend, or do you intend to spend, the money you received?
  - ▷ Staff salaries
  - ▷ Redundancy payouts
  - ▷ Working capital
  - ▷ Refilling financial reserves
  - ▷ Producing new content/services relevant for a pandemic
  - ▷ Investing in the digital capability
  - ▷ Mothballing (temporarily shutting down)
  - ▷ Increase financial security,
  - ▷ Prepare for re-opening under new rules
  - ▷ Paid off debts
  - ▷ Preventing important cultural assets or collections from being lost

- ▷ Building a team of staff and volunteers so we can reopen
- ▷ None of these
- ▷ Other [PLEASE SPECIFY]
- ▷ Not yet received funds
- ▷ Don't know
- ▷ Prefer not to say

Q37 [ASK ALL]

▶ What other sources of funding have you received since the COVID-19 pandemic began?

Coronavirus Job Retention Scheme (IF NECESSARY: Allows organisations to furlough employees)

- ▷ Bounce Back Loan (BBLS)
- ▷ Coronavirus Business Interruption Loan (CBIL)
- ▷ Coronavirus Community Support Fund
- ▷ Recovery Loan scheme
- ▷ Grants from Local Authorities (including Local Restrictions Support Grants)
- ▷ Deferring VAT payments
- ▷ VAT reduction
- ▷ Statutory Sick Pay Rebate
- ▷ Kickstart scheme
- ▷ Some other Covid-19-related support package
- ▷ Some other form of support from an arm's length body
- ▷ None of the above
- ▷ Don't know
- ▷ Prefer not to say

Q38 [ASK IF CODE 3 AT OUTCOME FUNDING SUMMARY]

▶ Regardless of whether your organisation has been able to fully reopen to pre-pandemic levels to this point. To what extent, if at all, would you say that funding support from the CRF has allowed you to do the following:

- ▷ Retain specialist skills within your organisation;
- ▷ Maintain key supply chains locally;
- ▷ Maintain key supply chains nationally;
- ▷ Sustain your organisation's talent pipeline for the future;

- ▷ Maintain your wider social, education and community commitments beyond June 2021;
- ▷ Maintain cultural and heritage assets your organisation holds in a good state of repair;
- ▷ Develop and deliver a plan for future financial sustainability;
- ▷ Adapt your business model to meet COVID regulations up to 30th June?
- ▷ Please say if a statement is not applicable to your organisation.
- ▷ Completely
- ▷ A great deal
- ▷ To some extent
- ▷ Not very much
- ▷ Not at all
- ▷ Not applicable to your organisation
- ▷ Not yet received funds
- ▷ Don't know
- ▷ Prefer not to say

Q39 [ASK ALL EXCEPT CODE 1 AT CEASED TRADING]

▶ To what extent, if at all, A, was your organisation open as of June 30th, 2021? B, is your organisation open today?

- ▷ Fully re-opened
- ▷ Partially re-opened
- ▷ Not at all
- ▷ Don't know
- ▷ Prefer not to say

Q40 [ASK ALL EXCEPT CODE 1 AT CEASED TRADING]

▶ Thinking about the future, how confident, or otherwise, are you that your organisation will continue to trade or operate 12 months from now?

- ▷ Very confident
- ▷ Fairly confident
- ▷ Not very confident
- ▷ Not confident at all
- ▷ Don't know
- ▷ Prefer not to say

Invite and reminder emails

Invite email

SUBJECT LINE: Ipsos MORI Culture Recovery Fund Survey – Your views needed

Reference number <INSERT SAMPLE REFERENCE NUMBER HERE>

Dear «FULL NAME»

Ipsos MORI, an independent research company, has been commissioned by the Department for Digital, Culture, Media and Sport to conduct research into the impact of the Culture Recovery Fund on the UK culture sector. Our records show that you applied for funding in CRF 1 or CRF 2 from the Culture Recovery Fund on behalf of [ORGANISATION NAME] therefore we would like to speak to you.

This email is to invite you to take part in a 25-minute telephone survey about the impact that COVID-19 has had on your organisation.

During the survey we will also ask about your current circumstances. The results from this research will be used as part of the overall evaluation of how the Culture Recovery Fund performed against its objectives.

What happens next?

You will be called soon by Ipsos MORI interviewer to invite you to take part in the research and to arrange a time for the interview.

If you would like to make an appointment with someone at Ipsos MORI directly, please make contact on the number provided. If you have further questions or you would like to opt out of the study, you can email: crf-survey@ipsos-mori.com. Please quote your name, organisation name and reference number in the subject line of your email when getting in touch.

How can I prepare for the interview?

Attached to this email is a datasheet which outlines the key questions that we are going to ask in this survey. You can also find the datasheet online(link provided in original invite). **We strongly recommend that you read this information before your interview** so that you can prepare your responses or direct us to a more appropriate person to speak to. This helps make the interview quicker and easier.

How will my survey responses be used?

Everything you say in the survey will be treated as strictly confidential and only used for research purposes. Anonymised survey responses will be used in aggregate form to assess

the impact of the Culture Recovery Fund on the UK culture sector. Any information you do provide will be held securely. No individual will be identifiable from their survey responses.

For further information on your rights and how we use your data please consult the following privacy policy linked here

May I take this opportunity to thank you in advance for assisting us with this important study.

Kind Regards,

NAME

Research Director, Ipsos MORI

Further information

Why am I being contacted?

Ipsos MORI have been provided with contact details for organisation's that applied for funding from the CRF during CRF 1 or 2 of the application process. This information was given to Ipsos MORI by DCMS through the organisation that you applied for funding from (British Film Institute, Arts Council England or National Lottery Heritage Fund). Our records show that you will have applied for funding in either July / August 2020 or January 2021. Regardless of whether you received funding, we are interested in speaking with you.

Where can I find out more?

If you would like more information about this research, please find some useful contact details below:

- If you would like to verify the authenticity of this research, OR if you have any other questions for the Department of Digital, Culture, Media and Sport please contact: NAME at EMAIL.
- If you would like more information about Ipsos MORI and how this research is being undertaken. Please call or email NAME at Ipsos MORI (PHONE NUMBER / EMAIL
- For more information about how we will use your data please consult the privacy policy here.

Accompanying datasheet

The below data sheet accompanied the above invite email in hard copy / PDF and as a link within the email.

Culture Recovery Fund Survey Questions – Guidance for Participants

This document contains some of the questions the Ipsos MORI interviewer will ask over the phone. Other participants have told us it is helpful to see the questions in advance, so they can get the information ready before the call or they can direct the call to a more appropriate person in the organisation.

- This helps make the interview quicker and easier for you
- The answers are totally confidential and anonymous for all participants. It will not be possible to identify any individual organisation, or respondent, using published results.
- We will discuss your answers when we call you. Please do not complete this form and return it to us. This document is just to help you prepare for your interview.
- Please note, for all financial question we are interested in the organisation being funded e.g. a theatre or chain of theatres, rather than a broader organisation it is part of such as a local authority.

When the Ipsos MORI representative calls you please answer as many questions as you can. If some questions are not relevant to your organisation, please say so during the interview. If at any point any of these questions are unclear, please email CRF-survey@ipsos-mori.com or you can always ask for further clarification from the interviewer on the phone.

Section A: Organisation

We will ask some details about your organisation such as:

Number of Sites – only relevant if your organisation has multiple sites or is a chain

How many sites did / does your organisation operate from…?	Number of sites
Before the COVID-19 pandemic	#
Today	#

Section B: Culture Recovery Fund Application Details

Your interviewer will confirm that the details we have on file about your organisation's application (s) are correct. Therefore, it would be useful for you to remind yourself of the following information before the call:

CRF application details	Response
Round 1 outcome (application made July / Aug 2020)	Successful / Declined / Did not apply
Round 2 outcome (application made Jan 2021)	Successful / Declined / Did not apply
[If successful] Amount received Round 1	£_____
[If successful] Amount received Round 2	£_____

Section C: Financial Health

During the survey we will ask you some questions about your organisation's finances. We recognise that some of the following information is sensitive and would like to remind you that your answers are strictly confidential and will only be published in anonymised, aggregated form. You will not be identifiable from the answers you give.

Income	The 2019/2020 financial year	The 2020/2021 financial year
Organisation's total operating income (£)	£_____	£_____
How does that total income break down as a percentage across the following measures (%):		
Earned income.	%	%
Revenue grants (any grants to fund operating expenditure. Include CRF if relevant but not CJRS / other emergency COVID programmes).	%	%
Contributed income (sponsorship / donations).	%	%
Other public subsides (e.g. CJRS / other COVID-19 emergency grants / other subsidies).	%	%
Any other operating income not included above (can include loan proceeds but exclude any capital grants if relevant).	%	%

Expenditure	The 2019/2020 financial year	The 2020/2021 financial year
Organisation's total operating expenditure (£)	£_____	£_____
How does that total expenditure break down as a percentage across the following measures (%):		
Artistic fees and expenditure (e.g. payment to performers/ production companies etc).	%	%
Salaries (including taxes / pension contributions).	%	%
Marketing and communications.	%	%
Overheads (e.g. rent / insurance / maintenance).	%	%
Other operating costs not included above (including any debt servicing costs).	%	%
% of spending (not including salaries) placed with suppliers in the local area / local authority. Best estimate is fine.	%	%

Further financial questions are then asked about your organisation's reserves and liabilities. For these questions you will be asked about the time just before your first successful application to CRF (or your first application if you did not receive CRF funding at any point) and the situation today (at the time of the survey).

	Before application	Before application	Now
	If no CRF funding received = at the time of your first application	**If received CRF funding = at the time of your first successful application**	**Currently (today)**
Total financial reserves (£) By this we mean unrestricted reserves or any funds to cover unplanned or unexpected costs.	£_____	£_____	£_____

	Before application	Before application	Now
How many weeks of operating costs do these reserves cover ? (# of weeks)	#	#	#
Total liabilities (£)	£_____	£_____	£_____

Section D: Staff Numbers

The interviewer will also ask questions about the number of staff your organisation employs. Again, for these questions you will be asked about the time of your first successful application to CRF (or your first application if you did not receive funding) and the situation today (at the time of the survey).

Staff (including those on furlough)	If no CRF funding received = at the time of your first application	If received CRF funding = at the time of your first successful application	Currently (today)
Full-time staff (# Number)	#	#	#
Part-time staff (# Number)	#	#	#
Consultants / Contractors / Freelancers (# Number)	#	#	#
Volunteers (# Number)	#	#	#

Furloughed Staff

You will then be asked how many full and part time staff had been placed on furlough at various points throughout the pandemic.

# of staff placed on furlough	If no CRF funding received = at the time of your first application	If received CRF funding = at the time of your first successful application	Currently (today)
Full-time staff (# Number)	#	#	#
Part-time staff (# Number)	#	#	#

Redundancies

Finally, we will also ask you about the number of redundancies within your organisation at two points in time. Please note – here we are asking about the number of FTEs (or full-time equivalent employees).

	From March 2020 to your first successful application for funding or (if declined) your first application	Since your first successful application for funding or (if declined) your first application
Total redundancies (# of FTEs) *Include full-time staff or Full-time equivalents*	#	#

Other survey questions

Please note. During the survey you will be asked other questions about how your organisation spent CRF money (if you received funding) and other steps your organisation took to mitigate the impact of the COVID-19 pandemic. However, these questions will be straightforward and will not require advanced preparation in the same way that you might require for the questions above.

Reminder email(s)

Reminder emails were sent with minor text amends to the above.

Section 3: Online survey

To support the process evaluation, a further online survey was undertaken. This e-survey followed up with those who took part in the telephone survey (CRF 1 or CRF 2 applicants) and those who applied in the CRF 3. In total, 885 online interviews took place between 20th January and 6th February 2022. This annex details the approach to sample selection, data collection and analysis in detail.

Sampling approach in detail

The follow-up online survey was undertaken with two audiences:

- Telephone survey participants in the CRF 1 and CRF 2 that gave permission to be recontacted. In total n=822 organisations were approached.
- Applicants from the CRF 3. In total n=1,007 organisations were approached. These were applicants that gave permission to ALBs to be included in future research.

Table A7: Summary of sample universe broken down by ALB

ALB	Recontact from telephone survey	Applicants to CRF 3
ACE	612	896
NLHF & NLHF Kickstart	174	97
BFI	36	14
Total	**822**	**1,007**

We were working with two different files that were not mutually exclusive i.e., there could be the same organisation in both files.

The two files were:

- Recontacts from the telephone survey (they agreed to be recontacted for future research).
- Contact details from the ALBs for all applicants to CRF 3.

The following steps were taken to ensure that the two groups were mutually exclusive and that any organisation that expressed the wish to not be contacted were removed from the sample:

- Where the ALB provided a unique organisation identifier these were used to see if they were an applicant to the CRF 1 or CRF 2. Where the ALB did not provide a unique identifier, the organisation name and other identifiers were used to review.
  - If an organisation was identified as having applied in the CRF 1 or the CRF 2 then there were several outcomes.
    - If that organisation took part in the survey and agreed to be recontacted, then they were included in the recontact file and removed from the CRF 3 group.
    - If the organisation took part in the survey and did not agree to be recontacted, then they were removed from the CRF 3 group (they would already not be included in the recontact file).
    - For those organisations that did not take part in the CRF 1 or CRF 2 telesurvey but were contacted. Then Ipsos checked whether they had opted out of communications, if so, they were removed. All other outcomes (e.g., too busy, unavailable currently) were contacted for the e-survey.
- For all organisations that were, according to our records, applying for the first time these new organisations were contacted.
- A total of 1,829 organisations were contacted for the e-survey. Given the different files from the CRF 1, CRF 2 and CRF 3 and the difficulties in merging information between files taken at different points in time, for e-survey the respondents were asked on the application status for each Round of the CRF (applied and was successful, applied and was declined or did not apply). On this basis, they were put into successful overall (received money in either CRF 1, CRF 2 or CRF 3) or declined overall (did not receive money from the CRF in any of the Rounds).

Table A8: Summary of approach for recontact sample

Breakdown of recontact survey	Numbers for the recontact from telephone survey
All who completed the CRF 1 and CRF 2 telesurvey survey	925
All who asked not to be recontacted when asked in the telesurvey	92
Organisation who applied to Round 3 and preferred not to participate in further research	11
Total	**822**

Table A9: Summary of approach for the CRF 3 applicants

Breakdown of the CRF 3 Applicants	Numbers for the CRF 3 applicants
All Applicants to the CRF 3 received from ALBs	1,463
Removing those already included in the recontact survey	230
Removing all those who were contacted for the telesurvey (but did not participate) and asked not to be contacted or told the ALB they did not wish to be contacted	210
Duplicate contact information (e.g., the same person representing multiple organisations)	16
Total	**1,007**

The majority of applicants to the CRF 3 had already applied in CRF 1 or CRF 2.

Survey fieldwork and response rate

In total 1,829 organisations were approached to take part in the online survey between January 20th and February 6th, 2022.

A questionnaire was developed in partnership with DCMS and the wider evaluation consortium to answer key research questions that were not able to be covered by the telesurvey due to space. After validating whether the organisation had applied to the CRF, a short ten-minute questionnaire was administered covering the following topics:

- Introduction and confirmation of applicant details
- Detail of CRF 1, CRF 2 and CRF 3 (applied successful, applied declined or did not apply).
- Survey respondents were asked to give feedback on the application process in several areas and in their own words (unprompted).
- Survey respondents were asked if they received feedback on their application and how helpful, if at all, this feedback was.
- Survey respondents were asked whether they had ceased trading

- Organisations were asked about the impact of the CRF funding on several areas. This was a follow-up to the telesurvey
- Organisations were asked about their confidence in their future financial viability as of early 2022.
- Organisations were asked if there were any improvements that could be made to the CRF in the future.
- Wrap-up and permission to be recontacted

Fieldwork was less challenging than the telesurvey due to the shorter questionnaire length and the questions were focused on perceptions rather than finances. However, it was still key to receive as much feedback on the process as possible so that it covered the wide variety of applicant experiences.

The following steps were undertaken to maximise the response rate after the respondents received the initial personalised invitation:

- Three email reminders sent during the fieldwork period
- Telephone reminders for those who started but did not complete the survey or those who had not responded to the email (e.g., had not opted out).
- Quickly responding to any queries that came through on the survey specific email box.

Table A10: Online follow-up survey response rate

	Total approached	Total responded	%
Overall response rate	1,829	885	48%
Response rate from recontact sample	822	423	51%
Response rate from CRF 3 sample	1,007	462	46%

Data analysis and cleaning

The MI data received from the ALBs for CRF 3 did not include the same variables that the consortium received for the telesurvey. As a result, applicants were sorted into successful (for either CRF 1, CRF 2 or CRF 3) or declined (did not receive any CRF funding) on the basis of their answers to the e-survey.

A handful (three) respondents could not recall which rounds of the CRF they applied to. These applicants were not included in the successful or declined numbers but were included in the total.

Data tables were created to analyse the results and subgroups on ALB, region and discipline were created.

There are a couple of important elements to consider when reviewing the data:

- Numbers in this report may not always add up to 100% due to rounding or due to multiple responses being permitted.
- Confidence intervals for online survey responses overall stand at + or – 4 points.
- Sample sizes of 50 or less should be treated as indicative only
- Type of organisation (commercial or not for profit) were also created but caution should be exercised when reviewing these figures because the MI was inconsistent, CRF 3 information did not include type of organisation and there is a large proportion where the organisational status is unclear.

Respondent profile and weighting

Unlike the telesurvey the CRF 3 e-survey data was not weighted because the achieved sample closely matched the profile of organisations approached.

Table A11: Respondent profile for successful applicants compared to those approached for CRF 3

Category	Profile	All approached (n=1,829)	All approached (n=1,829)	Achieved CRF 3 (n=885)	Achieved CRF 3 (n=885)
ALB	ACE	1508	82%	698	79%
	NLHF	269	15%	167	19%
	BFI	50	3%	18	2%
	NLHF Capital Kickstart	2	0%	2	0%
Region	London + South	1,008	55%	484	55%
	Midlands + East	409	22%	207	23%
	North	404	22%	191	22%
	Scotland / Wales / Other	8	0%	3	0%

Category	Profile	All approached (n=1,829)	All approached (n=1,829)	Achieved CRF 3 (n=885)	Achieved CRF 3 (n=885)
Discipline	Combined Arts	150	8%	109	12%
	Film	58	3%	20	2%
	Historic Areas	102	6%	97	11%
	Music	346	19%	159	18%
	Theatre	333	18%	158	18%
	Other	840	46%	342	39%

Section 4: Econometric analysis – technical note on approach and findings

This annex sets out a summary of the key findings of a series of econometric analysis completed to explore the impacts of the Culture Recovery Fund on the financial health and survival of organisations awarded funding through the scheme. The analysis draws on the survey of applicants for CRF funding completed as part of the evaluation as well as a series of secondary datasets. The impacts of the programme were inferred from comparisons between organisations awarded funding and organisations whose applications met some of the essential criteria but were declined. The majority of this information stems from a telephone survey of successful and declined applicants. The survey took place between October and November 2021 – before CRF 3 was launched. As such, this chapter reports on the impacts of CRF 1 and 2, but not 3. It was not possible to assess the impact of CRF 3 within the evaluation timescales.

Summary of key findings

Financial health and sustainability

Cashflow measures

Based on comparisons between successful and unsuccessful applicants described above, the CRF had the following impacts on the cashflow of organisations awarded grants:

- **Average impacts on income:** The funding provided through the CRF was estimated to have increased the income of organisations awarded funding in CRF 1 and 2 by 140 percent in the 2020/21 financial year (relative to what it would have been in the absence of the scheme). This was equivalent to increasing the median income of organisations awarded funding in 2021 from £132,000 to £317,000.
- **Total impact on income:** Aggregating[4] this across the 4,214 organisations awarded funding implies that the CRF increased the net total income of organisations awarded funding by £777m (details of the aggregation process are provided below) – i.e. the income of those that received funding was £777m greater than it would have been in the absence of the programme.
- **Additionality of grant funding:** A total of £1.1bn in grant funding was awarded to organisations through CRF 1 and CRF 2. As grants will be counted in total income, this implies that 66 percent of grant funding represented additional income[5], and that

[4] I.e. by applying the average effect to the median organisation and extrapolating to the population as a whole.
[5] I.e. £777m divided by £1.173bn. CRF 3 not included in these figures because survey took place in October and November 2021, before CRF 3 was launched.

organisations awarded grants would have replaced almost £400m of CRF funding (34 percent) with income from other sources in the absence of CRF. This is consistent with the evidence from the survey, which indicated that organisations declined funding were able to access other sources of funding over the period that partly covered their request for cashflow support through the CRF (such as grants awarded through the Local Authority COVID-19 Business Support Grants scheme funded by BEIS). It is also possible that the CRF reduced demand for funding amongst those awarded funding, increasing its availability for organisations that were declined. If so, these findings would understate the impact of the programme on the income of those awarded funding.

- **Average impacts on expenditure:** The results indicated that the CRF also increased the expenditure of organisations awarded grants. It was estimated that the expenditure of organisations awarded funding was 37 percent higher than it would have been in the absence of the scheme between April 2020 and March 2021. For the median organisation, this was equivalent to an increase in spending from £219,000 to £300,000.
- **Total impacts on expenditure:** At the overall level, this was equivalent to an additional £341m in additional spending over the course of 2020/21, and a further £272m[6] between April 2021 and September 2021 (£612m in total)[7]. This implies the CRF had potentially important economic stimulus impacts during the pandemic and only a relatively small share of the £777m in additional income received by organisations was still held in reserves by the end of September 2021.
- **Profitability:** The findings also provided some insight into the impact of the CRF on operating profitability of organisations awarded funding:
  - The CRF was estimated to have reduced the likelihood that organisations awarded funding operated at a loss during 2020/21 (relative to what may have occurred in the absence of the programme). As past research has demonstrated that operating losses are an important determinant of future business failure, it is likely that the programme will have an effect in improving the prospects of survival of at least some organisations awarded funding.
  - There was, however, no evidence that the CRF influenced the average operating surplus as a percentage of operating expenditure of organisations awarded funding. This indicates that while some organisations awarded were able to avoid losses as a result of the CRF, the majority of organisations would have sought to preserve their financial sustainability by finding cost savings to make up for lost income in the absence of the scheme – which was the action taken by the declined organisations.

[6] This was inferred from the difference between the total impact of CRF on organisations operating surplus at the end of March 2021 (i.e. £777m - £341m = £436m) and the total impact on reserves at the end of September 2021 (£165m).
[7] Again – this was achieved by applying the average effect to the median organisation and extrapolating to the population as a whole

Balance sheet measures

The analysis also investigated impacts on the balance sheets of organisations awarded grants:

- **Reserves:** The primary effect of the CRF on the balance sheets of organisations awarded grants was to increase the depth of their reserves. The findings indicated that the reserves of organisations awarded funding were 188 percent higher in September 2021 than they would have been in the absence of the scheme. This is equivalent to an increase from £21,000 to £60,000 for the average organisation, or a total increase of £165m when aggregated across the population of organisations awarded funding.
- **Other positive effects on financial health:** This was associated with other positive impacts on the financial health of organisations awarded funding. It was estimated that the CRF increased the number of months of operating expenditure that could be funded from reserves by 33 percent (from an average of 4.4 months to 5.9 months). The results also indicated that the CRF led to a 111 percent reduction in the ratio of debts to assets (approximated by liabilities divided by reserves, another important predictor of future survival rates).
- **Liabilities:** The findings did not suggest that the CRF had a statistically significant effect on the liabilities accumulated by organisations awarded funding. As such, this indicates that organisations awarded funding would not have sought additional debt finance to cover their short-term funding needs in the absence of the scheme. While a higher share of declined applicants reported that they obtained Bounce Back Loan Schemes, it should be noted that these loans had a maximum size of £25,000 and only obtained by a minority of declined applicants. As such, the impacts of these loans may have been too small to detect in the analysis.
- **Insolvency:** The findings also did not suggest that the CRF reduced (or increased) the likelihood that organisations awarded funding were facing insolvency issues (the share whose liabilities exceeded their reserves). This is consistent with the findings above which tend to suggest that organisations awarded funding would have sought to reduce their operating spending to secure their survival in the absence of the scheme (rather than seeking debt finance to see themselves through the COVID-19 pandemic, leading to potentially unsustainable debt servicing payments and future insolvencies).

Table A12: Estimates of the total impact of CRF on operating income, expenditure, and reserves

Outcome	Impact of CRF (%)	Total impact
Operating income (£)	1.39	£777m

Operating expenditure (£)	0.37	£341m
Reserves (£)	1.88	£165m

Source: Culture Recovery Fund Survey, Ipsos UK.

The positive effects of the CRF on cashflow measures were largely confined to commercial entities, indicating that organisations in the public and third sectors would largely have been able to replace the funding provided by CRF with other income sources in the absence of the programme. Similarly, the CRF did not lead to an increase in the reserves of organisations in the public or third sectors or reduce their working capital to debt ratios.

The CRF also tended to have larger impacts on the cashflow of smaller organisations, organisations in urban areas, and organisations operating in the performing arts sector.

Employment

The CRF also helped to safeguard jobs in the cultural sector:

- **Direct jobs:** Organisations awarded funding were estimated to employ 14 percent more workers (Full Time Equivalents) in September 2021 than they would have done in the absence of the CRF. For the average organisation, this was equivalent to an increase in employment from 5 to 6 FTEs (i.e. one additional FTE per organisation supported)[8]. When aggregated across the population of organisations awarded funding, CRF is estimated to have safeguarded around 3,000 jobs by September 2021.

- **Contractors:** The employment impacts of the CRF were not limited to workers directly in employment. The findings also indicated that by helping preserve supply chain spending, the scheme increased the employment of contractors (e.g. freelancers that form a critical part of the supply chain in many creative industries). It was estimated that the CRF led to an increase in the employment of contractors by 41 percent amongst organisations awarded grants by September 2021 (equivalent to one additional contractor per organisation funded). The programme was estimated to have safeguarded a total 3,700 employment opportunities for contractors in total by the end of September 2021, across the population of organisations awarded grants.

  DCMS estimates[9] indicate that overall employment in the cultural sector fell by 4,000 jobs between 2019 and July 2020 to June 2021, suggesting that the contraction in the sector would have been almost twice as large in the absence of the programme. It should be noted that this does not include the potential jobs safeguarded as a result of future closures avoided

[8] Based on responses to the survey.
[9] DCMS (2021) DCMS Sector Economic Estimates: Employment 2019 to June 2021

However, the scheme did not appear to have any effect on the number of volunteering opportunities, the number of furloughed workers or the number of workers made redundant. As highlighted by the survey, few organisations applying for CRF funding had made redundancies, and those that had, did so in the period between the first national lockdown and the launch of the scheme. Organisations can reduce their employment costs by making redundancies, reducing working hours, or by not replacing staff when they leave voluntarily. The findings imply that the impacts of the programme in safeguarding jobs have predominantly arisen from the replacement of workers leaving voluntarily or through increasing working hours.

Table A13: Estimates of the total impact of CRF on employment

Outcome	Impact of CRF (%)	Total impact
Direct employees (FTEs)	14	3,000
Contractors (FTEs)	41	3,660

Source: Culture Recovery Fund Survey, Ipsos UK.

Survival prospects

It is premature to estimate the impact of the CRF on the survival of cultural organisations, as broader government interventions to protect the economy during the pandemic les to reductions in insolvency rates. . However, the findings indicated that the programme is likely to have improved the survival prospects of organisations by improving their financial health (though many declined applicants were able to improve their financial position by reducing their expenditure, including through downsizing the scale of their direct and indirectly employed workforce).

To provide an indicative estimate of the potential impacts of the CRF on the future survival of organisations, the results of the evaluation were used in conjunction with the results of a 2003 Bank of England study[10] investigating the impact of accounting measures on the future probability of default over one year and two years. The results are set out in Table A14 below and suggest (on an indicative basis) that:

- The CRF may reduce the probability of failure from 31-38 % to 17-19 % depending on the time horizon considered. This is equivalent to a reduction in risk of between 15 and 20 percentage points, implying that the programme could eventually lead to the preservation of between 620 and 830 organisations.
- The findings indicated that around 60 to 70 percent of organisations awarded funding would have been likely to survive regardless of the CRF, due to other Government support available and by cutting expenditure. However, in many cases these survival outcomes would have been achieved at the cost of reductions in the scale of

[10] Tudela and Young (2003) A Merton Model approach to assessing the default risk of UK public companies

operations, the employment of workers and contractors and the quality of cultural output.

- The findings also indicate that between 17 and 19 percent of organisations awarded funding remain in a financially precarious situation regardless of the CRF (implying that the funding provided in these instances may not prove sufficient to preserve the organisation).

These findings should be treated as purely indicative. Firstly, they are based on findings that are not wholly relevant to the sector (i.e. they are based on an investigation into defaults amongst publicly traded companies across a range of industries) or the broader context (while the analysis period included severe recessions, the conditions created by the pandemic are arguably unprecedented). Additionally, at the time of writing, the economy was facing a variety of macroeconomic headwinds, that could have knock-on consequences for the survival of firms.

Table A14: Estimated reduction in the probability of failure over two years

	Probability of failure over one year	Probability of failure over two years
Probability of failure without CRF	0.39	0.32
Probability of failure with CRF	0.19	0.17
Reduction in risk of failure	**-0.20**	**-0.14**

Source: Culture Recovery Fund Survey, Ipsos UK.

Reopening

However, the programme had limited effect in terms of accelerating the reopening of cultural institutions. Organisations awarded funding were no more likely than declined applicants to have reopened at the end of June 2021 or at the end of September 2021, and funding did not appear to have any significant impact on the number of visitors received (amongst organisations open to the public). There was also some evidence that the CRF worked to delay reopening for non-commercial organisations (although this effect was not persistent).

Local economic impacts

The findings of the analysis also indicated that although the programme did not have a significant effect on reopening rates, its effects in stimulating supply chain and consumer spending did lead to net reductions in unemployment at the local level:

- **Reductions in unemployment:** An analysis of Local Authority unemployment figures would suggest that, on average, the CRF led to a 1.7 percent reduction in unemployment per Local Authority (equivalent to 62 claimants). This was equivalent to a reduction in unemployment of 20,500 claimants across the 329 Local Authorities

benefitting from the scheme (which includes the 6,700 culture-specific jobs described previously).

- **Local economic activity**: However, the findings on proxy measures of local economic activity were only weakly significant and did not provide strong evidence that the CRF led to significant effects on local visitor economies by the end of February 2022. There some was evidence that the programme may have had positive effects on local footfall, although this was not reflected in volumes of TripAdvisor reviews. This is consistent with the findings on reopening, which indicated that organisations awarded grants did not reopen more rapidly than organisations whose applications for funding were declined.

Analytical framework

This section sets out the overall analytical framework for the study agreed as part of the scoping of the evaluation. It provides an overarching Theory of Change for the CRF programme, setting out the expected process by which the inputs and activities associated with the scheme were expected to lead to their intended outputs and outcomes. This framework is mapped to the evaluation questions set out in Table A15.

Theory of Change

The CRF was expected to produce its impacts via the following mechanisms:

- **Inputs:** The Culture Recovery Fund involved the commitment of £1.6bn in DCMS resources to the cultural sector (e.g., theatres, museums, music venues, cinemas) to shield it from the adverse effects of social distancing restrictions introduced to contain the COVID-19 pandemic (including requirements to close for extended periods of time), and when possible, reopen. The programme also involved a variety of administrative inputs. It was overseen by a central Secretariat within DCMS and administered by four arm's length bodies (ALBs): Arts Council England (ACE), British Film Institute (BFI), and the National Lottery Heritage Fund (NLHF), and Historic England (HE)[11].
- **Activities:** The programme was delivered in a competitive format over three competition rounds (of which the first two were in the scope of the impact analysis). Organisations were able to apply for recovery grants, loans and capital funding distributed via nine sub-programmes. The criteria for awards varied across competitions but, in general, applicants needed to demonstrate that they:
  - Were financially viable prior to the pandemic;
  - Were in danger of ceasing trading as a result of the COVID-19 pandemic;
  - Had credible plans for reopening viably;
  - Made a cultural offering that was regionally or internationally significant.

[11] Note that the Heritage Stimulus Fund is being evaluated separately and is not covered by this paper.

The funding made available through the CRF could be used in a variety of ways. Organisations were expected to use grant or loan proceeds to 'survive' (mothballing until they can reopen), 'restart' (reopen fully or partially), or 'adapt' (create new activities which can be financially viable under COVID-19 restrictions).

- **Outputs**: Depending on the nature of the plans developed by applicants for funding, several outputs were expected from the programme:
  - **Reduction in rates of depletion of reserves**: For organisations that could not reopen viably under social distancing restrictions, it may have been optimal to channel grants or loans into reserves to allow them to mothball their operations until such a point they could reopen to audiences.
  - **Investments in reopening**: Some organisations may have been able to reopen with modifications to their venue (e.g. to enable social distancing) or investments in technology (e.g. ventilation systems) to improve their safety.
  - **Development and adoption of new business models**: There may have been options for some organisations to pivot to new business models (e.g. providing online performances) to enable them to access new sources of income.
  - **Completion of capital investment projects**: Some funding was also provided to support the completion of capital projects that were threatened by the COVID-19 pandemic.
- **Direct outcomes**: These activities and outputs were expected to have the following direct impacts on the organisations awarded funding:
  - **Financial health**: Grants and loans provided were expected to have positive effects on the financial health of those awarded funding. This could include increasing the depth of its reserves or its operating income and/or reducing its operating costs (including reducing the need for the organisations to take on greater liabilities). In the medium to long-term, organisations benefitting from CRF funding would be expected to move back to a position where income at least covers operating costs.
  - **Survival**: Improved financial health would be expected to improve the survival prospects of organisations awarded funding.
  - **Safeguarding employment**: The CRF was also expected to enable organisations to retain staff and contractors or avoid redundancies. This would be expected to help organisations retain key skills (facilitating more rapid and/or more effective reopening).
  - **More rapid reopening**: The CRF may also have supported investments in venues or technology to enable safer reopening or pivot to alternative business models, facilitating more rapid or more extensive reopening of venues. This may also have direct effects on the financial viability measures outlined above and indirect effects on local economies.
  - **Preservation of cultural assets and social and educational programmes**: The survival of organisations may have other benefits in the form of (a) preserving local, nationally, or internationally significant cultural assets and (b) the ability of cultural

institutions to provide social and educational programmes for local communities (including volunteering opportunities).

- **Indirect outcomes:** These direct outcomes were expected to produce a variety of indirect outcomes:
  - **Impacts on the cultural ecosystem:** The survival of cultural organisations was expected to have wider impacts on the cultural ecosystem by maintaining spending placed with (and ensuring the survival of venues for) the broader supply chain of production companies, artists and performers, freelancers and other suppliers to the cultural sector (who may have otherwise been forced to exit the industry).
  - **Impacts on local economies:** Cultural organisations often act as 'anchor tenants' for the visitor economy. The survival and more rapid reopening of cultural organisations may have had spillover benefits for regional economies by attracting more visitors. These visitors would be expected to increase their consumption spending in supporting industries (particularly the hospitality sector, where regulations permit) – potentially leading to positive economic impacts, including increased local employment and/or reduced levels of unemployment or furloughed workers. At the national level, the net benefits will have depended on the capacity of local economies to absorb additional demand, and the degree to which any spending was displaced from other areas.
  - **Impacts on the local community:** The survival of cultural organisations would also be expected to have had wider community benefits by maintaining the vitality and attractiveness of areas and the provision of locally important services. This would be expected to raise the wellbeing of residents (and may also be visible in secondary markets, particularly the housing market).
- **Public health impacts:** There was a risk that if the programme promoted greater mobility and circulation of individuals, it would lead to greater levels of transmission of COVID-19. This would have had adverse public health impacts if it led to higher levels of hospitalisations and deaths. However, if venues were going to reopen anyway, investments in safety enabled by the programme could have had positive public health outcomes by reducing transmission risk. This also needs to be viewed in the context of rapid rollout of the vaccination programme, which substantially reduced the public health impact of COVID-19 during parts of 2021.

Contextual factors

The evaluation will also need to consider a range of contextual factors that may influence the results:

- **Evolving public health situation:** The CRF was announced in July 2020 during a period in which social distancing measures introduced to contain the first wave of the COVID-19 pandemic were being relaxed. However, following rising case numbers and hospitalisations in the autumn 2020, the Government reintroduced restrictions at the local level and at the national level in January 2021. This had a substantial effect on the ability of organisations to reopen and largely made the original goals of the

programme (i.e. to reopen viably by March 2021) infeasible and would have had adverse effects on the balance sheets and cashflow of cultural organisations.

At the same time, the rapid development and rollout of effective vaccines could not have been foreseen at the time the programme was launched. This has allowed more extensive withdrawal of social distancing measures, with potentially positive impacts on the financial health of the sector. These contextual factors will have increased and reduced the need for the programme respectively, and their relative importance will have an important influence over the degree to which the CRF was needed to protect the cultural sector.

- **CJRS and other business support measures:** The Government also took action to provide further protection for jobs by extending the CJRS (and other measures to protect the economy, such as Local Authority grants to support businesses with their non-wage costs) to September 2021. This will have provided organisations with income that was not anticipated when the programme was launched in July 2020 (potentially reducing the need for the CRF to protect the balance sheets and cashflow of cultural organisations).

  It should also be noted that the Corporate Insolvency and Governance Act (CIGA) involved temporary measures to protect the economy, including suspending wrongful trading regulations (that make Directors personally liable for debts if they are found not to have complied with their duty to minimise losses to their company's creditors) and a ban on winding-up petitions for debts accumulated as a direct consequence of COVID-19. This led to a reduction in the number of insolvencies across the whole economy between April 2020 and September 2021, and only very small numbers of organisations have failed. As such, the impact of the CRF is unlikely to be visible in survival rates, and the emphasis needs to be on the underlying financial health of organisations awarded funding.

- **Supply side capacity:** The economic impacts of the CRF will be constrained if there is insufficient supply side capacity to meet additional visitor demand stimulated by the programme. While unemployment rose as a result of the COVID-19 pandemic, closures of firms in the hospitality sector and the outmigration of non-UK nationals could limit the extent how far some local economies can absorb the recovery of spending.

- **Audience attitudes and behaviour:** The return of audiences will have depended on audience attitudes and behaviour (and how far they feel comfortable to return to indoor venues). This may vary across demographic groups, which could result in regional or subregional variation in the impacts of the CRF. Regional variations in the economic impact of the COVID-19 pandemic may also lead to variations in disposable income that could influence the return of audiences.

Summary

The following table provides an overview of the key outcomes identified in the discussion above and maps those outcomes to the evaluation (this table only includes questions relevant to the following analysis). Not all these outcomes have been explored in the

following analysis owing to data availability (including lags in the availability of official statistics), and those aspects covered in the following analysis are highlighted in bold.

Table A15: Mapping of key outcomes to relevant evaluation questions

#	Question	Key quantitative outcomes
1	▶ What was the impact of CRF in preventing insolvencies in the culture and heritage sectors by 31st June 2021? ▶ To what extent did an application to CRF enable organisations to develop and deliver a plan that could lead them towards financial sustainability (bearing in mind the slightly differing CRF 1 & 2 objectives)? ▶ To what extent have organisations funded by the CRF 1 & 2 been on a trajectory towards financial sustainability since receiving support (i.e. no longer requiring emergency government funding)? What role did CRF play in achieving this?	▶ Reserves ▶ Assets (short and long term) ▶ Liabilities (short and long term) ▶ Operating income ▶ Operating costs ▶ Survival rates
2	▶ What was the impact of CRF in supporting cultural and heritage organisations to a) survive; b) re-open or c) adapt up to June 2021?	▶ Trading status ▶ Visitor numbers ▶ Adoption of new business models
3	▶ What was the relative effectiveness of the grants in supporting organisations towards financial sustainability, bearing in mind the differences in CRF 1 & 2 objectives?	▶ As (1) and (2)
4	▶ What were the economic and social implications for organisations that were successfully supported and those who were supported but unable to trade viably by June 2021?	▶ Spending placed in the cultural ecosystem / supply chain ▶ Survival of organisations in the cultural ecosystem ▶ Local consumer spending ▶ Local levels of employment ▶ Local levels of unemployment / furloughed workers ▶ Wellbeing of residents ▶ House prices ▶ COVID-19 transmission

#	Question	Key quantitative outcomes
5	▶ To what extent were there changes in employment between those organisations receiving funding and those that did not receive funding?	▶ Number of workers employed ▶ Number of workers furloughed ▶ Number of redundancies

Data

The following table provides an overview of the data used in this analysis.

Table A16: Overview of datasets

Dataset	Description and role in the study
Survey of organisations applying for CRF funding	The analysis was predominantly driven by a telephone survey of applicants for CRF funding that took place in August and September 2021. This survey collected observations from 679 organisations that were awarded a grant in CRF 1 or 2, and 246 whose applications were declined (which served as a comparison group for the analysis). The survey collected data on the underlying financial health of the organisation and other metrics of interest before the launch of the programme and for September 2021. The survey took place a few months after social distancing restrictions were largely withdrawn and as broader economic support measures (such as the CJRS) were being removed. As such, the data only provides a (very) short-term perspective on the impacts of the programme on the survival of cultural institutions. The survey is subject to an unknown level of non-response bias driven by differential response rates across successful (37 percent) and declined (19 percent) applicants for CRF funding. The possibility that findings were biased by lower survival rates amongst declined applicants (contributing to lower response rates) was explored and discounted – as noted below, only 0.4 percent of applicants for funding had been dissolved, liquidated, or entered insolvency proceedings by the end of February 2022. Nevertheless, it is possible that differential response rates across the two groups could reflect differences in underlying financial health. If declined applicants were more likely to be facing more significant financial challenges, then the following analyses will understate the impact of the CRF. This possibility could be explored in a future evaluation, when it is possible to gather information on the performance of all organisations applying for funding from secondary data sources.

Dataset	Description and role in the study
Companies House	Survival rates can be established in near real-time by linking Companies House Reference Numbers to records of filings with companies House using its Application Programming Interface. This provides indicators of whether organisations have been dissolved, liquidated, or have entered insolvency proceedings. It was only possible to link applicants to the strand of the programme administered by ACE (as Companies House Reference Numbers were only recorded in management information for this group). This analysis indicated that only 16 of 3,806 applicants for funding had failed to survive by the end of February 2022 (of which 9 received CRF funding, and 7 submitted an application but were declined). This indicates that the survey results are unlikely to be significantly affected by issues of non-response bias caused by differences in survival rates across organisations awarded funding and those that applied but were declined. However, this evidence also indicates that any impacts on survival rates were negligible (likely due to CIGA and other support measures). As such, the focus of the analysis below is on the financial health of applicants.
Unemployment	Monthly claimant count data was collected at the Lower Super Output Area[12] (LSOA) level using the NOMIS data platform. This provides details of the number of Universal Credit and Jobseekers Allowance claimants. This was used as the primary unemployment outcome of interest in the spatial impact modelling and was aggregated to Middle Layer Super Output Area (MSOA) and Local Authority level.
Footfall	Ipsos RTI monitors footfall entering a sample of 4,500 non-food retail outlets plus the number of purchase transactions on each day associated with shop visits (30 min refresh rate). Data was provided to the team at the LSOA level for the period Jan 2020 to Jan 2022 covering 1,717 LSOAs. For the purposes of this analysis, only data for outlets monitored throughout the full 25 months was used to avoid introducing biases driven by outlets dropping in and out of the sample. This reduced the number of LSOAs available for analysis to 954 LSOAs. Once again, this was aggregated to MSOA and Local Authority levels of geography with 785 MSOAs covered in 317 Local Authorities.
TripAdvisor reviews	Data on the number of reviews left for restaurants by month between January 2020 and January 2022 was obtained through web scraping of the Opentable website. This data covered 1,070,822 restaurant reviews across 2,459 LSOAs. This data was used as a proxy for economic activity/vitality with the total number of reviews in each LSOA used as the outcome variable. This data was also aggregated to MSOA and Local Authority level for the final analysis.

[12] A Lower Super Output Area is a standardised area used by ONS to report small area Census statistics, with an average population of 1,500 people.

Dataset	Description and role in the study
COVID-19 transmission	Data on the number of new COVID-19 cases was obtained for MSOA geographies from the 'coronavirus (COVID-19) in the UK dashboard'. This contained weekly data on new cases as per the specimen date (the date the first sample that identified the infection was taken from a patient) from the week of the 18th March 2020 to the week of the 9th March 2022. Cases data includes all positive lab-confirmed PCR test results and positive rapid lateral flow tests (unless the latter was followed by a negative PCR test taken within 72 hours). This data was apportioned to months for analysis.

Econometric approach

This section sets out the approach adopted to produce estimates of the causal effects of the CRF.

Selection bias and counterfactual selection

A robust assessment of the impacts of CRF requires an appropriate group of organisations that were not awarded funding, to establish what may have occurred in its absence. However, there are several challenges in constructing an appropriate comparison group, as it can be anticipated that those awarded CRF funding will differ in systematic ways to organisations that did not benefit from the programme. These differences are likely to bias comparisons:

- **Self-selection:** Firstly, there is a 'self-selection' problem, in that making an application for support through the programme is a voluntary decision made by the organisation. This decision may reflect a range of unobservable properties of the organisation and how its viability was affected by the pandemic. Those that did not apply for CRF funding may have been less exposed to short-term viability issues created by the pandemic and did not make an application because they did not expect to meet the minimum criteria for the awards (or from a public interest point of view, did not want to take funding away from organisations that had been more acutely affected by the pandemic). Alternatively, non-applicants may have been more severely affected by the pandemic and did not make an application for funds because they did not consider there was a potential route to viability. In both cases, comparisons between organisations awarded funding and organisations in the cultural sector that did not make an application for funding would lead to biased estimates of impact. This issue can be mitigated by selecting the comparison population from the pool of organisations that applied for funding but were declined. This group can be assumed to share some features in common with those awarded funding (such as motivations for seeking funding).
- Assessment: Applications were subject to an assessment process in which assessors made judgements about the organisation that are linked to the outcomes of interest. The ALBs used different selection criteria to award funding and the assessment

processes were implemented using different models. The award criteria also changed between CRF 1 and 2 as illustrated in the table below. The process generally involved an assessment of whether the application met pre-defined criteria (in the form of a binary pass or fail test), with some of these criteria considered 'essential' in the award process. The criteria applied can be broadly grouped under the following themes:

- Viability before the pandemic: Grants were targeted at organisations that were deemed financially viable prior to the pandemic. This criterion aimed to prevent resources being diverted to organisations facing financial difficulties for reasons unlinked to the pandemic (and may have failed regardless).
- Impact of the pandemic: Applicants were also required to demonstrate that the pandemic had created financial difficulties that put them at risk of failure, and in some cases required to demonstrate that alternative financing options had been exhausted (with the aim of ensuring resources were targeted at need).
- Use of grant: The assessment process also considered how applicants planned to use the grant to move towards financial viability and reopen.
- Balancing criteria: Finally, the ALBs also assessed proposals against a range of other criteria, such as cultural or heritage significance, diversity, or value for money to ensure resources were targeted at meeting the overall objectives of the scheme.

Table A17: Selection criteria by Round and ALB (essential criteria marked with an asterisk)

Round	NHLF	ACE	BFI
1	▶ Risk of no longer trading viability* ▶ Viable prior to COVID-19 * ▶ Exhausted other financing options* ▶ Future financial viability* ▶ Negative impact to the public ▶ Heritage significance ▶ Economic and cultural impact	▶ Financial viability* ▶ Plan for financial viability* ▶ Cultural significance* ▶ Diversity score	▶ Financial viability* ▶ Levelling up score (%)* ▶ Cultural Assessment score (%)* ▶ Diversity score (0, 1, 2, 3)*
2	▶ Heritage significance ▶ Cultural and economic impact ▶ Viability pre-COVID-19*	▶ Management of COVID-19 impact* ▶ Supporting your cultural operation* ▶ Adaptable plans*	▶ Financial viability* ▶ Levelling up score* ▶ Cultural assessment score*

Round	NHLF	ACE	BFI
	▶ Exhausted other financing options* ▶ Business Action Plan* ▶ Overall Value for Money ▶ Opening up access	▶ Future viability & sustainability* ▶ Cultural significance* ▶ Opening up access	▶ Opening up score/ balancing ▶ Opening up score ▶ Opening up Access/ Diversity score

Source: ALB monitoring information and guidance documents

Issues of selection bias would ideally be mitigated by restricting the comparison group to those organisations that applied for funding but met all (or the essential) criteria for funding[13]. This group would be considered most similar to those awarded funding. However, while the total number of declined applicants was comparatively large (2,527 organisations), only 221 declined applicants met the essential criteria. This was not a large enough population to support statistical analysis (given the anticipated response rates to the survey), and a decision was made to restrict the comparison population to:

- **Applications that met the financial viability criterion** (i.e. financial viability prior to COVID-19 and/or risks to no longer trading viably) – which was likely to be most strongly linked to the outcomes of interest for the following analysis (i.e. prospects of survival).
- However, **applications that did not meet other criteria** (such as cultural significance) were included in the comparison group – it was considered that performance against these criteria are less likely to be directly correlated with the survival of organisations (although are clearly important for other reasons).

This increased the population of comparison applications to 1,497. This supported the generation of a sufficiently large sample for the purposes of the following analysis. However, it should be noted that the inclusion of applications that did not meet other criteria will produce a residual risk of bias in the estimates. Some criteria may be indirectly linked to the future survival of organisations. For example, cultural significance may determine the ability of organisations to secure funding from other sources and comparing organisations that did and did not pass this criterion could lead to an overstatement of the impact of the programme. Additionally, organisations that did not pass criteria in relation to their plans for future viability were included in the comparison group. Assuming that these proposals could be effectively assessed by ALBs, the inclusion of this group in the comparison group could also risk overstating the impacts of the CRF.

Propensity Score Matching

A first step to mitigate these issues involved the application of Propensity Score Matching to ensure that the two groups of organisations (i.e. those awarded CRF funding and those

[13] Note that the assessment process involved binary 'pass or fail' tests against the criteria. As applications did not receive a numerical score, an approach based on comparing marginal applications (those that 'just made it', and those that 'just missed out') was not feasible (i.e. a Regression Discontinuity Design).

that were awarded funding but were declined and who responded to the survey) shared similar characteristics at the point they applied for funding. The purpose of this step was to remove any observable differences between the two groups, to raise confidence that any differences in their experiences could be reasonably attributed to the CRF (rather than differences in their sector profile, for example). This procedure is commonly associated with evaluation designs reaching Level III on the Maryland Scale.

Initial analysis of the characteristics of the two groups did highlight some systematic differences between the samples of those awarded funding and those whose applications were declined:

- Organisations awarded grants were more likely to be open to the public or receive audiences than declined applicants but were less severely affected by lockdown restrictions.
- Organisations awarded grants tended to be larger (in terms of income, employment, etc.) but had less robust balance sheets at the time the programme was launched.
- Organisations awarded grants were more likely to be active in performing arts sectors (music, dance, film, and theatre) and less likely to be active in 'other' subsectors (taken as suppliers to the cultural sector rather than venues).
- Organisations awarded grants were less likely to be commercial organisations.

To improve the comparability of the two groups, a Propensity Score Matching approach was implemented. This involves a first-stage regression to estimate the probability that each member of the treatment and comparison groups would be awarded CRF funding, based on their observed baseline characteristics. The following variables were included in the regression:

- **Opening status at time of application** – i.e. a binary indicator of whether the organisation was fully or partially open at the time of application. This factor was considered likely to determine the degree to which the organisation could earn revenues at the time and, in turn, the financial risks it was likely to face.
- **Type of organisation** – it was anticipated that commercial organisations and organisations in the public or third sector would face differential pressures over the period (with organisations in the public sector more likely to receive revenue grants to cover their expenditure).
- **Sector** ('performing arts' and 'other') – two additional indicators were included to capture the possibility that organisations in the performing arts and those in supply chain of cultural organisations may have experienced different threats to their financial health.
- **Balance sheet** – baseline measures of the reserves and liabilities of cultural organisations were included to ensure that comparisons were made between organisations with similar financial health at the point of application.

- **Cashflow** – measures of income and expenditure for the 2019/20 period were included to ensure comparisons were made between organisations with similar scales of operations.

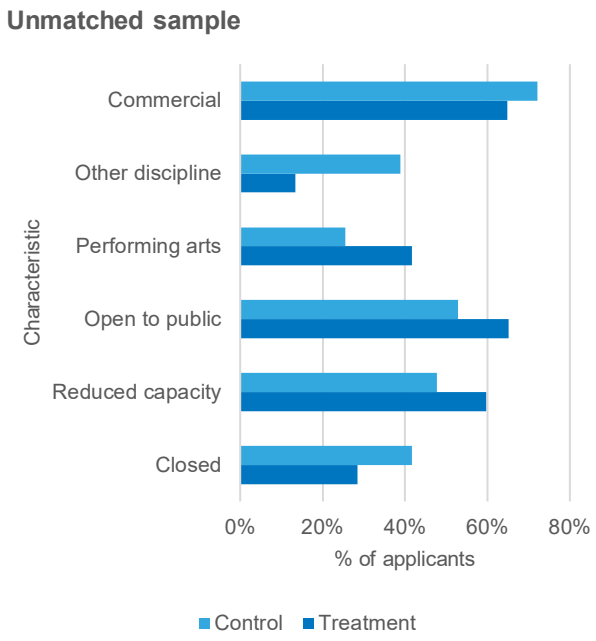
The regressions were used to generate a 'propensity score' for each member of the treatment and comparison group (the probability of treatment assignment conditional on observed baseline characteristics). The propensity score was then used to match organisations in the survey sample that were awarded CRF funding to organisations whose applications were declined, where they shared similar probabilities of being awarded funding based on their pre-application characteristics. A kernel matching approach – in which each organisation awarded grants was matched to multiple organisations in the comparison sample (with control observations carrying larger weights where they share more in common with members of the treatment group).

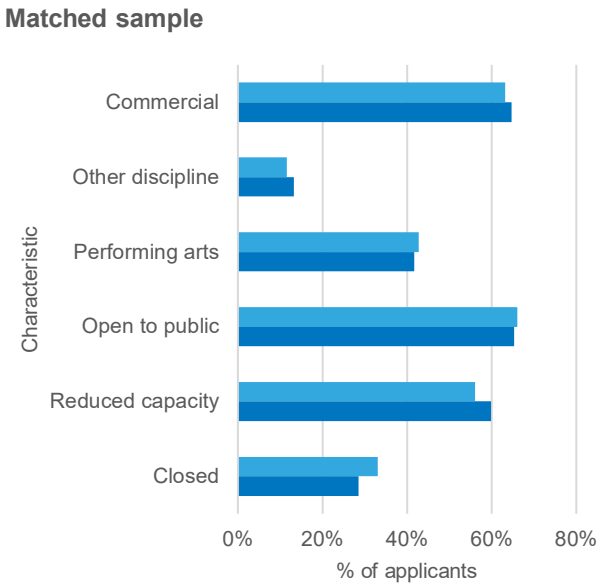
This PSM approach was effective in balancing the two samples. The overall percentage bias[14] in the two groups reduced from 31.3 percent to 3.6 percent and no statistically significant differences between groups on any characteristic were present in the matched sample. The final matched sample included 529 organisations that were awarded grants and 180 declined applicants. The matched sample was considered representative of the known characteristics of organisations awarded funding from the programme:

- **Surveyed organisations**: As illustrated in Annex 2, the sample of organisations awarded grants were representative of the population in terms of their known characteristics (e.g. ALB awarding funding, region, grants awarded under CRF 1 and 2).
- **Matched sample**: The matched sample of organisations awarded grants shared very similar characteristics to the unmatched sample (as illustrated in the figures below and in the table provided in the appendix to this Annex). The effect of matching was to remove those organisations in the comparison group that were dissimilar to those awarded grants, with the process removing all statistically significant differences between the two groups.
- **Residual sources of bias:** The matching process does not eliminate the possibility that there are unknown sources of non-response bias to the survey that may make the findings unrepresentative. Additionally, organisations that could not provide valid responses to questions regarding their financial health or employment were excluded from the analysis. Again, there may have been differences between those organisations that did and did not provide these measures that could also reduce the external validity of the findings.

[14] The standardised percentage bias is the percentage differences in the averages for the treated and comparison groups, as a percentage of the square root of the average of the sample variances for the treated and comparison groups.

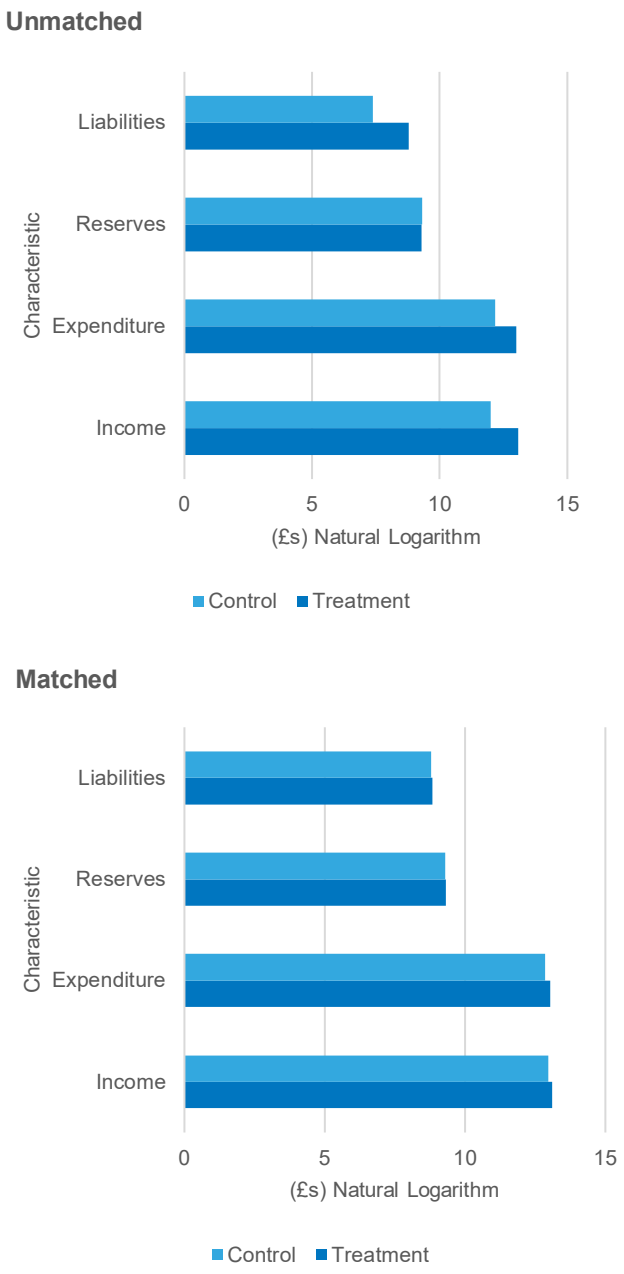
Figure A1: Outcome of Kernel Matching – Organisational characteristics





Source: Survey of applicants, Ipsos UK analysis

Figure A2: Outcome of Kernel Matching – Cashflow and balance sheet characteristics



Source: Survey of applicants, Ipsos UK analysis

Results

Overall outcomes

Table A18 provides the results of the analysis, any transformations of the outcome variables, and the association type of regression used to implement the difference-in-difference models. The appropriate interpretation of the coefficients varies depending on the nature of the regression and is highlighted in parentheses in the first column of the table.

Cashflow measures

Based on comparisons between successful and unsuccessful applicants described above, the CRF had the following impacts on the cashflow of organisations awarded grants:

- **Average impacts on income:** The funding provided through the CRF was estimated to have increased the income of organisations awarded funding in CRF 1 and 2 by 140 percent in the 2020/21 financial year (relative to what it would have been in the absence of the scheme). This was equivalent to increasing the median income of organisations awarded funding in 2021 from £132,000 to £317,000.
- **Total impact on income:** Aggregating this across the 4,214 organisations awarded funding implies that the CRF increased the net total income of organisations awarded funding by £777m (details of the aggregation process are provided below) – i.e. the income of those that received funding was £777m greater than it would have been in the absence of the programme.
- **Additionality of grant funding:** A total of £1.1bn in grant funding was awarded to organisations through CRF1 and CRF2. As grants will be counted in total income, this implies that 66 percent of grant funding represented additional income[15], and that organisations awarded grants would have replaced almost £400m of CRF funding (34 percent) with income from other sources in the absence of CRF. This is consistent with the evidence from the survey, which indicated that organisations declined funding were able to access other sources of funding over the period (such as grants awarded through the Local Authority COVID-19 Business Support Grants scheme funded by BEIS). It is also possible that the CRF reduced demand for funding amongst those awarded funding, increasing its availability for organisations that were declined. If so, these findings would understate the impact of the programme on the income of those awarded funding.
- **Average impacts on expenditure:** The results indicated that the CRF also increased the expenditure of organisations awarded grants. It was estimated that the expenditure of organisations awarded funding was 37 percent higher than it would have been in the absence of the scheme between April 2020 and March 2021. For the average organisation, this was equivalent to an increase in spending from £219,000 to £300,000.
- **Total impacts on expenditure:** At the overall level, this was equivalent to an additional £341m in additional spending over the course of 2020/21, and a further £272m[16] between April 2021 and September 2021 (£612m in total). This implies the CRF had potentially important economic stimulus impacts during the pandemic and only a relatively small share of the £777m in additional income received by organisations was still held in reserves by the end of September 2021.

[15] I.e. £777m divided by £1.173bn.

[16] This was inferred from the difference between the total impact of CRF on organisations operating surplus at the end of March 2021 (i.e. £777m - £341m = £436m) and the total impact on reserves at the end of September 2021 (£165m).

- **Profitability:** The findings also provided some insight into the impact of the CRF on the operating profitability of organisations awarded funding:
  - The CRF was estimated to have reduced the likelihood that organisations awarded funding operated at a loss during 2020/21 (relative to what may have occurred in the absence of the programme). As past research has demonstrated that operating losses are an important determinant of future business failure, it is likely that the programme will have had an effect in improving the prospects of survival of at least some organisations awarded funding.
  - There was, however, no evidence that the CRF influenced the average operating profitability (i.e. operating surplus as a percentage of operating expenditure) of organisations awarded funding. This indicates that while some organisations awarded were able to avoid losses as a result of the CRF, the majority of organisations would have sought to preserve their financial sustainability by finding cost savings to make up for lost income in the absence of the scheme.

Balance sheet measures

The analysis also investigated impacts on the balance sheets of organisations awarded grants:

- **Reserves:** The primary effect of the CRF on the balance sheets of organisations awarded grants was to increase the depth of their reserves. The findings indicated that the reserves of organisations awarded funding were 188 percent higher in September 2021 than they would have been in the absence of the scheme. This is equivalent to an increase from £21,000 to £60,000 for the average organisation, or a total increase of £165m when aggregated across the population of organisations awarded funding.
- **Other positive effects on financial health:** This was associated with other positive impacts on the financial health of organisations awarded funding. It was estimated that the CRF increased the number of months of operating expenditure that could be funded from reserves by 33 percent (from an average of 4.4 months to 5.9 months). The results also indicated that the CRF led to a 111 percent reduction in ratio of debts to assets (approximated by liabilities divided by reserves, another important predictor of future survival rates).
- **Liabilities:** The findings did not suggest that the CRF had a statistically significant effect on the liabilities accumulated by organisations awarded funding. As such, this indicates that organisations awarded funding would not have sought debt finance to cover their short-term funding needs in the absence of scheme. While a higher share of declined applicants reported that they obtained Bounce Back Loan Schemes, it should be noted that these loans were small in size (maximum of £25,000) and only obtained by a minority

of declined applicants. As such, the impacts of these loans may have been too small to detect in the analysis.

- **Solvency:** The findings also did not suggest that the CRF reduced (or increased) the likelihood that organisations awarded funding were facing insolvency issues (the share whose liabilities exceeded their reserves). This is consistent with the findings above which tend to suggest that organisations awarded funding would have sought to reduce their operating spending to secure their survival in the absence of the scheme (rather than seeking debt finance to see themselves through the COVID-19 pandemic, leading to potentially unsustainable debt servicing payments and future insolvencies).

Employment

The CRF also helped to safeguard jobs in the cultural sector:

- **Direct jobs:** Although the number of FTEs employed by organisations fell between their application for funding and September 2021, organisations awarded funding were estimated to employ 14 percent more workers (Full Time Equivalents) in September 2021 than they would have done in the absence of the CRF. For the average organisation, this was equivalent to an increase in employment from 5 to 6 workers (i.e. one additional job per organisation supported). When aggregated across the population of organisations awarded funding, CRF is estimated to have safeguarded around 3,000 jobs by September 2021.

- **Contractors:** The employment impacts of the CRF were not limited to workers directly in employment. The findings also indicated that by helping preserve supply chain spending, the scheme increased the employment of contractors (e.g. freelancers that form a critical part of the supply chain in many creative industries). It was estimated that the CRF led to an increase in the employment of contractors by 41 percent amongst organisations awarded grants by September 2021 (equivalent to one additional contractor per organisation funded). The programme was estimated to have safeguarded a total 3,700 employment opportunities for contractors in total by the end of September 2021, across the population of organisations awarded grants.

However, the scheme did not appear to have any effect on the number of volunteering opportunities, the number of furloughed workers or the number of workers made redundant. As highlighted by the survey, most organisations applying for CRF funding had made most redundancies in the period between the first national lockdown and the launch of the scheme (in line with patterns across the whole economy, where unemployed rose rapidly in the early months of the pandemic). Organisations can reduce their employment costs by making redundancies, reducing working hours, or by not replacing staff when they leave voluntarily. The findings imply that the scheme may have been launched too late to have a significant impact on redundancies, and that the impacts of the programme in safeguarding jobs has

predominantly arisen from the replacement of workers leaving voluntarily or through increasing working hours.

Reopening

The findings suggested that the programme had limited effect in terms of accelerating the reopening of cultural institutions. Organisations awarded funding were no more likely than declined applicants to have reopened at the end of June 2021 or at the end of September 2021, and funding did not appear to have any significant impact on the number of visitors received (amongst organisations open to the public).

Table A18: Overview of outcome variables analysed

Outcome	Estimated coefficient (impact of CRF)	Standard error	Log transformed?	Regression type
Cashflow outcomes				
Total income (% impact)	1.395***	(0.480)	Yes	OLS
Total expenditure (% of impact)	0.368*	(0.217)	Yes	OLS
Profits (£s)	-285,511	(1,107,000)	No	OLS
Operating Profitability (% point impact)	0.888	(0.581)	No	OLS
Operating at a loss (1 = yes, 0 = no) – impact on odds	-0.453*	(0.238)	No	Logistic
Operating at 0% to 3% profitability (1 = yes, 0 = no) – impact on odds	0.521	(0.385)	No	Logistic
Balance sheet outcomes				
Reserves (% impact)	1.884***	(0.523)	Yes	OLS
Liabilities (% impact)	-0.185	(0.305)	Yes	OLS
Debt to assets ratio (liabilities divided by reserves, % impact)	-1.111**	(0.489)	Yes	OLS
Potentially insolvent (binary, 1 = yes, 0 = no, impact on odds)	-0.427	(0.297)	No	Logistic

Outcome	Estimated coefficient (impact of CRF)	Standard error	Log transformed?	Regression type
Depth of reserves (months of operating expenditure that can be funded from reserves, % impact)	0.335**	(0.148)	Yes	OLS
Sufficient reserves for three months of operating expenditure (1 = yes, 0 = no)	0.481	(0.303)	No	Logistic
Employment outcomes				
Jobs (FTEs, % impact)	0.135**	(0.056)	Yes	OLS
Contractors (FTEs, % impact)	0.407***	(0.098)	Yes	OLS
Volunteers (FTEs, % impact)	-0.057	(0.073)	Yes	OLS
Furloughed workers (FTEs, % impact)	-0.117	(0.185)	Yes	OLS
Redundancies (FTEs, % impact)	-0.191	(0.146)	Yes	OLS
Reopening				
Open in June (1 = yes, 0 = no, impact on odds)	-0.0754	(0.232)	No	Logistic
Open in September (1 = yes, 0 = no, impact on odds)	-0.0754	(0.232)	No	Logistic
Visitor numbers (% impact)	-0.140	(0.134)	Yes	OLS

*Source: Culture Recovery Fund Survey, Ipsos UK. *, **, *** indicates whether the estimated coefficient was significant at the 90, 95, or 99 percent level of confidence. Standard errors are provided in parentheses.*

Grossing up

Estimates of the total impact of CRF (as referenced above) were estimated on by applying the average estimated impact of the scheme to the median values of the outcome measures in 2021 and the total number of applicants. The median was selected in preference to the mean because (a) mean values were skewed by the presence of some very large organisations in the sample, and (b) evidence set out below that impacts of the CRF were largely confined to smaller organisations. The following table provides estimates of the total impact of the CRF on the five key measures reported above.

Table A19: Estimates of the total impact of CRF, key measures

Outcome	Median value in 2021	Impact of CRF (%)	Number of applicants	Total impact[17]
Financial health measures				
Operating income (£)	£316,621	1.39	4,214	£777m
Operating expenditure (£)	£300,500	0.37	4,214	£341m
Reserves (£)	£59,900	1.88	4,214	£165m
Employment impacts				
Direct employees (FTEs)	6	0.14	4,214	3,000
Contractors (FTEs)	3	0.41	4,214	3,660

Source: Culture Recovery Fund Survey, Ipsos UK.

Impacts on future survival

As highlighted above, it is premature to provide a direct estimate of the impact of the CRF on the survival of cultural organisations owing to the very small numbers of organisations that had failed by the end of the study period (reflecting patterns across the broader economy). However, the findings indicated that the programme raised the survival prospects of organisations by improving their financial health (though many declined applicants were able to improve their financial position by reducing their expenditure, including through downsizing the scale of their direct and indirectly employed workforce).

To provide an indicative estimate of the potential impacts of the CRF on the future survival of organisations, the results of the evaluation were used in conjunction with the results of a 2003 Bank of England study[18] investigating the impact of accounting measures on the future probability of default over one year and two years. This study found (using a probit modelling approach) that the following accounting measures were associated with the probability of default:

- Ratio of debt to assets (i.e. higher levels of debt relative to assets increased the probability of default over one and two years)
- Operating losses (organisations operating at a loss in a given year were at elevated risk of failure over the next two years)

[17] Total impacts were calculated as follows: Number of applicants x (Median Value in 2021 x (1 - 1 / (1 + Estimated % impact of CRF))

[18] Tudela and Young (2003) A Merton Model approach to assessing the default risk of UK public companies

- Sales growth (an increase in income in a given year reduced the probability of failure over two years – though not over one year).

The question of what factors determine the failure of SMEs and public companies is well researched and numerous studies have explored this question using statistical methods. The findings of the Bank of England study were used in preference to the alternatives predominantly because the variables included in the model aligned with those gathered in the survey (which collected some, but not all, accounting measures that are often used to drive the underpinning models). It should also be noted that all relevant past research has focused on private entities, and no study was identified that focused exclusively on the cultural sector.

The results of the econometric analysis were used to generate estimates of the ratio of debt to assets, the probability the organisation was operating at a loss, and sales growth for each organisation in the sample that was awarded funding, in both the 'with CRF' scenario and the 'without CRF' scenario (i.e. estimating the organisations' financial situation had they not received CRF). These values were then combined with the regression results prepared by Bank of England researchers to provide an estimate of the likely probability of failure over a one year and two-year horizon.

The results are set out in the table below and suggest (on an indicative basis) that:

- The CRF reduced the probability of failure from 31 to 39 percent to 17 to 19 percent depending on the time horizon considered. This is equivalent to a reduction in risk of between 15 and 20 percent, implying that the programme could eventually lead to the preservation of between 620 and 830 organisations.
- Around 60 to 70 percent of organisations awarded funding would have been likely to survive regardless of the CRF. However, as explained above, in many cases these survival outcomes would have been achieved at the cost of reductions in the scale of operations and the employment of workers and contractors.
- Between 17 and 19 percent of organisations awarded funding remain in a financially precarious situation regardless of the CRF (implying that the funding provided in these instances was not sufficient to preserve the organisation)

These findings should be treated as purely indicative. Firstly, they are based on findings that are not wholly relevant to the sector (i.e. they are based on an investigation into defaults amongst publicly traded companies across a range of industries) or the broader context (while the analysis period included severe recessions, the conditions created by the pandemic are arguably unprecedented). Additionally, at the time of writing, the economy was facing a variety of macroeconomic headwinds, that could have knock-on consequences for the survival of firms.

Difference-in-difference analysis

The matching described above can mitigate issues of bias driven by observable differences between organisations awarded CRF funding and the comparison group (i.e. declined organisations). However, it is still possible that unobserved differences between organisations could bias results. For example, if success in the application process reflected unobserved qualities of management team, these factors might also be expected to influence the survival prospects of the organisations. In this example, basic comparisons between the two groups of organisations would overstate the impact of CRF on the outcomes of interest.

Further mitigations against this risk were achieved by applying the following difference-in-differences model:

$$y_{it} = \alpha + \beta T_{it} + \partial X_{it} + \alpha_i + u_{it}$$

This regression model assumed that the outcome of interest (y_{it}) for organisation *i* in period *t* is determined by whether an organisation has received funding (T_{it}, a dummy variable taking the value of 0 in periods prior to funding being awarded, and 1 after the funding is awarded). The impact of the CRF is captured by the coefficient β. The model also includes unobserved, but unchanging, characteristics of the organisation that may be correlated with both the outcome and whether the organisation was awarded a grant or loan (α_i).

The model above includes controls for time varying characteristics of the organisation (X_{it})[19]. These controls should only be included to the degree that they can be considered exogenous (i.e. and not caused by participation in the programme). While several time varying characteristics of organisations were collected through the survey, these were largely considered to be causally related to the outcome of the funding application. For example, take-up of other government support programmes could be caused by the outcome of the application process (for example, if failure to secure funding encouraged some organisations to seek support elsewhere, or if being awarded a grant reduced usage of the furlough programme). As such, no time varying controls were included in the model, which was estimated as a first difference model (using OLS or logistic regression depending on the outcome variable).

$$\Delta y_{it} = \alpha + \beta \Delta T_{it} + u_{it}$$

The process of differencing the data removes time invariant, but unobserved, differences between organisations that could bias results (i.e. α_i in the first model). In the first difference model, the coefficient α now represents common trends in the outcome between the point of application and the end line of the survey (i.e. September 2021).

[19] Note that the matching approach applied ensures that differences in the characteristics of organisations before the application for funding are already controlled for in the model.

Table A20: Estimated reduction in the probability of failure over two years

	Probability of failure over one year	Probability of failure over two years
Probability of failure without CRF	0.39	0.32
Probability of failure with CRF	0.19	0.17
Reduction in risk of failure	**-0.20**	**-0.14**

Source: Culture Recovery Fund Survey, Ipsos UK.

Subgroup analysis

The survey results were also used to explore the degree to which the CRF had differential effects across subgroups of the population of organisations awarded grants, including:

- Organisations located in urban and rural settings (based on the Defra-ONS Urban/Rural indicator)
- Commercial and non-commercial organisations (i.e. those in the public or third sector)
- Small (organisations with less than 10 employees in 2020) and larger organisations
- Sector (performing arts (dance, film, theatre, music) vs other sectors)
- Organisations applying for grants smaller and larger than £100,000.

Cashflow metrics

Estimates of the effects of CRF 1 and 2 grants on cashflow metrics (total income, total expenditure, profits, operating profitability (%), operating at a loss, and operating at low profitability) are set out in Table A21 below:

- The positive effects of the CRF on cashflow measures were largely confined to commercial entities, indicating that organisations in the public and third sectors would largely have been able to replace the funding provided by CRF with other income sources in the absence of the programme.
- The CRF also tended to have larger impacts on the cashflow of smaller organisations, organisations in urban areas, and organisations operating in the performing arts sector.
- There was little difference in the impacts of larger or smaller grants on income measures (indicating that smaller grants tended to go to smaller organisations), although the larger

grants were less likely to be associated with an increase in expenditure (implying they were more likely to be used to reflate reserves).

Table A21: Estimated impacts of CRF grants on cashflow metrics

Model (~)	Subgroup	Income (% impact)	Expenditure (%)	Profits	Operating profitability (%)	Operating at a loss (1=yes, 0=no)	Operating at low profitability (1=yes, 0=no)
	Regression type	OLS	OLS	OLS	OLS	Logistic	Logistic
#1	Urban	1.581*** (0.563)	0.217* (0.113)	-797,659 (1,285,000)	1.023 (0.697)	-0.253** (0.104)	0.593 (0.432)
#2	Rural	0.437 (0.367)	1.169 (1.182)	1,847,000 (1,827,000)	0.291 (0.285)	-0.209 (0.137)	0.182 (0.770)
#3	Commercial	1.380***(0.474)	0.483 (0.333)	-682,658 (1,555,000)	1.291 (0.902)	-0.373*** (0.099)	0.469 (0.514)
#4	Non-commercial	1.458 (1.036)	0.197 (0.121)	635,714 (1,216,000)	0.230 (0.341)	-0.0194 (0.162)	0.613 (0.526)
#5	Orgs with >=10 employees in 2020	0.554* (0.294)	0.033 (0.134)	-1,521,000 (2,802,000)	1.844 (1.560)	-0.187 (0.193)	0.186 (0.648)
#6	Orgs with <10 employees in 2020	1.834*** (0.689)	0.561* (0.317)	598,766 (609,720)	0.362 (0.238)	-0.266*** (0.093)	0.790** (0.400)

Model (~)	Subgroup	Income (% impact)	Expenditure (%)	Profits	Operating profitability (%)	Operating at a loss (1=yes, 0=no)	Operating at low profitability (1=yes, 0=no)
#7	Sector: performing arts	2.287** (1.061)	0.789* (0.471)	-2,609,000 (2,072,000)	1.566 (1.517)	-0.193 (0.159)	0.709 (0.721)
#8	Sector: other (not performing arts)	0.692 (0.572)	-0.177 (0.248)	-36,793 (301,775) (	0.518 (0.544)	-0.0954 (0.132)	-0.525 (0.603)
#9	Size of grant: amount applied for: >100,000	1.766** (0.706)	0.156 (0.144)	-639,660 (2,112,000)	2.009 (1.382)	-0.376** (0.159)	0.625 (0.625)
#10	Size of grant: amount applied for <= 100,000	1.279* (0.658)	0.587* (0.346)	584,579 (823,566)	0.200 (0.289)	-0.146 (0.107)	0.398 (0.494)

*Source: Culture Recovery Fund Survey, Ipsos UK. *, **, *** indicates whether the estimated coefficient was significant at the 90, 95, or 99 percent level of confidence. Standard errors are provided in parentheses. Significant effects are highlighted in green*

Balance sheet

Estimates of the effects of CRF 1 and 2 grants on balance sheet metrics (reserves, liabilities, working debt to capital ratio (liabilities divided by reserves), insolvency, depth of reserves (months of operating expenditure that can be funded from reserves), and sufficient reserves for 3 months are set out in the table below. The findings showed a similar pattern of results to those associated with cashflow measures:

- The findings indicated that the CRF only had positive impacts on commercial organisations. The CRF did not lead to an increase in the reserves of organisations in the public or third sectors or reduce their working capital to debt ratios.

- The CRF had a larger effect on the reserves of larger organisations than smaller organisations. Given the findings on expenditure above, this implies that larger organisations were more likely to use CRF as a protective measure (with the funding sitting on balance sheets rather than feeding through into operating spending). The same relationship is seen in relation to sectors outside and inside the performing arts sector (i.e. outside the performing arts sector, organisations were more likely to use the funding as a protective measure).

Table A22: Estimated impacts of CRF grants on balance sheet metrics

Model (~)	Subgroup	Reserves	Liabilities	Working debt to capital ratio	Insolvency (1=yes, 0=no)	Depth of reserves (months)	Sufficient reserves for 3 months (1=yes, 0=no)
	Regression type	OLS	OLS	OLS	Logistic	OLS	Logistic
#1	Urban	2.112*** (0.591)	-0.0546 (0.327)	-1.399** (0.548)	-0.558* (0.326)	0.307* (0.172)	0.323 (0.330)
#2	Rural	0.761 (1.016)	-0.888 (0.813)	0.327 (0.967)	0.394 (0.584)	0.473* (0.239)	1.383** (0.659)
#3	Commercial	2.288*** (0.540)	-0.466 (0.435)	-1.610*** (0.509)	-0.49 (0.341)	0.334 (0.223)	0.328 (0.336)
#4	Non-commercial	1.163 (1.061)	0.295 (0.361)	-0.261 (0.958)	-0.32 (0.594)	0.245 (0.166)	0.781 (0.679)
#5	Orgs with >=10 employees in 2020	2.666*** (0.905)	-0.231 (0.616)	-1.752** (0.709)	-0.788 (0.498)	0.463* (0.261)	0.735 (0.561)

Model (~)	Subgroup	Reserves	Liabilities	Working debt to capital ratio	Insolvency (1=yes, 0=no)	Depth of reserves (months)	Sufficient reserves for 3 months (1=yes, 0=no)
#6	Orgs with <10 employees in 2020	1.503** (0.628)	-0.174 (0.346)	-0.777 (0.630)	-0.203 (0.381)	0.253 (0.179)	0.330 (0.358)
#7	Sector: performing arts	1.999* (1.158)	0.201 (0.592)	-1.127 (1.159)	-0.754 (0.461)	0.277 (0.288)	-0.145 (0.442)
#8	Sector: other (not performing arts)	1.611** (0.785)	-0.861** (0.403)	-1.639** (0.733)	-0.981* (0.525)	-0.0193 (0.451)	0.327 (0.442)
#9	Size of grant: amount applied for: >100,000	3.122*** (0.810)	-0.410 (0.547)	-2.263*** (0.688)	-0.631 (0.434)	0.407 (0.266)	0.543 (0.435)
#10	Size of grant: amount applied for <= 100,000	1.017 (0.645)	-0.160 (0.357)	-0.309 (0.627)	-0.343 (0.424)	0.176 (0.173)	0.337 (0.426)

*Source: Culture Recovery Fund Survey, Ipsos UK. *, **, *** indicates whether the estimated coefficient was significant at the 90, 95, or 99 percent level of confidence. Standard errors are provided in parentheses.*

Employment

Estimates of the effects of CRF 1 and 2 grants on employment metrics (jobs (FTEs), contractors (FTEs), volunteers (FTEs), furloughed workers (FTEs) and redundancies) are set out in Table A23 below. There was little variation in the employment impacts of the CRF across groups.

Table A23: Estimated impacts of CRF grants on employment metrics

Model (~)	Subgroup	Jobs (FTEs)	Contractors (FTEs)	Volunteers (FTEs)	Furloughed workers (FTEs)	Redundancies
	Regression type	**OLS**	**OLS**	**OLS**	**OLS**	**OLS**
#1	Urban	0.126* (0.065)	0.437*** (0.116)	-0.048 (0.079)	-0.013 (0.210)	-0.184 (0.172)
#2	Rural	0.185* (0.096)	0.276** (0.115)	-0.109 (0.184)	-0.706*** (0.163)	-0.238* (0.128)
#3	Commercial	0.147* (0.082)	0.533*** (0.117)	-0.072 (0.077)	-0.177 (0.200)	-0.272 (0.216)
#4	Non-commercial	0.118** (0.055)	0.172 (0.178)	-0.029 (0.148)	0.012 (0.371)	-0.052 (0.110)
#5	Orgs with >=10 employees in 2020	0.042 (0.111)	0.247* (0.136)	-0.126 (0.150)	0.058 (0.389)	-0.623 (0.433)
#6	Orgs with <10 employees in 2020	0.200*** (0.064)	0.474*** (0.126)	-0.037 (0.077)	-0.039 (0.078)	0.026 (0.068)
#7	Sector: performing arts	0.198* (0.106)	0.618*** (0.198)	-0.039 (0.069)	-0.251 (0.210)	-0.200 (0.264)
#8	Sector: other (not performing arts)	0.010 (0.122)	0.486* (0.281)	-0.049 (0.086)	-0.312 (0.231)	-0.087 (0.224)

Model (~)	Subgroup	Jobs (FTEs)	Contractors (FTEs)	Volunteers (FTEs)	Furloughed workers (FTEs)	Redundancies
#9	Size of grant: amount applied for: >100,000	0.226* (0.117)	0.490*** (0.162)	-0.032 (0.100)	0.067 (0.358)	-0.436 (0.355)
#10	Size of grant: amount applied for <= 100,000	0.111** (0.047)	0.346*** (0.123)	-0.077 (0.098)	0.104 (0.120)	0.010 (0.032)

*Source: Culture Recovery Fund Survey, Ipsos UK. *, **, *** indicates whether the estimated coefficient was significant at the 90, 95, or 99 percent level of confidence. Standard errors are provided in parentheses.*

Reopening

Estimates of the effects of CRF 1 and 2 grants on reopening metrics (open in June, open in September, visitor numbers) are set out in Table A24 below. There was limited evidence that the CRF had any impact in accelerating reopening across subgroups, although the findings did indicate that funding may have encouraged non-commercial entities to delay reopening when lockdown restrictions were eased (though there was no difference by September 2021).

Table A24: Estimated impacts of CRF grants on reopening metrics

Model (~)	Subgroup	Open in June (1= yes, 0=no)	Open in September (1=yes, 0=no)	Visitor numbers
	Regression type	**Logistic**	**Logistic**	**OLS**
#1	Urban	0.0642 (0.260)	-0.285 (0.265)	-0.116 (0.151)
#2	Rural	-0.814* (0.494)	0.324 (0.476)	-0.281 (0.257)
#3	Commercial	0.392 (0.283)	-0.332 (0.287)	-0.197 (0.172)

Model (~)	Subgroup	Open in June (1= yes, 0=no)	Open in September (1=yes, 0=no)	Visitor numbers
#4	Non-commercial	-0.901** (0.408)	0.025 (0.435)	-0.056 (0.198)
#5	Orgs with >=10 employees in 2020	0.512 (0.478)	-0.216 (0.483)	-0.199 (0.211)
#6	Orgs with <10 employees in 2020	-0.393 (0.259)	-0.198 (0.270)	-0.095 (0.170)
#7	Sector: performing arts	-0.055 (0.391)	-0.198 (0.401)	0.053 (0.229)
#8	Sector: other (not performing arts)	0.098 (0.424)	0.838** (0.411)	-0.206 (0.132)
#9	Size of grant: amount applied for: >100,000	0.535 (0.402)	-0.370 (0.400)	-0.357** (0.179)
#10	Size of grant: amount applied for <= 100,000	-0.553* (0.289)	-0.095 (0.301)	0.089 (0.185)

*Source: Culture Recovery Fund Survey, Ipsos UK. *, **, *** indicates whether the estimated coefficient was significant at the 90, 95, or 99 percent level of confidence. Standard errors are provided in parentheses.*

Spatial impacts

This section describes the approach to and results from the analysis of spatial impacts of CRF grants using local area level and local authority data.

Approach

The framework described above was adapted to explore spill-over effects at the local level. This involved examining area level outcomes (rather than organisation level outcomes). Areas close to organisations receiving CRF funding are considered to have benefitted from the programme, while areas close to declined organisations formed the counterfactual. As with the analysis above, the counterfactual group only included areas close to organisations that applied and met the financial viability criterion.

The mechanics of the approach has been adapted from prior studies examining the effects of investments in commercial premises through the Single Regeneration Budget and has been used elsewhere in recent DCMS studies (for example, the evaluation of the Superfast Broadband programme). The underlying econometric model takes the following form:

$$y_{it} = \alpha + \beta_1 T_{it} \ + \partial X_{it} + \alpha_t + u_{it}$$

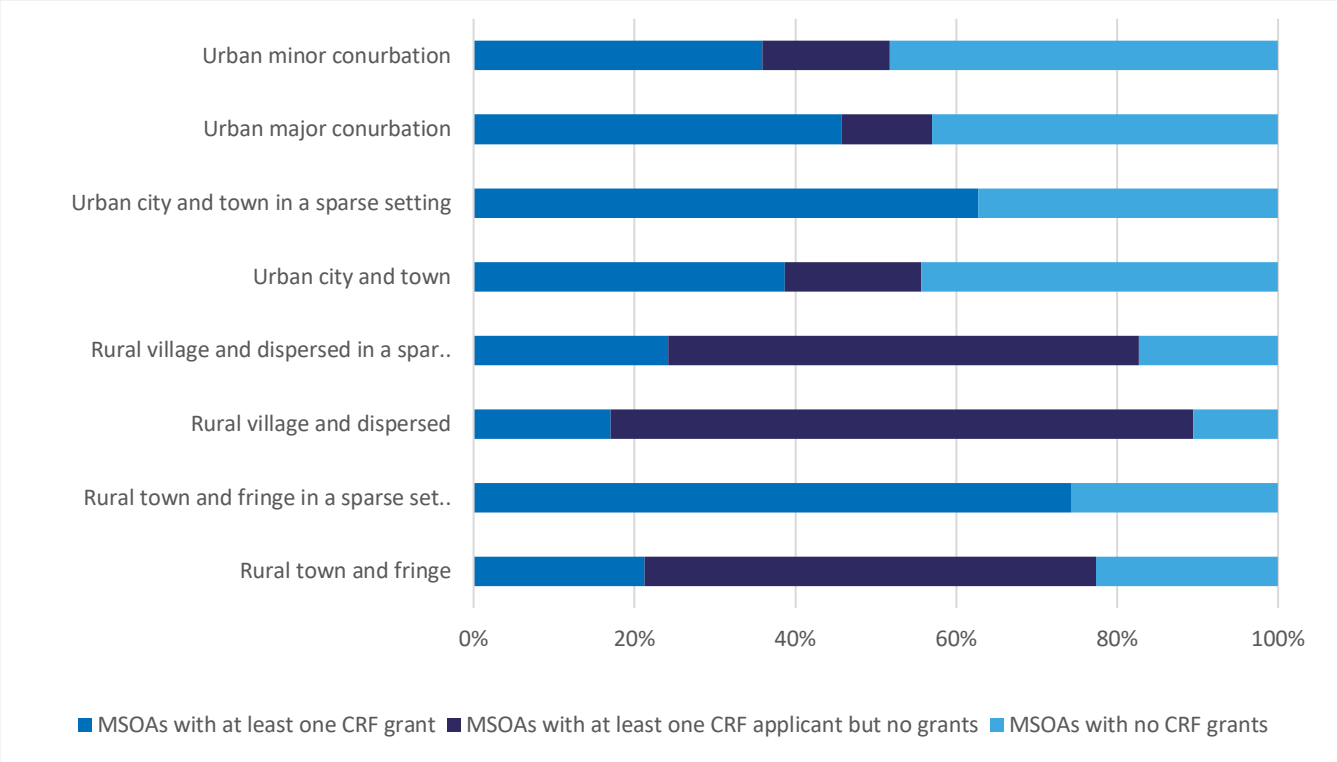
Here, y_{it} represents the outcome of interest (e.g. unemployment) in area i in period t. The outcome is determined by the percentage of creative employers awarded funding in the Middle Layer Super Output Area (MSOA) or the Local Authority District (LAD). This approach allows effects to vary with distance, with MSOA level results implicitly dealing with potential local displacement at the MSOA level or below. Results using the LAD level data were used in conjunction with the MSOA results to assess wider displacement effects.

This approach is only feasible if there is a sufficiently large number of areas that have not benefitted from CRF funding. To explore this, details of the postcodes of applicants (organisations awarded funding and those forming the comparison group described above) were linked to the ONS postcode directory to establish the MSOA in which they were located. This showed that there were 1,925 MSOAs that have benefitted from CRF funding and 5,416 MSOAs that did not. Of the 5,416 that did not benefit from CRF, a total of 426 had at least one applicant meaning the approach was feasible.

Types of areas receiving grants

The data collected was first analysed to explore the different types of areas that received CRF grants relative to the counterfactual and all other areas. In terms of the rurality of areas, those MSOAs that contained at least one organisation awarded a CRF grant were more likely to be located in urban areas such as minor/major conurbations. Those areas that included at least one applicant but that did not benefit from the CRF were most likely to be rural villages and dispersed settings.

Figure A3: Rurality of MSOAs receiving CRF grants versus those not benefitting from CRF



Source: Ipsos MORI analysis of CRF MI

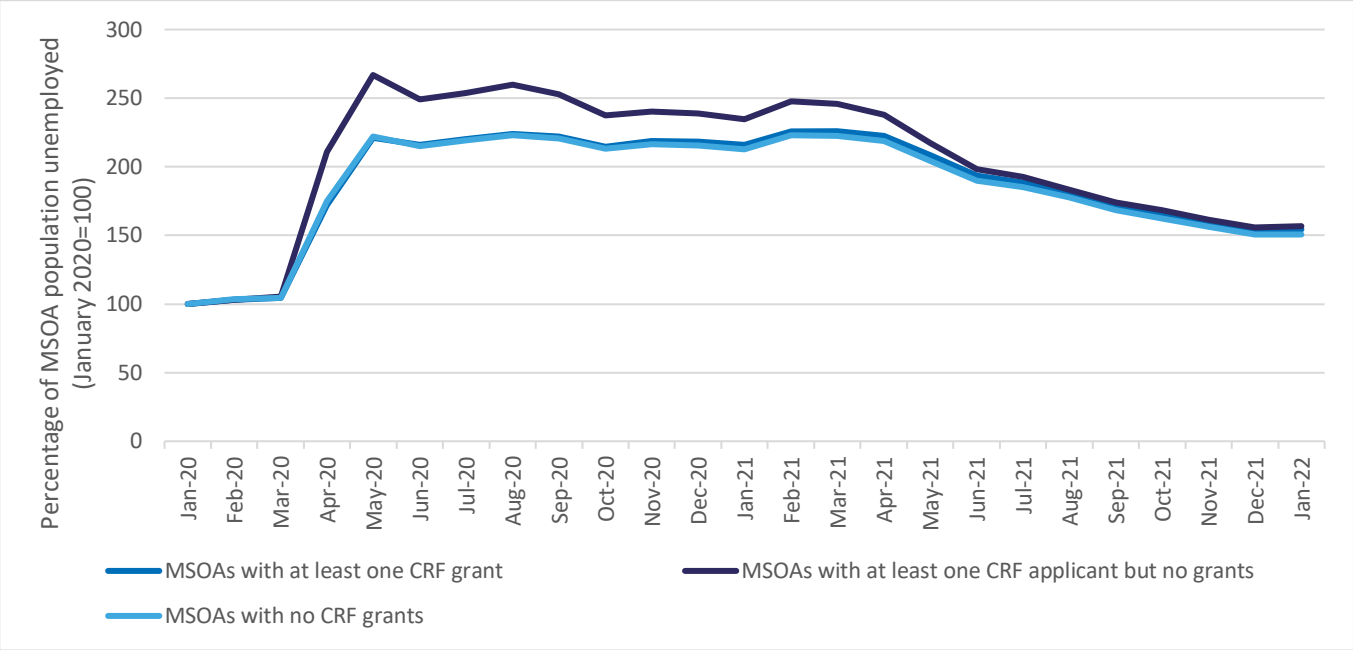
The areas receiving CRF grants also exhibited higher job density and average number of creative businesses. MSOAs with at least one CRF grant awarded within them had an average of 0.66 jobs per population compared to 0.34 for comparison areas. Similarly, areas benefitting from CRF had an average of 60 creative industry firms within them compared to 23 for comparison areas.

Unemployment

Following the imposition of the first lockdown in March 2020, unemployment rose significantly in all MSOAs including those benefitting from CRF and the control group. This remained high until early 2021 where unemployment appears to begin to reduce slowly over time. Unemployment as a percentage of the total MSOA population evolved more similarly across both areas benefiting from CRF grants and those that did not have any CRF applicants. Areas that included CRF applicants but did not benefit from the CRF saw larger increases in unemployment in April 2020 which remained higher until mid-2021.

The chart below indexes changes in unemployment as a percentage of total MSOA population and indicates no significant differences over time between the three categories of areas.

Figure A4: Change in percentage unemployment in MSOAs receiving grants versus those not

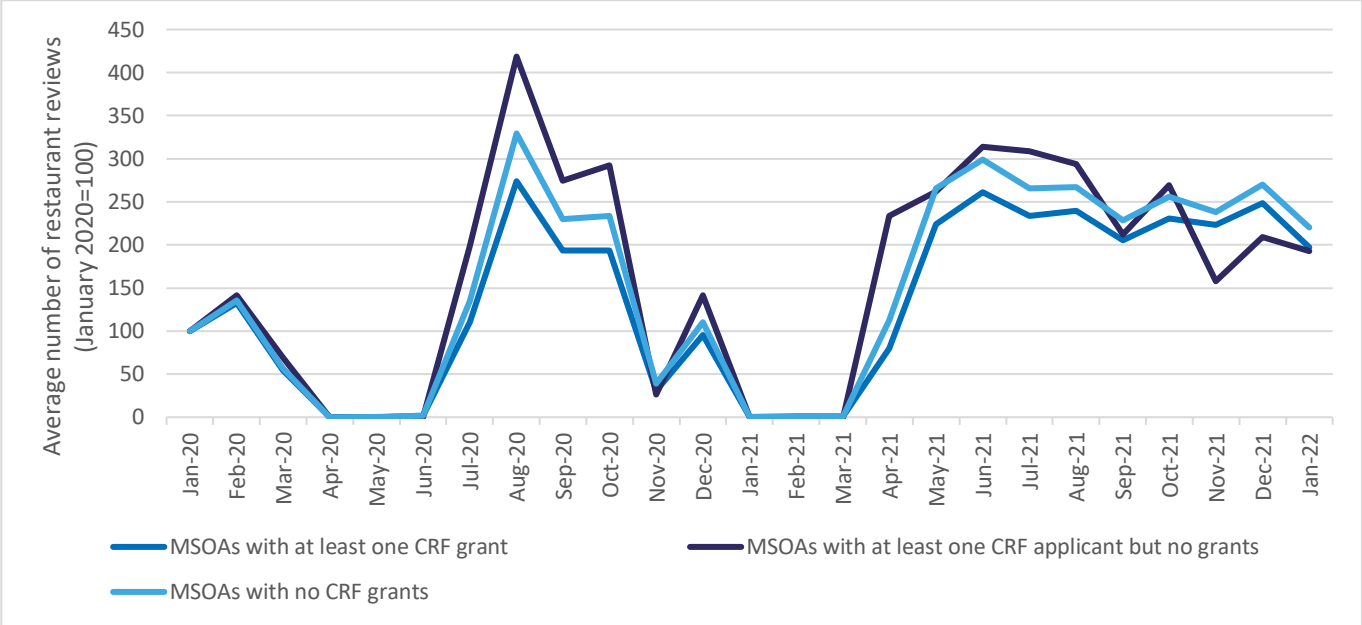


Source: Ipsos MORI analysis of Claimant Count data & CRF MI

Economic activity – OpenTable reviews and Ipsos RTI

Two sources of data provide some evidence of changes in economic activity that can be used to support findings on unemployment. The first of these was the restaurant review data obtained from OpenTable. As expected, the number of reviews were on average higher in areas benefitting from CRF grants linked back to the more urban nature of these areas relative to the other areas with all areas seeing no reviews left in periods of lockdowns e.g. April to June 2020 and January to March 2021. However, the changes over time illustrated below suggest that the areas benefitting from CRF grant bounce back slower than the control group areas (possibly linked to lower COVID-19 transmission rates in rural areas at the time).

Figure A5: Indexed number of OpenTable reviews left between January 2020 and January 2022

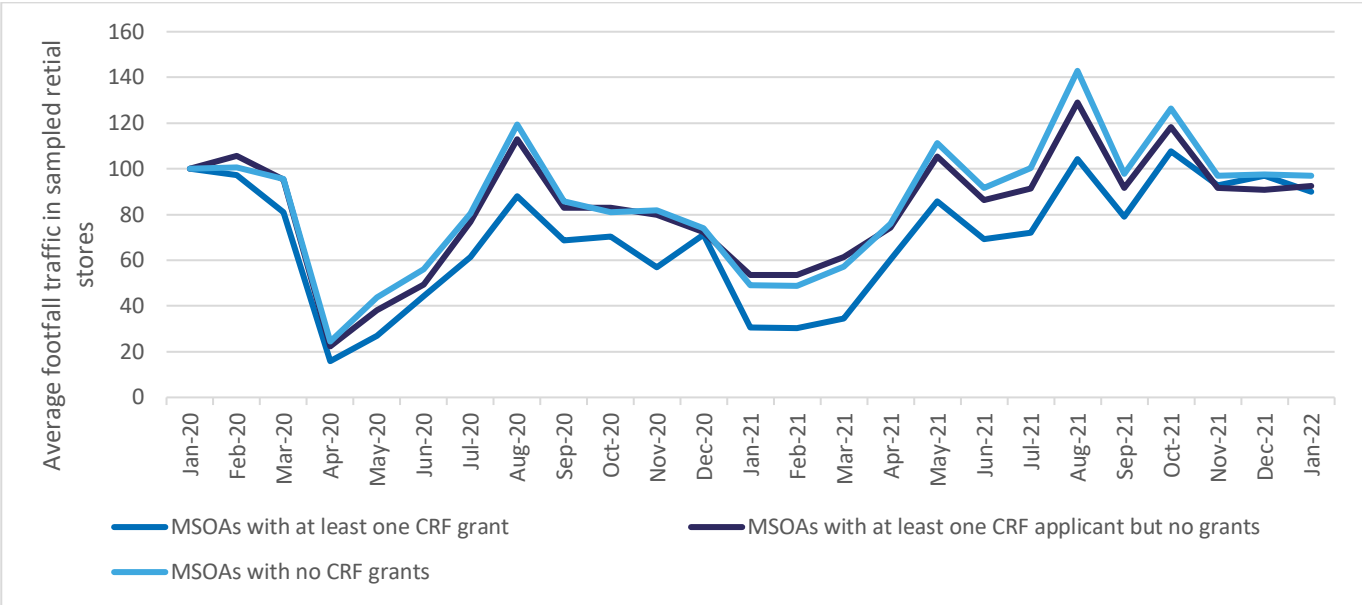


Source: Ipsos MORI analysis of OpenTable review data & CRF MI

The second source of data on economic activity is the RTI footfall data that evidence changes in retail traffic across the areas under review.

Similar to the review data described above, the average retail traffic was higher in almost all periods for areas benefitting from the CRF given the more urban and therefore retail centric nature of these areas. However, the same trends are visible with those areas benefitting appearing to recover slower following dips in traffic largely driven by lockdowns and restrictions on trading.

Figure A6: Change in footfall traffic between January 2020 and January 2022

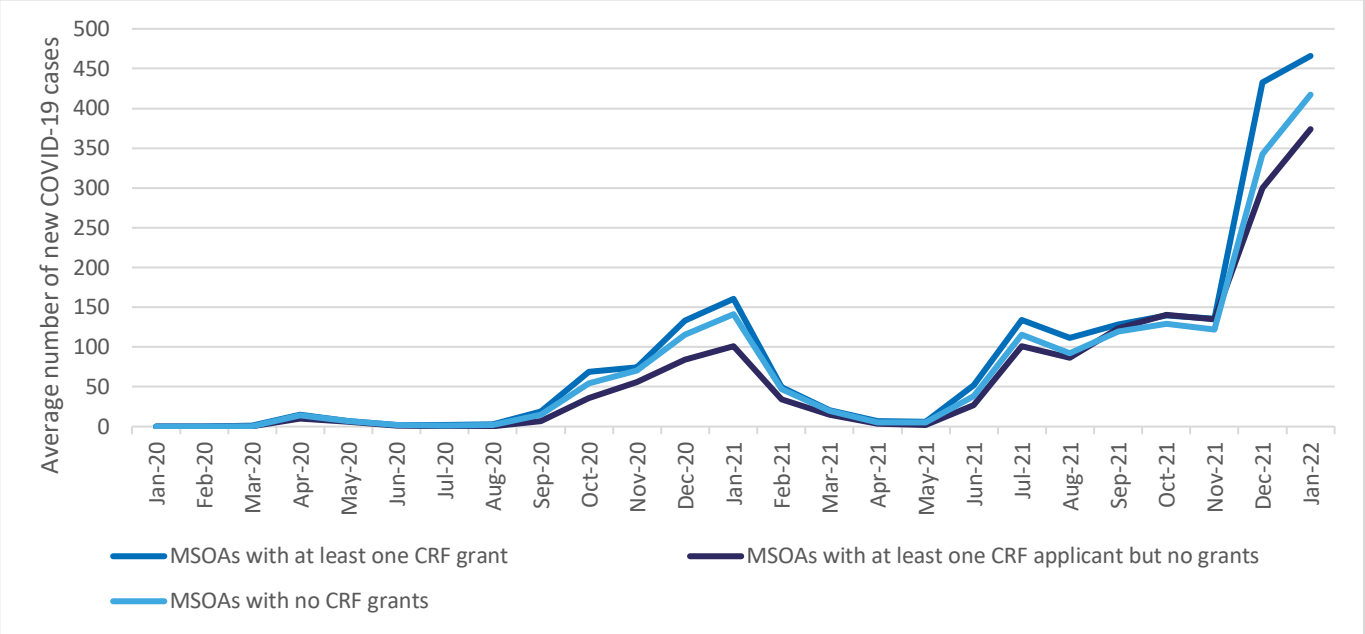


Source: Ipsos MORI analysis of Ipsos RTI data & CRF MI

COVID-19 cases

The final outcome of interest for the spatial analysis are new COVID-19 cases. Since the first tests were recorded in March 2020, the average number of new cases has risen similarly across all three groups of areas. The more urban MSOAs benefitting from the CRF did however see higher growth in cases around January 2021 and then again December 2021.

Figure A7: Change in new COVID-19 cases between January 2020 and January 2022



Source: Ipsos MORI analysis of PHE COVID-19 data & CRF MI

Econometric findings

The econometric analysis sought to explore the data described above with the findings summarised below.

MSOA level results

The first set of analyses were completed at the level of the MSOAs. The table below illustrates the estimated impact on the key outcomes described above using the cumulative percentage of creative industry firms receiving a CRF grant as the treatment variable. Model 1 applies simple Ordinary Least Squares regression that does not account for any time invariant observed or unobserved factors that may influence the outcomes whilst Models 2 and 3 apply a fixed effects specification with controls for national lockdowns. Model 3 is considered most robust and includes time fixed effects accounting for any time invariant factors that affect all areas. These models show:

- **Reductions in unemployment:** Using the most robust models, the estimates suggest that should all creative firms in an area receive a CRF grant, unemployment falls by 20 percent (or 30 claimants) in each MSOA. The average percentage of creative firms receiving CRF grants in those MSOAs with at least one firm receiving a grant was 6.7

percent, implying that each grant led to a 1.3 percent reduction in unemployment per MSOA (or 3.4 claimants).

These results indicate that the CRF led to net reductions in unemployment at the local level. This could arise if some workers whose jobs were safeguarded would not have taken up employment in other industries had they lost their jobs, if supply chain spending placed locally led to the safeguarding of jobs in supporting industries, or if the programme stimulated additional consumer spending in the relevant areas (e.g. by attracting additional visitors to the area).

- **Local economic activity**: The findings on proxy measures of local economic activity were only weakly significant and did not provide strong evidence that the CRF led to significant effects on local visitor economies by the end of February 2022. There some was evidence that the programme may have had positive effects on local footfall, although this was not reflected in volumes of TripAdvisor reviews. This is consistent with the findings on reopening, which indicated that organisations awarded grants did not reopen more rapidly than organisations whose applications for funding were declined.
- **Impacts on COVID-19 cases:** The most robust models indicated that CRF led to a reduction in COVID-19 transmission. However, this result is not consistent with other findings in the analysis. It is possible that these models do not account for all of the factors influencing new COVID-19 cases throughout this period and so should be viewed cautiously.

Table A25: Spatial analysis regression results – MSOA results

	Model 1	Model 2	Model 3
Fixed Effects/OLS	Pooled OLS	FE	FE
Time FE	No	No	Yes
Outcome			
Unemployment	128.962***	-9.422*	-29.670***
Unemployment (ln)	0.451***	-0.030*	-0.202***
Total Reviews	-2.982**	11.606***	-3.922
Total Reviews (ln)	-0.103***	0.475***	-0.074*

	Model 1	Model 2	Model 3
Total Traffic	4514.032***	7588.401***	1,398*
Total Traffic (Ln)	0.831***	1.193***	0.182*
COVID-19 cases	119.423***	539.197***	-52.680***
COVID-19 cases (ln)	2.813***	11.399***	-0.488***

Source: Ipsos MORI analysis

Local Authority results

The findings above set out the results at the very local level (i.e. within the MSOA). It is possible that positive economic impacts produced by the CRF led to displacement of economic activity from nearby areas, offsetting the direct local impacts of the programme. Equally, economic stimulus encouraged by the programme (e.g. via greater supply chain or consumer spending in the broader local area) may produce 'multiplier effects' leading to further positive economic impacts in surrounding areas.

This was explored by applying the same models described above, with the data aggregated up to Local Authority level (capturing any displacement or multiplier effects).

The table below presents the findings from these models with respect to unemployment. The estimated impact of the CRF at the Local Authority level was larger than those estimated at the MSOA level, implying that the programme led to positive multiplier effects on local economies. The results implied that had the CRF funded every organisation in the creative and cultural industries, it would have led to a 72 percent reduction in unemployment. The median share of creative firms receiving CRF grants in Local Authorities with at least one organisation receiving a grant was 2.4 percent, implying a 1.7 percent reduction in unemployment per Local Authority (equivalent to 62 claimants).

Table A26: Estimated unemployment impacts – Local Authority level results

	Unemployment	Unemployment (ln)
Fixed Effects	Yes	
Time FE	Yes	

LAD		
% of creative industry firms receiving a CRF grant	-2,844***	-0.727***
MSOA		
% of creative industry firms receiving a CRF grant	-29.670***	-0.202***

Source: Ipsos MORI analysis

Aggregate unemployment impacts

Taking the results from the Model 3 specification for both MSOA and LADs, the table below aggregates the estimated changes in claimant counts at these two geographical levels. The results of the aggregation imply that the CRF grants led to a reduction of 6,500 claimants within the MSOAs that benefitted from the grants, and a total reduction of 20,500 claimants across the LADs benefitting from the programme. These estimates are larger than the direct effect of the scheme in safeguarding jobs, indicating that the programme had a significant stimulus effect even if it did not lead to more rapid re-opening.

Table A27: Aggregated unemployment impacts at MSOA and Local Authority levels

	Number of areas receiving at least one CRF grant (a)	Median number of claimants in areas receiving at least one CRF grant (b)	Estimated % impact on claimant numbers (c)	Median % of creative firms receiving grants (d)	Implied % reduction in number of claimants due to CRF (e = c x d)	Implied total reduction in claimants due to CRF (f = e x b)	Total reduction in claimants (g = a x f)
MSOA	1925	250	-0.202	0.067	0.013	3.3	-6,500
LADs	329	3570	-0.727	0.024	0.017	62.2	-20,500

Source: Ipsos MORI analysis

Robustness checks

The findings above will be biased if there are systematic differences between areas that received more and less grant funding that are also correlated with the outcomes of interest. As highlighted above, those areas benefitting from greater levels of support also tended to be denser urban areas. It is possible that the findings of the analysis partly capture the effect of removal of social distancing restrictions. Urban areas tended to experience more

significant adverse effects from the social distancing restrictions, and the timing of CRF awards loosely coincided with their removal. As such, the findings may be attributing the broader economic impacts of easing social distancing restrictions on urban areas to the programme, overstating its effects on local unemployment.

As a robustness check of the results presented above, a Propensity Score Matching process was applied to MSOAs and LADs to control for differences in the population and business densities of the areas included in the analysis. The first-stage regression estimated the probability that each area in the treatment and comparison groups was awarded CRF funding, based on some of their observed baseline characteristics. The following variables were included in the regression:

- **Job density** – it might be expected that areas with more jobs per person could better cope with the challenge of the pandemic given these labour markets would be more active. However, these areas could also suffer most given they have the larger numbers of jobs potentially at risk from recessionary effects driven by the pandemic.
- **Total jobs & working age population** – related to the above, changes in unemployment and local economic activity are likely to be related to the overall size of the economies in these areas.
- **Share of creative businesses in the area** – controlling for the degree of creative industry activity in these areas.

The regressions were used to generate a 'propensity score' for each member of the treatment and comparison group (the probability of treatment assignment conditional on observed baseline characteristics). The propensity score was then used to match areas that benefitted CRF funding to areas that did not, where they shared similar probabilities of being awarded funding based on their baseline characteristics. Both nearest neighbour and kernel matching approaches were applied with the former method performing best for the MSOA matching and the latter performing better for LAD matching in terms of reducing bias across the variables included in the model. The table below outline the reductions in bias obtained through matching for the MSOA sample.

The overall percentage bias across the two groups of areas was reduced from 17.3 percent to 4.4 percent and no statistically significant differences between groups on any characteristic were present in the matched sample (at the 95 percent level of confidence). The final matched sample included 1,944 MSOAs that benefitted from grants and 402 MSOAs that did not but had at least on applicant within its boundary.

Table A28: Reductions in bias from MSOA matching

Characteristic	Characteristic	Areas benefitting from CRF	Areas not benefitting from CRF	Reduction in bias (%)
Job density	Unmatched	0.536	0.358	

Characteristic	Characteristic	Areas benefitting from CRF	Areas not benefitting from CRF	Reduction in bias (%)
Job density	Matched	0.536	0.596	66.2
% of total firms in creative industries	Unmatched	0.041	0.027	
% of total firms in creative industries	Matched	0.041	0.034	58
Total population (16-64)	Unmatched	8464	8169	
Total population (16-64)	Matched	8464	8501	87.3
Total jobs	Unmatched	4962	2952	
Total jobs	Matched	4962	5261	85.1

Source: Ipsos MORI analysis

The same process was applied for the LAD level analysis. Kernel matching performed better here however the matching in general performed worse than with MSOA level observations. This was due to the small number of LADs that did not benefit at all from CRF grants and so matching has little available to work with.

The overall percentage bias did once again reduce, but only marginally from 48 percent to 32 percent, and statistically significant differences remained between groups on all characteristics with the exception of job density. The final matched sample included 328 LADs that benefitted from grants and 4 LADs that did not but had at least on applicant within the boundary.

Table A29: Reductions in bias from LAD matching

		Areas benefitting from CRF	Areas not benefitting from CRF	Reduction in bias (%)
Job density	Unmatched	0.541	0.377	
Job density	Matched	0.541	0.515	83.9

% of total firms in creative industries	Unmatched	0.061	0.015	
% of total firms in creative industries	Matched	0.061	0.039	47.2
Total population (16-64)	Unmatched	190000	130000	
Total population (16-64)	Matched	190000	130000	-8.3
Total jobs	Unmatched	82956	49860	
Total jobs	Matched	82956	64907	45.5

Source: Ipsos MORI analysis

Regression analysis was then applied to the matched samples using the same specification as in Model 3 from Table A25 The estimated impacts from this analysis on the unemployment outcomes at MSOA and LAD, both in percentage and gross terms, were very similar and slightly larger than those produced from earlier analysis and therefore support the sign and scale of those earlier findings. Evidence for the other outcomes was far more mixed with impacts on footfall no longer significant at the MSOA level in these regressions nor were they consistent in the LAD analysis. This provides some additional confidence that the findings are attributable to the programme, rather than other external factors.

Table A30: Spatial analysis regression results – results with matched samples

	Model 4 – matched samples	
Geography	**MSOA**	**LAD**
Fixed Effects/OLS	FE	
Time FE	Yes	
Outcome		
Unemployment	-36.97***	-2,289***
Unemployment (ln)	-0.24***	-0.80***

	Model 4 – matched samples	
Total Reviews	-4.33	-136.6
Total Reviews (ln)	-0.10	-5.38
Total Traffic	581.6	125,598***
Total Traffic (Ln)	-0.01	-2.11*
COVID-19 cases	-65.55***	5,368
COVID-19 cases (ln)	-0.56***	5.64

Source: Ipsos MORI analysis

Section 5: Value for money assessment – technical note

This section provides an indicative cost-benefit analysis of the CRF, drawing on the results of the impact evaluation. This section provides details of the underlying analytical framework for the analysis, alongside estimates of the net social costs and benefits of the programme.

Analytical framework

The cost-benefit analysis set out below seeks to monetise the potential benefits of the programme in the following areas:

- **Benefits of preserving cultural assets**: The core benefits of the CRF arise from its impacts in preserving cultural assets that may have been lost in the absence of the programme. This will improve social welfare to the degree that users and non-users derive benefits from the existence of these assets (e.g. from their enjoyment of viewing the cultural assets). These improvements in social welfare may be temporary in some situations. The programme's preservation impacts were driven by improvements in the financial health of the organisations acting as custodians of the relevant assets. In cases where those organisations would have otherwise failed, this does not necessarily imply a loss of the valued cultural asset (e.g. the collections of museums) and the relevant benefits would only be expected to endure to the point at which another actor is able to assume responsibility for the asset.
- **Economic stimulus**: The evidence from the impact evaluation also indicated that the programme helped stimulate the economy and reduced local levels of unemployment during the COVID-19 unemployment. This will have led to further GVA impacts via the wages earned by employees that would have otherwise lost their jobs. Again, these impacts will only endure until the point at which workers would have otherwise been reabsorbed into employment. Under the principles of the HM Treasury Green Book, the economy would be expected to adjust rapidly to the implied shock under normal economic conditions (with workers rapidly obtaining alternative employment). However, the COVID-19 pandemic involved a significant economic shock, and the economy is expected to take some time to return to full employment. As such, there will likely be short-term productivity gains arising from the retention of workers in the labour force[20].
- **Other benefits:** The CRF may have had a broad array of other benefits that could not be quantified as part of the evaluation. This would include its effects in preserving human capital within the industry and strengthening the broader ecosystem, which would help to increase the productivity and resilience of the sector in the longer-term. As outlined below, non-market values (potential use and non-use values lost among visitors and the general population if cultural institutions were forced to close) can be

[20] As well as potential long-term productivity gains if some displaced workers would have lapsed into long-term unemployment.

incorporated into SCBA, but these will only partially measure the impact and do not capture other externalities such as benefits to education, health etc.

A key challenge for a cost-benefit analysis of the programme is establishing the net resource costs of the programme. In principle, a cost-benefit analysis should be based on the opportunity costs associated with the programme. This is challenging in this instance because the public funding provided through the CRF largely represents a transfer payment from the taxpayer to the organisations awarded funding.

While the impact evaluation provided estimates of how far this funding led to additional spending amongst organisations awarded grants, only a share of these costs will represent resource costs. For example, while construction costs or overhead spending will represent resource costs, some workers retained by organisations may not have been deployed in a productive capacity in the absence of the programme – such as ballet dancers required to train even where no public performances are feasible (in which case, the resource cost is nil). The level of detail required to break down the impacts of the CRF in this way was infeasible to gather with the methodologies reasonable available.

As such, the primary focus of the following analysis is on the value of benefits relative to the gross Exchequer cost of the programme. This provides a measure of the efficiency of the programme that can be more readily benchmarked against other COVID-19 response programmes.

Benefits

Preservation of cultural assets

The econometric results indicated that the CRF was expected to preserve cultural/heritage organisations that may have otherwise been lost. The analysis of the future probability of default set out in the impact evaluation suggested that the CRF was estimated to have reduced the probability of failure from 31 to 38 percent to 17 to 19 percent depending on the time horizon considered. This is equivalent to a reduction in risk of between 15 and 20 percent, implying that the programme could eventually lead to the preservation of between 620 and 830 organisations. By saving cultural/heritage assets from failure, the CRF can be seen to have safeguarded the welfare of visitors and non-visitors (the general public) to the safeguarded assets.

Benefit transfer approach

Estimating the value of culture and heritage assets is challenging and complex as such goods and services are usually hard to quantify or have significant intangible components. As culture and heritage assets are not usually traded in markets there is also little precedent in terms of market transactions and no market-based price signals to evidence their true worth. Although there are aspects of cultural value which cannot be expressed in monetary terms, this does not mean a zero value should be assigned in an economy study. An art

gallery or museum, for example, provides many services to the public, such as being a place for recreation, learning and preserving local identity. Such services are beneficial to the individual and society as a whole and, as a result, create value, as laid out in the DCMS 2021 Cultural and Heritage Capital (CHC) framework paper.[21] Exploring the evidence base on the value of cultural services demonstrates what is missing from a standard SCBA in terms of measuring the full benefits of the CRF programme. Non-market valuation can instead be used to inform the "expected" value of such assets, and to quantify the loss in value should such assets have been forced to close in the absence of CRF support.[22]. Note that there are limited studies in which to conduct this type of benefit transfer analysis, which is why DCMS are working on the Culture and Heritage Capital Programme to further develop the evidence base. Recommendations on research gaps which have emerged through this study are outlined in detail in the sub-section below: 'Gaps and areas for future research'.

Non-market valuation comprises two key concepts: use value and non-use value:

- Use value refers to the private value derived from people that want, need, and make direct use of the assets. For example, visitors to museums and theatres.
- Non-use value refers to the derived value people assign to assets as a result their existence, even if they never have or never will use them. For example, residents of a town with a museum or theatre, although they do not make direct use of it, may well recognise the economic value of its presence in their community. Note that those who directly use/visit the cultural/heritage site will also hold non-use values, because they will gain wellbeing from the fact that the institution exists, and that other people can use it now (altruistic) and into the future (bequest value).

The value of the cultural assets preserved by the CRF can be estimated using a benefit transfer approach. This involves using the results of prior studies seeking to estimate the use and non-use value of comparable cultural institutions to infer value of the organisations whose survival was secured by the programme.

This was supported by empirical evidence produced by DCMS and Arm's Length Bodies (ALBs, including Arts Council England and Historic England) Benefit Transfer work. DCMS, Arts Council and Historic England commissioned a suite of benefit transfer studies to estimate the average use and non-use value of different categories of cultural and heritage assets, and to test the reliability of these values for benefit transfer using a set of transfer tests, to identify the level of error that would be introduced when transferring values from this set of studies to another culture/heritage site. The DCMS/ALB benefit transfer studies cover regional museums, local museums, regional galleries, regional theatres, historic civic buildings, libraries, historic high streets, historic cities, and cathedrals.[23]

[21] https://www.gov.uk/government/publications/valuing-culture-and-heritage-capital-a-framework-towards-decision-making

[22] In recognition of these measurement challenges, DCMS has been developing a formal Cultural and Heritage Capital approach (emulating approaches to valuing natural capital) that can be used to estimate stocks and flows relating to cultural & heritage capital assets. The intention is to provide an improved basis for informing funding decisions. See, DCMS (2021) *Valuing Culture & Heritage Capital: A framework towards informing decision making*. DCMS: London.

[23] https://www.gov.uk/guidance/culture-and-heritage-capital-portal

This evidence base was used to support the value for money analysis as follows:

- Assigning CRF organisations to categories of non-market value in the DCMS/ALB benefit transfer database: The categories of institutions supported by CRF (as described in the monitoring information) were mapped to the benefit transfer studies. This revealed four types of institutions for which there was sufficient evidence to support the benefit transfer approach (see Table A34)[24]. These included museums, theatres, visual arts (galleries), and historic areas and buildings. These represented 15 to 17 percent of the total population of organisations supported by the CRF.

Measures of willingness to pay were also adapted to account for:

- **Scale:** It would not be appropriate to transfer values for regional museums (based on four studies at the Great North Museum in Newcastle, the Liverpool World Museum, the National Railway Museum in York, and the Ashmolean Museum in Oxford) to a smaller local museum like the Cheshire Military Museum. For this reason, the DCMS/ALB benefit transfer work produced a separate study of local museums, in additional the regional museums work. However, there are still gaps in the benefit transfer database for local galleries, local theatres, smaller religious buildings etc. There is also no benefit transfer evidence of the value of larger national museums (or galleries, theatres etc.). To address this gap, we took the percentage difference in WTP value observed between regional and local museums (33.4% for use WTP and 1.6% for non-use WTP) and applied this to the WTP for regional galleries and theatres, to generate a representative value for local galleries and local theatres. This approach may introduce some error, if smaller local theatres hold greater values at the local scale than smaller local museums. To estimate values for national museums, galleries, and theatres, we proportionally uprate regional values by the same differential. Limitations and need for future research are discussed in the final section.
- **Significance:** Cathedral values exist in the BT database, but not for smaller religious heritage sites (e.g. churches). We therefore assume an arbitrary 25% of the cathedral WTP value from the Historic England benefit transfer work.
- **Age/antiquity:** For historic areas, the Historic England benefit transfer work estimates WTP to preserve historic city centres, but these values are based on medieval cities (Canterbury, York, Winchester and Lincoln) which hold significant historical attributes, and may not be comparable to the historic areas covered by the CRF. This WTP value has been scaled down to be more representative of the types of areas covered in this CRF discipline category (including, for instance industrial-era areas like Liverpool and Bridport, in addition to pre-industrial areas like Oxford, historic Coventry and London). The historic area WTP was scaled down by a factor of 8.4% based on the percentage

[24] Note that within these categories there are some organisations which were not valid for benefit transfer, or for which gaps exist in the database. To strengthen the robustness of the analysis, we used desk research to review each of the organisations in these categories and constructed sub-categories based on the scale or 'reach' of the asset (e.g., local, regional, or national galleries, museums, theatres etc.). This enabled a crucial step in benefit transfer, which is to verify that the sites to which the values are transferred must be comparable to the original study sites. However, it was a necessarily manual, desk-based process. In the future we would recommend that a rules-based approach be developed based on secondary data indicators of organisational scale and reach.

difference in WTP value for pre- industrial and industrial high streets in the Historic England Heritage and the value of place benefit transfer study.[25]

- **Certainty:** Given the uncertainties around the comparability of the benefit transfer values to the often more heterogenous sites included in the CRF discipline categorisation, we use lower bound confidence interval WTP results wherever available, to provide a more conservative estimate.

Table A35 (at the end of this annex) provides benefit transfer WTP values for relevant categories of cultural and heritage assets in the CRF. A number of categories are not provided for in the benefit transfer database and have not been included in the non-market valuation analysis. This means that the non-market benefits included in the CBA are partial. Further research would be required to fill these gaps and increase our understanding of the 'true' social benefits of the CRF across all organisations funded. Research gaps are outlined in detail in the sub-section below: 'Gaps and areas for future research'.

Use values held by visitors

The WTP values in the table represent the Total Economic Value (TEV[26]) of the site, in terms of the visitor values which would be lost if the asset ceased to exist. These were combined with the estimated effects of CRF on the probability of survival to estimate the value of the assets preserved as follows:

- **Time horizon:** As highlighted in the introductory section, it was assumed that the benefits of the CRF programme would be time limited. The existence of the sites safeguarded are not necessarily under threat in the absence of the CRF. Rather, it is the ability to visit and engage with the asset if it were to close. This equates to the 'flow' of benefits coming from a cultural/heritage asset. However, the 'stock' of the asset remains, and the flow of benefits may only be temporarily frozen. A simplifying assumption was made that by 2025, any cultural assets would be brought back into use by an alternative actor. We also provide sensitivity analysis over a longer time horizon to capture the probability that CRF-funded organisations would be healthier in the future as a consequence of the CRF than they would have been without.
- **Non-market valuation:** For institutions in the four categories of institutions, the use value of each institution was inferred by multiplying the relevant average WTP value reported in the benefits transfer table to the annual number of visitors reported by organisations awarded CRF funding. All WTP values are based on the lower bound WTP estimates provided in the benefit transfer studies (where available). This follows the recommendations from the Arts Council England guidance that lower confidence interval WTP be applied to aggregation to help account for biases that can operate on hypothetical surveys. Detailed steps of the non-market benefit transfer process is

[25] https://historicengland.org.uk/content/docs/research/heritage-value-of-place/
[26] David Pearce and Ece O'zdemiroglu, 'Economic Valuation with Stated Preference Techniques' (London, UK: Department for Transport, Local Government and the Regions, 2002), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191522/Economic_valuation_with_stated_preference_techniques.pdf.

provided in the text box below. A full list of the non-market values used in this analysis can be found in Table A35.

The value of the institution will be linked to the number of visitors each institution receives over the period covered by the analysis (which have been materially affected by the COVID-19 pandemic). The survey provided pre-COVID-19 (2019) visitor numbers and visitor numbers for the 12 months prior to the follow-up survey (2020/2021) (reported in the final row of Table A31). To estimate per organisation benefits we multiply the partial WTP (average WTP taken from DCMS benefit transfer tables multiplied by the survival probability rate for each institution) and aggregate this by annual visitor numbers for each organisation funded by CRF based on administrative data provided by those organisations from 2019 (pre-pandemic) and 2020/2021 (mid-pandemic). These figures have used to construct a best- central- and worst-case scenario, as follows:

- ▷ **Worst case scenario** (based on visitor data provided by institutions during this period)**:** Visitor numbers remain at 2020-2021 levels, which were considerably lower due to national and local lockdowns and do not recover with time. This therefore represents a very worst case scenario, which is unlikely to occur again in the future.
- ▷ **Best-case scenario** (based on visitor data provided by institutions during this period): Visitor numbers bounce-back to 2019 levels.
- ▷ **Central-case scenario:** A central case scenario was developed based on predictions that the direct travel and tourism GVA impacts to the economy of the Tourism Satellite Account (TSA) sector based on the UK falls from 4.5 percent in 2019 to 3.7 percent in 2025 (Tourism Economics, March 2021[27]). This amounts to an 18 percent decrease. It is assumed that visitor numbers post 2021 will be 82 percent of 2019 visitor numbers for the cultural and heritage organisations in the WTP sample.

- ▶ **Impact of CRF:** The value of the CRF was then estimated by multiply the estimated use value of the institution by the estimated impact of the CRF on its probability of survival. As discussed above ('Survival prosects' section), the CRF evaluation takes indicative estimates of the potential impacts of the CRF on the future survival of organisations using the results of a 2003 Bank of England study investigating the impact of accounting measures on the future probability of default over one year and two years. The probability of default over one year represents the upper-bound range, and the probability of default of two years represents the lower-bound range.
- ▶ **Present value (PV)** is calculated over a 5-year period, starting from 2020/21 when CRF funding began and ending in 2024/25. Future values are future discounted using standard HM Treasury recommended discount rate of 3.5%. Sensitivity analysis is provided over a longer 10-year period to capture the probability that CRF-funded organisations would be more healthy in the future.

[27] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987650/DCMS_-_tourism_scenario_forecasts_update-Final_for_TRP_May_2021_-_Accessible.pdf

- **Gross Exchequer costs** are estimated for institutions covered by this analysis by combining the funding amount received in CRF 1 and CRF 2 for each organisation to create a gross Exchequer cost per organisation.
- **Benefit cost ratio:** BCRs are estimated for the worst-, central- and best-case visitor scenarios, with a range in each provided by the one/two-year survival probability, taking the present value of the CRF divided by the gross Exchequer cost for those organisations for which we have WTP values.
- **Net Present Value**: NPV for each scenario is estimated by subtracting the gross Exchequer cost from the present value of visitor non-market benefits safeguarded by the CRF.

Non-market benefit transfer: Step-by-step

Step One: Assign CRF organisations to categories of non-market value in the DCMS/ALB benefit transfer database through manual, desk-based process (in the future we recommend a rules-based approach be developed based on secondary data indicators of organisational scale and reach, see below).

Step Two: Scale values to local/regional/national reach of institutions and significance/antiquity. In absence of BT values at these scales, apply an assumptions-led approach (eg taking percentage difference in observed WTP value observed between regional and local museums, or between pre and post-industrial high streets).

Step Three: Estimate partial WTP associated with probability of survival per visitor: multiplying the survival probability by the individual-level WTP value in the four categories for which we have WTP values. All WTP values should be based on the lower bound WTP estimates provided in the benefit transfer studies (where available).

Step Four: Estimate per organisation benefits (1-year): Multiply the survival WTP by annual visitor numbers for each organisation funded by CRF, to estimate an aggregate survival WTP per organisation in year one.

Step Five: Aggregate per organisation values to the previous years' visitor numbers reported by funded organisations in the survey treatment sample. Alternative visitor aggregation numbers can be constructed using different projections for expected visitor scenarios.

Step Six: Estimate Net Present Value over appropriate evaluation period (see above).

Findings

The results of the analysis are summarised in Table A31. Overall, the findings indicate that the value for money associated with the CRF is likely to be strongly linked to the recovery of visitor numbers. The BCR estimates show that the social return for each £1 of public spending on the funded institutions is positive in all but the worst-case scenario of future visitor numbers (noting that the worst case scenario assumes that visitor numbers remain where they were during the COVID-19 pandemic, which is an unlikely outcome, and not one which is supported by current trends in visitor numbers:

- **In the best-case scenario** (where visitor numbers return to 2019 pre-COVID-19 levels from 2022 onwards), the 5-year NPV of visitor non-market values safeguarded through

the CRF is positive, ranging from £23.8m to £51.7m. Each £1 of public sector spending on CRF is estimated to lead to user benefits of £1.40 to £1.86.

- In the central case scenario (where visitor numbers return to 82 percent of pre-COVID-19 levels, as predicted for the travel and tourism sector by 2025), the 5-year NPV of visitor non-market values safeguarded through the CRF is positive ranging from £8.9m to £31.8. Each £1 of public sector spending on CRF is estimated to lead to user benefits of £1.15 to £1.53.
- However, in the worst-case scenario (where visitor numbers stay at remain at 2020/21 levels), the 5-year NPV of visitor non-market values safeguarded through the CRF is negative, with each £1 of public spending leading to user benefits of £0.23 to £0.33 for every pound of CRF funding.

It is important to note that these cost-effectiveness metrics are based on a subset of CRF-funded organisations representing 15 to 17 percent of the total sample, and within four categories of visual arts (galleries), museums, theatres, and historic areas/buildings. These underlying value of these types of institution may differ to other types of institution, making extrapolation to the full CRF sample difficult. Further research would need to be funded to fill this gap, and one which would be considerably expanded with the commissioning of further research to fill the gaps in the evidence base (see section below).

Table A31: Visitor non-market value safeguarded through the CRF (5-year present value)

Estimate impact on probability of survival	Worst case scenario (visitor numbers remain at 2021 levels) High	Worst case scenario (visitor numbers remain at 2021 levels) Low	Central case scenario (visitor numbers recover to 82 percent of 2019 levels from 2022) High	Central case scenario (visitor numbers recover to 82 percent of 2019 levels from 2022) Low	Best case scenario (visitor numbers return to 2019 levels from 2022) High	Best case scenario (visitor numbers return to 2019 levels from 2022) Low
Aggregate per organisation benefits (1-year)	£3,969,668	£2,792,526	£25,010,838	£18,732,714	£30,426,811	£22,789,190
Present Value	£14,580,904	£10,257,171	£91,866,790	£68,806,744	£111,760,086	£83,706,501

Estimate impact on probability of survival	Worst case scenario (visitor numbers remain at 2021 levels) High	Worst case scenario (visitor numbers remain at 2021 levels) Low	Central case scenario (visitor numbers recover to 82 percent of 2019 levels from 2022) High	Central case scenario (visitor numbers recover to 82 percent of 2019 levels from 2022) Low	Best case scenario (visitor numbers return to 2019 levels from 2022) High	Best case scenario (visitor numbers return to 2019 levels from 2022) Low
Gross Exchequer cost (combined CRF 1 and CRF 2 funding amounts for organisations in the WTP sample)	£44,399,590	£44,240,190	£60,097,297	£59,937,897	£60,097,297	£59,937,897
NPV (5-year)	-£29,818,686	-£33,983,019	£31,769,493	£8,868,847	£51,662,789	£23,768,604
Cost effectiveness (£s of user benefits per £1 of CRF spending)	**0.33**	**0.23**	**1.53**	**1.15**	**1.86**	**1.40**
% coverage of organisations awarded CRF funding	15.4%	15.1%	17.1%	16.8%	17.1%	16.8%
Visitor numbers (reported by each institution) for aggregation	2,721,607	2,703,207	16,043,042	15,984,351	19,517,083	19,445,683

Source: Ipsos UK analysis Note: All WTP figures based on lower bound confidence interval, to account for hypothetical bias and benefit transfer error. Legend: WTP = Willingness to Pay; lb = lower bound. All numbers based on treatment sample for which WTP figures were transferable from the DCMS/ALB database.

The table below shows results over a 10-year horizon to take into account that the CRF may have had longer-term impacts on the probability that organisations would be healthy in the future that are not detectable through the econometric analysis.

- **In the best-case scenario** (where visitor numbers return to 2019 pre-COVID-19 levels from 2022 onwards), the 10-year NPV of visitor non-market values safeguarded through the CRF is higher than under the 5-year assumption, ranging from £113.4m to £171.4m. Each £1 of public sector spending on CRF is estimated to lead to user benefits of £2.89 to £3.85.
- In the **central-vase scenario** (where visitor numbers return to 82 percent of pre-COVID-19 levels, as predicted for the travel and tourism sector by 2025), the 10-year NPV of visitor non-market values safeguarded through the CRF is positive ranging from £82.6m to £130.2**.** Each £1 of public sector spending on CRF is estimated to lead to user benefits of £1.15 to £1.53.
- However, in the **worst-case scenario** (where visitor numbers stay at remain at 2020/21 levels), the NPV of visitor non-market values safeguarded through the CRF is negative, with each £1 of public spending leading to user benefits of £0.48 to £0.68 for every pound of CRF funding.

Table A32: Visitor non-market value safeguarded through the CRF (10-year present value)

Estimate impact on probability of survival	Worst case scenario (visitor numbers remain at 2021 levels) High	Worst case scenario (visitor numbers remain at 2021 levels) Low	Central case scenario (visitor numbers recover to 82 percent of 2019 levels from 2022) High	Central case scenario (visitor numbers recover to 82 percent of 2019 levels from 2022) Low	Best case scenario (visitor numbers return to 2019 levels from 2022) High	Best case scenario (visitor numbers return to 2019 levels from 2022) Low
Aggregate per organisation benefits (1-year)	£3,969,668	£2,792,526	£25,010,838	£18,732,714	£30,426,811	£22,789,190
Present Value	£30,199,988	£21,244,666	£190,274,617	£142,512,619	£231,477,636	£173,373,013
Gross Exchequer cost (combined CRF 1 and CRF 2 funding amounts for organisations in the WTP sample)	£44,399,590	£44,240,190	£60,097,297	£59,937,897	£60,097,297	£59,937,897
NPV (10-year)	-£14,199,602	-£22,995,524	£130,177,320	£82,574,722	£171,380,339	£113,435,116
Cost effectiveness (£s of user benefits per £1 of CRF spending)	0.68	0.48	3.17	2.38	3.85	2.89
% coverage of organisations awarded CRF funding	15.4%	15.1%	17.1%	16.8%	17.1%	16.8%
Visitor numbers (reported by each institution) for aggregation	2,721,607	2,703,207	16,043,042	15,984,351	19,517,083	19,445,683

Source: Ipsos UK analysis Note: All WTP figures based on lower bound confidence interval, to account for hypothetical bias and benefit transfer error. Legend: WTP = Willingness to Pay; lb = lower bound. All numbers based on treatment sample for which WTP figures were transferable from the DCMS/ALB database.

Non-use values

For non-visitors, the aggregation process is more challenging. Non-use values introduce problems for analysts at the point of aggregation. It is acknowledged, in line with microeconomic theory, that consumers gain diminishing marginal utility for each additional 'unit' of a good or service consumed. In other words, they are willing to pay more for the first cultural/heritage site they are asked to value, and less for the second, less again for the third, and so on (known as the *sequencing effect*). Consumers may also be expected to have a certain 'budget envelope' in the back of their mind when allocating portions of their income to consuming cultural and heritage goods/services or giving money to enable others to consume them. However, diminishing marginal utility is not captured in the DCMS/ALB benefit transfer studies, which estimate WTP as single decision point for a single asset.

This is problematic when aggregating values for users/visitors over a short evaluation period, since they may quickly become satiated with their cultural consumption if they are assumed to visit one site per week but is less of a problem over a longer time horizon, since they preserve the option value to visit numerous sites in the future. However, this issue is more of a problem when we are interested in aggregating the non-use value of multiple assets as elicited through state preference surveys on non-users in the general public. In addition to considerations of which is the correct population group to aggregate to in the real-world (the 'catchment area' of a culture or heritage site, as defined in the Arts Council Guidance Notes for Galleries[4]), there is currently no recommended correction factors to account for dismissing marginal utility when adding non-use values from multiple culture and heritage sites. This is something that DCMS is currently addressing through their AHRC-funded scoping study on the practical application of the CHC framework.

This is a major issue for national accounting of the non-use value preserved by the CRF, since it risks a major over-estimate of non-use value at the aggregate level. As recognised in the AHRC Scoping Study Call[28], more research is therefore required to understand what non-use value is composed of for different asset types and to tease out elements related to function, to flow of services vs preservation of asset, and non-use values have been omitted from the analysis. At the same time, not including non-use value leads to an undervaluation of the non-market benefits of CRF in SCBA. On balance, a decision was taken to exclude non-use values, given the uncertainties and relative experimental nature of applying benefit transfer to a policy intervention at this scale. This decision to exclude non-use values was therefore chosen to avoid the risk of overestimation.

Economic stimulus

The impact evaluation also indicated that the CRF produced economic stimulus effects by reducing unemployment (both directly, and indirectly through supporting the supply chain and consumer spending in local economies). Reductions in levels of unemployment would not normally be associated with significant economic benefits under the principles of the HM

[28] https://www.ukri.org/opportunity/scoping-culture-and-heritage-capital-research/

Treasury Green Book. In an economy operating at full employment, a fall in unemployment would instead be expected to lead to an increase in the average wage workers would be willing to accept, encouraging firms to reduce their labour demand (offsetting the initial reduction in unemployment).

However, the COVID-19 pandemic resulted in a significant increase in unemployment across the economy (though not to the levels feared in March 2020). In the short-term, the impact of interventions that stimulate demand may lead to productivity gains if they lead to the productive deployment of resources that would have otherwise remained unutilised (e.g. by enabling the employment of workers that would otherwise have remained unemployed). These productivity gains will be eroded as the economy returns to its pre-pandemic state and a greater share of unemployed workers are absorbed into employment. As such, the economic benefits of the programme can be understood in terms of the additional GVA produced by workers that would have otherwise remained unemployed:

The following assumptions were adopted to estimate the GVA impacts associated with the CRF:

- The GVA impacts of CRF were approximated on the basis of the wages earned by workers whose jobs were safeguarded. The wage impacts associated with the CRF are likely to vary considerably depending on the nature of the workers whose jobs were protected by the programme and their associated skillsets. However, there was no information on the characteristics of workers benefitting from the programme. A simplifying assumption was made that workers earned an annual salary of £31,375 (in line with estimated average annual earnings for DCMS sectors excluding tourism[29])[30].
- The economy was assumed to return to an equilibrium rate of unemployment in 2024/25 in line with the Office for Budgetary Responsibility's forecasts prepared for the Spring Statement 2022. In the absence of the programme, unemployed workers were assumed to enter employment at a constant rate between 2022/23 and 2024/25. The CRF was assumed to produce no further economic benefits beyond this point.
- The economic impacts of the CRF were estimated both based on its direct effects on unemployment (i.e. an effect of 6,700 jobs) and including broader local multiplier effects arising from higher levels of supply chain spending (i.e. an effect of 20,500 jobs). These latter estimates could be subject to (unquantifiable) offsetting displacement effects between local authorities and should be treated as a notional upper bound on the national effects of the programme in reducing unemployment.
- This approach does not account for any further jobs that may be safeguarded due to the improved prospects of survival enabled by CRF. This was accounted for in scenario

[29] Annual Survey of Hours and Earnings

[30] An alternative approach would be to use GVA per worker. Based on DCMS Sector Economic Estimates, GVA per worker in the cultural sector was around £40,200 between October 2020 and September 2021. Using this approach would generate slightly larger estimates of the economic impacts of the programme than set out here.

analyses in which the failure of 620 and 830 organisations leads further direct effects on unemployment resulting from their closure. This was modelled by assuming each closure leads to an additional nine unemployed workers in 2022/23 (the median number of FTEs and contractors employed by organisations awarded funding in 2021). These workers are assumed to be reabsorbed into employment at the same rate.

The estimated GVA impacts of CRF under these assumptions are set out in the table overleaf. The present value of the GVA impacts of CRF are estimated to range from £851m to £2.2bn (with the degree to which multiplier effects arising from the programme are included a key driver of the total economic benefits).

Table A33: Estimated GVA impacts of CRF, 2020/21 to 2024/25

Year	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Discount factor	1.00	0.97	0.93	0.90	0.87	
Direct unemployment impacts only						
Number of additional unemployed claimants	6,700	6,700	4,467	2,233	0	
Associated GVA impact (£m)	210	210	140	70	0	630
Present value of GVA impact (£m)	210	203	131	63	0	607
Direct and indirect unemployment impacts						
Number of additional unemployed claimants	20,500	20,500	13,667	6,833	0	
Associated GVA impact (£m)	643	643	429	214	0	1,929
Present value of GVA impact (£m)	643	621	400	193	0	1,858
Additional unemployment impacts arising from						

Year	2020/21	2021/22	2022/23	2023/24	2024/25	Total
enhanced prospects of survival (low scenario, 620 organisations saved from failure)						
Number of additional unemployed claimants	0	0	5,620	2,810	0	
Associated GVA impact (£m)	0	0	176	88	0	264
Present value of GVA impact (£m)	0	0	165	80	0	244
Additional unemployment impacts arising from enhanced prospects of survival (high scenario, 830 organisations saved from failure)						
Number of additional unemployed claimants	0	0	7,480	3,740	0	
Associated GVA impact (£m)	0	0	235	117	0	352
Present value of GVA impact (£m)	0	0	219	106	0	325
Present value of GVA impact - low to high range						
Low (direct effects on unemployment only and lower bound estimates of future failures avoided)	210	203	295	143	0	851
High (direct and indirect effects on	643	621	619	299	0	2183

Year	2020/21	2021/22	2022/23	2023/24	2024/25	Total
unemployment and upper bound estimates of future failures avoided)						

Source: Ipsos UK analysis. GVA estimates on the basis of the number of jobs safeguarded multiplied by average wages in the sector (£31,375)

Cost effectiveness metrics

Based on monitoring information provided by DCMS, the total gross cost of the programme to the public sector was £1.3bn for CRF 1 and CRF 2 (including administrative costs incurred by DCMS and the three ALBs covered by the scope of this evaluation). However, this includes £254m in repayable finance awarded through the programme, and only defaults on those loans represent a cost to the Exchequer in the long term. Future default rates are highly uncertain, and for the purposes of this analysis, a 10 percent default rate was assumed over the 20-year term of the loans[31]. This gives an estimated total cost to the public sector of £1.0bn.

This has been used to assess the overall efficiency of the programme, though it should be noted that this will overstate the total Exchequer costs of the programme. In particular, the programme is likely to have reduced costs to other parts of the public sector by both reducing the payment of unemployment benefits and by reducing demand for other COVID-19 response programmes.

Table A34: Cost-effectiveness metrics

Cost-effectiveness metrics	Core range (direct effects only) - LOW	Core range (direct effects only) - HIGH	Best case scenario (including indirect effects)	Worst case scenario (visitors remain at 2020 levels)
Gross public sector cost (£m)	1,022	1,022	1,022	1,022
GVA impacts (£m)	851	2183	2,183	851

[31] This assumption is based on early information on default rates on CBILS loans published by the British Business Bank that suggested that in September 2021 (18 months following the launch of the scheme), the value of defaults was 0.5% of the value of loan facilities approved. The assumption of 10 percent was derived by extrapolating this over the typical 20 year term of the loans awarded through CRF. See British Business Bank (2021) Covid-19 Emergency Loan Schemes Repayment Data.

Cost-effectiveness metrics	Core range (direct effects only) - LOW	Core range (direct effects only) - HIGH	Best case scenario (including indirect effects)	Worst case scenario (visitors remain at 2020 levels)
£s of GVA per £1 of public sector spending	0.83	2.13	2.13	0.83
£s of user/non-market benefits per £1 of public sector spending	1.15	1.53	3.85	0.23
Indicative total benefits per £1 of public sector spending	1.98	3.66	5.98	1.06

The table below provides a series of cost-effectiveness metrics combining the results in relation to the user benefits arising from the preservation of cultural institutions and the economic benefits of the programme (noting that the assessment of the user benefits associated with the programme only relates to a subset of the portfolio where there was sufficient evidence to enable an assessment). The table shows that:

- Based on its direct effects in increasing GVA via safeguarding employment and central estimates of the user benefits arising from preservation of cultural institutions, the CRF is estimated to have delivered between £1.98 and £3.66 of benefits per £1 of public sector spending on the programme.
- If the apparent multiplier effects of the CRF are not significantly offset by displacement of economic activities in other areas and the cultural assets preserved would have taken significantly longer to be brought back into the use, this BCR could rise to £5.98 (the best case scenario).
- The benefits of the programme only do not exceed its costs in the worst-case scenario where visitor numbers remain at 2020/21 levels until 2025 and the local multiplier effects of the programme are entirely offset by displacement effects. This worst case scenario is considered unlikely, given the observed increase in visitor volumes as social distancing restrictions have been withdrawn.

Gaps and areas for future research

This is the first time that this type of fund, with multiple assets and complex decision process, has been evaluated using the database of cultural/heritage willingness to pay values assembled by DCMS, ACE, and Historic England. The application of benefit transfer is much more complex than a typical single business case with a discrete choice of decisions. The CRF supported cultural and heritage organisations are varying sizes and disciplines. While part of the objective was to ensure their survival to safeguard their economic importance to the country, in terms of jobs and GVA, there is also wide recognition that many of the social

benefits of cultural and heritage organisations provide are non-market in nature. They are not funded exclusively for the jobs they provide, but because of the benefits they provide to visitors, and the general public. This is the first time that robust, pre-validated WTP values have been applied to multiple organisations across the culture and heritage sector to build a more complete picture of the non-market benefits they provide within CBA analysis. There remain gaps in the evidence base – around 85% according to this study – and there are still questions to be answered around how best to incorporate non-use values from the general population.

In terms of next steps:

- **Benefit transfer analysis** could be explored to adjust the benefits transfer to local, regional, and national reach using observable data on the size and scale of the cultural offering, with caveats that proxy data may not exist for cultural significance. This initial analysis was based on manual researcher categorisation of the organisation names, supplemented with desk-based web-research. For this approach to be scaleable to other evaluations, it would be preferable to develop a set of rules based on observable quantitative information about the organisations, that can be applied in an automated way to CBA analysis. It could then be tested whether this provides greater precision in the benefit transfer than researcher categorisation. Candidate metrics that have been scoped at an initial stage include:
  - The AVLMA data on visitor attractions[32] may provide estimates of visitor numbers, from which the size and local/regional/national reach of the cultural/heritage organisation could be ascertained. However, this will not provide hard and fast rules, as it could be that smaller organisations in larger regional cities have a visitor size which is comparable to national organisations, but only have a regional geographical reach, meaning this again does not overcome the need for researcher judgement and desk-based research.
  - ACE has developed the NPO data[33] and other sector-specific datasets like that provided by UK Theatre[34] may be able to provide a more detailed breakdown of revenue, visitor size, number of events, average ticket price etc. Further research is needed to explore comparability between sectors and the extent to which multiple metrics could be drawn together to form a compositive index to enable a rules-based benefit transfer process for assigning local, regional and national reach to pre-existing WTP values at the regional level.
  - A lighter touch approach could be to apply assumptions to the CRF data, such as that museums funded by NLHF/HE is "local" as these are "non-accredited" museums and that accredited museums had to apply to Arts Council England and are *on average* likely to be larger and more established. However, this isn't a hard and fast rule, as the accreditation scheme is likely to have also endorsed some very small museums, so this does not completely overcome the need for researcher judgement and desk-based research. In addition, it may be necessary to develop separate rules

[32] https://www.alva.org.uk/details.cfm?p=423
[33] https://www.artscouncil.org.uk/our-data/our-npos-and-annual-data-survey#section-4
[34] https://uktheatre.org/

for different disciplines, which would increase the risk of error and increases the amount of research time needed for this.

- **Benefit transfer literature reviews** could involve exploration of the DCMS REA for WTP values that can fill gaps in the CRF table, e.g. festivals, music, films, designed landscapes. However, we note that the values in the REA are based on independent studies, which have been collected using a range of different methodologies, potentially valuing different aspects of the cultural/heritage asset, or eliciting WTP in different ways (using different payment vehicles, different exclusion scenarios etc.), which reduces their comparability (between all of the 'study sites' in the REA and to the 'policy sites' in the CRF) and increases the risk of transfer error. Further study is required to identify which of the studies in the REA are suitable for transfer to CHC categories, and the extent to which an average across a potentially small number of such studies would provide a robust value for benefit transfer or introduce outlier bias.
- **Addressing gaps in the empirical benefit transfer evidence base**: The CRF evaluation demonstrates the need for a number of asset categories to have more research. Indeed, the CRF evaluation may provide a useful direction of travel in terms of assets values for the CHC programme. We recommend that further benefit transfer research be commissioned to fill the gaps in key categories of cultural heritage assets, as indicated in Table A35. These include:
  - Music organisations;
  - Industrial and transport assets;
  - Combined arts organisations;
  - Smaller religious heritage assets (e.g., churches);
  - Festivals.

The underpinning methodologies should align as closely as possible to the current database of benefit transfer values (museums, galleries, theatres, historic areas) developed by DCMS/ALBs. A lower priority would be to collect benefit transfer evidence for local and national assets where these do not already exist (e.g. galleries, theatres, historic area). For this study, we scaled down regional WTP values by the percentage difference observed in the only benefit transfer study for which data on both regional and local assets existed – regional and local museums – and applied this to other categories of cultural organisation. This approach should be tested in more depth, potentially by collecting one or two more local-level studies in those categories, to test that the percentage difference between regional and local WTP is comparable, and therefore robust for application to other BT values in the DCMS/ALB database.

Finally, the exclusion of non-use WTP for members of the general public is a major omission of the total economic value of the cultural and heritage organisations safeguarded by the CRF. As outlined in the previous section, there is still considerable research needed to establish how non-use WTP should be incorporated into CBA to account for sequencing effects and diminishing marginal utility. Currently there is no accepted correction factor to

account for this effect, which is likely to lead to double counting and over-estimated values when aggregating multiple non-use WTP values at the national or regional level. We recommend this as a priority issue to be addressed by in the future. At the same time, not including non-use value leads to an undervaluation of the non-market benefits of CRF in SCBA. On balance, a decision was taken to exclude non-use values, given the uncertainties and relative experimental nature of applying benefit transfer to a policy intervention at this scale. This decision to exclude non-use values was therefore chosen to avoid the risk of overestimation.

Table A35: Benefit transfer table - Culture Recovery Fund (selected categories)

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
Historic areas, buildings and monuments **115**	Stately home	0	No relevant WTP/WTA values.	Gap: Requires empirical research				
	Historic civic building	9	BT values for 4 historic civic buildings in England[35]		£7.29		£5.73	
	Local heritage area	3	No directly comparable WTP/WTA values. Existing BT values for historic areas can be scaled down.[36]	Scale down using regional: local museum %diff	£5.87	£5.54	£5.87	£5.54
	Heritage area	6	BT historic areas are medieval. Higher heritage value? May need scaling down/lower bound	Scale down using industrial:pre-	£8.82	£5.62	£8.82	£5.62

[35] R. N. Lawton et al., 'Heritage and the Value of Place' (Historic England, 2021), https://historicengland.org.uk/content/docs/research/heritage-value-of-place/.
[36] R. Lawton et al., 'The Economic Value of Heritage: A Benefit Transfer Study' (Arts and Humanities Research Council, 2018).

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
			WTP to be proportionate to sites in CRF	industrial high street %diff				
	Religious (church)	58	No directly comparable WTP/WTA values. Existing BT values for historic cathedrals can be scaled down.[37] Gap: Requires empirical research	Scale down: Assume 25% of cathedral value	£2.21	£1.41	£2.21	£1.41
	Cathedral	4	BT values for 4 cathedrals in England[38]	BT cathedral	£7.42	£3.75	£7.42	£3.75
	Other	0	Small sample and heterogenous: Castle Howard Estate & English Heritage	Exclude				

[37] Lawton et al.

[38] Lawton et al.

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
Historic built environment **1**	Theatre (Globe Stockton)	95	Inappropriate category: Impute local theatre value	Scale down using regional: local museum % dif	£8.72	£4.50	£7.37	£3.71
Museums **50**	Regional	9	BT values for 4 regional museums in England[39]		£6.42	£3.48	£6.01	£3.17
	Local	37	BT values for 16 local museums in England[40]		£4.44	£3.68	£4.00	£3.12

[39] D. Fujiwara et al., 'The Economic Value of Culture: A Benefit Transfer Study' (London, UK: Department for Digital Culture Media and Sport, 2018).

[40] R. N. Lawton et al., 'Local Museums Benefit Transfer Report' (Arts Council England, 2022), https://www.artscouncil.org.uk/sites/default/files/download-file/Local%20Museums%20Report.pdf.

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
	National museum	0		BT regional museums scaled up by region: local museum % diff	£7.90	£3.54	£7.35	£3.22
	Museums housed in heritage asset	0	Conflation of museum and heritage value, BT guidance recommends to exclude	Exclude				
Theatre **138**	Regional	13	BT values for 4 regional theatres in England[41]		£13.10	£4.57	£11.08	£3.77
	Local	95	No directly comparable WTP/WTA values. Existing BT	Scale down using regional: local museum % dif	£8.72	£4.50	£7.37	£3.71

[41] R. N. Lawton et al., 'Regional Galleries and Theatres Benefit Transfer Report' (Arts Council England, 2021), https://www.artscouncil.org.uk/sites/default/files/download-file/Arts%20Council%20England%20-%20Regional%20Galleries%20and%20Theatres%20Benefit%20Transfer%20Report.pdf.

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
			values for regional theatres can be scaled down					
	National	2	No directly comparable WTP/WTA values. Existing BT values for regional theatres can be scaled up	Scale up using regional: local museum % dif	£16.02	£4.64	£13.55	£3.83
	Festival	0	Festivals more commonly coded under Combined Arts. No relevant WTP/WTA values.	Explore REA value for festivals				
	Theatre company	0	No REA or BT values available	Exclude				
Visual arts **38**	Regional gallery	2	BT values for 4 regional galleries in England42		£5.40	£3.72	£5.01	£3.20

[42] Lawton et al.

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
	Local gallery	8	No directly comparable WTP/WTA values. Existing BT values for regional galleries can be scaled down	Scale down using regional: local museum % dif	£3.59	£3.66	£3.33	£3.15
	National gallery	0	No directly comparable WTP/WTA values. Existing BT values for regional galleries can be scaled up	Scale up using regional: local museum % dif	£6.60	£3.78	£6.13	£3.25
Other **0**	Other	0	Heterogenous: Cannot be categorised without extensive desk research beyond scope of this study	**Exclude**				
Archives **3**			No relevant WTP/WTA values.	**Exclude**				
Combined arts **107**			A large number in this category are art centres and festivals. No	**Exclude**				

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
			relevant WTP/WTA values. Gap. Requires empirical research					
Community heritage **15**			Intangible heritage centres. No relevant WTP/WTA values.	**Exclude**				
Dance **22**			No relevant WTP/WTA values.	**Exclude**				
Landscapes **6**			No relevant WTP/WTA values.	**Exclude**				
Don't know **1**				**Exclude**				
Film **47**			No relevant WTP/WTA values.	**Exclude**				

CRF category (discipline) and No. of orgs awarded grants	Sub-category	No.	Feasibility of benefit transfer	Action	Visitor	General pop/non-visitor	Visitor	General pop/ non-visitor
					Mean WTP	Mean WTP	Lower CI WTP	Lower CI WTP
Industrial and transport **30**			Predominantly heritage railway and aircraft assets. No relevant WTP/WTA values.	**Exclude**				

Section 6

The table below provides details of the characteristics of the unmatched and matched (i.e. post application of Propensity Score Matching) samples and highlights the degree to which any differences between the samples of organisations awarded funding and those that were declined were statistically significant at the 95 percent level of confidence.

Table A36: Pre-programme characteristics of matched and unmatched samples

Characteristics	Unmatched sample - Applicants awarded grants	Unmatched sample - Declined applicants	Sig.	Matched sample - Applicants awarded grants	Matched sample - Declined applicants	Sig.
% closed due to the pandemic	28.8%	41.0%	*	28.8%	33.4%	
% operating at reduced capacity due to pandemic	59.8%	48.3%	*	59.8%	56.0%	
% open to the public	65.0%	52.2%	*	65.0%	65.6%	
% active in performing arts sectors	41.5%	25.3%	*	41.5%	42.2%	
% active in other sectors	13.3%	39.3%	*	13.3%	11.8%	
% commercial organisations	65.4%	71.9%		65.4%	63.7%	
Logarithm of 2019/20 income	13.1	12.0	*	13.1	13.0	
Logarithm of 2019/20 expenditure	13.0	12.2	*	13.0	12.9	
Logarithm of 2019/20 liabilities	8.8	7.3	*	8.8	8.8	
Logarithm of 2019/20 reserves	9.3	9.3		9.3	9.3	
Logarithm of employment in March 2020	2.1	1.5	*	2.1	1.9	

Source: Culture Recovery Fund Survey, Ipsos UK.

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