The Heritage Dividend Methodology

Measuring the Impact of Heritage Projects

Valuing the Historic Environment 2

ENGLISH HERITAGE

THE HERITAGE DIVIDEND METHODOLOGY: MEASURING THE IMPACT OF HERITAGE PROJECTS

Valuing the Historic Environment 2

CONTENTS

This report is based on research carried out by Urban Practitioners for English Heritage. A report prepared by Urban Practitioners was made available at the Urban Summit in January 2005, and was circulated to interested parties thereafter. This revised report takes account of comments received in the period since January 2005. We would like to thank both those who took part in a workshop in October 2004 and those who commented on the earlier version of the report. Given the development of the report it is not the responsibility of any one person or organisation, but English Heritage supports its recommendations.

The Valuing the Historic Environment series reports new research into the social and economic value of the heritage.
Further copies of this document are available on the Historic Environment Local Management (HELM) website at www.helm.org.uk.

Front cover is of 19-21 Stone Street, Dudley. These properties received funding through the Heritage Economic Regeneration Scheme. Image by kind permission of Dudley Metropolitan Borough Council.

1. INTRODUCTION

The first Heritage Dividend report was commissioned from Urban Practitioners (formerly Town Centres Limited) in 1999. The report covered an evaluation of the social and economic contribution that English Heritage area-based grant programmes (Conservation Area Partnership Schemes (CAPS)) made to area regeneration. The report was widely used both at national and local level, and was extremely successful in articulating the positive contribution that heritage-led area-based grant programmes can make to regeneration. The report was launched in the same week as Lord Rogers' Urban Task Force report, Towards an Urban Renaissance, and was therefore extremely timely in emphasising the importance of investing in the historic environment, in the context of delivering the new 'urban renaissance' agenda. In 2002, Urban Practitioners was commissioned to produce a new edition of the Heritage Dividend. In 2003, a further report was produced in partnership with the Heritage Lottery Fund and the East of England Development Agency which looked specifically at projects in the East of England region.

The 1999 report was the first time that the evaluation of social and economic impacts of English Heritage's programmes has been attempted. It did not consider the specific heritage outcomes of the schemes being funded. All three Heritage Dividend reports were produced very quickly. The methodology was developed with, and ratified by, academics from the London School of Economics and was based on the use of indicators commonly used in the evaluation of mainstream regeneration funding programmes. Since 1999, a body of work has been published developing concepts and processes of impact evaluation. Urban Practitioners was therefore commissioned by English Heritage in September 2004 to revisit the Heritage Dividend methodology in the context of this new information, with a view to making recommendations for the future evolution of the methodology.

The purpose of this report is to undertake a thorough review of Heritage Dividend methodology, critically evaluating the following aspects:
-The existing Heritage Dividend methodology (chapter 2); and
-Developments in evaluation techniques (chapter 3).
Chapter 4 draws together the findings in the previous chapters, making recommendations at two levels:
-First, the main elements of an evaluation framework (section 4.1) and
-Secondly, an indicative evaluation pro-forma (section 4.2).

The recommendations in this report are intended to apply to the evaluation of any heritage related project or programme. Although the nomenclature and source of heritage funding may change over time, it is likely that there will continue to be a significant number and range of publicly-funded heritage related projects. Following the government's desire for evidence-based policy and programmes, public funding of heritage projects should be properly evaluated to demonstrate achievement of policy objectives. Examples of applications of this methodology might include regional or area Heritage Dividend studies, and form part of the required reporting for area grant schemes and advice to local authorities and others concerned with evaluating the economic and social impacts of heritage investment in particular areas or sectors.

2. REVIEW OF HERITAGE DIVIDEND METHODOLOGY

2.1 INTRODUCTION

This section sets out an account of the Heritage Dividend methodology, in a way which can point towards recommendations for a strengthened evaluation methodology.

The Heritage Dividend brand has been extremely widely used and quoted. The brand has played a key role in the promotion and repositioning of English Heritage as a pro-active, enabling organisation, fully engaged in regenerating some of the UK's most economically deprived and physically run-down communities. The Heritage Dividend reports had two primary aims which were implicit in the approach that was adopted. The first was to undertake an evaluation of English Heritage's grant-aided area based regeneration programmes in order to establish core outputs and impacts. The second was to provide a 'good news' message to an audience of national decision makers, politicians and government departments, in the context of a major re-configuration of urban regeneration policy and funding. The message ensured that English Heritage was well-placed to attract much-needed additional resources from central government. There can be a tension between these two aims, for example providing 'good news' messages and objective analysis. In the case of the Heritage Dividend, analysis was only undertaken for schemes for which data was readily available, and these tended to be schemes that were known at the local level to have been successful. It was always acknowledged that some schemes had not been so successful or that data was unavailable. No conclusions could be drawn about why or indeed whether schemes not included in the analysis had failed to fulfil their potential. In addition, the preparation of the first Heritage Dividend publication was undertaken extremely quickly, in order to meet a politically significant launch date. The development of methodology, research, analysis, writing, graphic design and printing were all completed within a 10-week timescale from commissioning to launch date. A more generous timescale might have improved the coverage of the analysis.

2.2 CONSERVATION AREA PARTNERSHIP SCHEMES

By 1999, English Heritage had invested £36 million in 357 CAPS projects across England over a five year period. The schemes were typically delivered over a three-year period, which meant that the bulk of the case studies were completed schemes. The second Heritage Dividend publication was produced just two years later so that fewer completed schemes were available for analysis. CAPS were succeeded in 1999 by the Heritage Economic Regeneration Scheme (HERS), which sought more directly to address issues of social and economic decline.

2.3 HERITAGE DIVIDEND METHODOLOGY

The core principle of the methodology was to use the output and impact indicators commonly used in the evaluation of mainstream central-government funded regeneration programmes such as City Challenge and the Single Regeneration Budget. In 1999, this was an entirely retrospective analysis. Only minimal baseline analysis had been required at the funding bidding stage, and no analysis of indicators had been requested from local authorities during the scheme delivery period.

The impact measures which were requested were as follows:

- Total grant from English Heritage
- Total grant from (other) public sector sources

- Total private sector contribution to projects
- Number of buildings improved
- Commercial floorspace improved
- Number of dwellings improved
- Number of jobs created
- Number of jobs safeguarded
- Environmental improvements

A pro-forma was developed and agreed by English Heritage and the London School of Economics (LSE) and sent to 40 local authorities that had operated CAPS. The local authorities were selected on the basis of the size of the scheme, known successes and regional representation. The schemes were not chosen to be statistically representative, but were considered to be broadly representative of the activities of CAPS in terms of size, region and the issues being addressed.

The data was compiled by local authority Conservation Officers (who had responsibility for administering and managing the schemes at local level) over a two-week period, evaluated and independently verified by Urban Practitioners and the LSE. Such data collection had never before been required by Conservation Officers, and they did not necessarily have the skills to be involved in economic evaluation. By the time that the 2002 publication was being prepared, there had been a noticeable improvement in the awareness and understanding of Conservation Officers, both of the importance of social and economic evaluation, and the requirements of the research.

Generally projects within the schemes were filtered to ensure that only those to which the English Heritage CAPS fund had contributed at least 10% of the total cost of the project were included. Other measures such as the number of construction jobs created were not assessed in detail.

Schemes from the initial raft of local authority submissions were excluded if no data was obtainable or where collecting data for a large number of individual projects was not feasible within the timescale. In all schemes the ratio of English Heritage to local authority funding has been assumed to be 50%. This is typical, although it was acknowledged that in some cases the English Heritage contribution could have been less than 50%.

In addition to the statistical analysis, a qualitative analysis was undertaken based on a small number of interviews with grant recipients (on average one per case study). These informal interviews sought to understand the grant recipients' views on the impact of English Heritage grant aid on their businesses, and short quotations from recipients were included in the publications to support the economic analysis.

2.4 OBSERVATIONS ON THE METHODOLOGY

Heritage Dividend has proved to be an extremely effective communication tool for English Heritage. The analysis is robust and accurate, and provides a true reflection of the regeneration impact of CAPS (and their successor scheme, HERS). However, the methodology has a number of limitations. These limitations can be explained in part by the much smaller size of the CAPS programme and its individual schemes compared with the mainstream regeneration programmes, such as City Challenge and Single Regeneration Budget for which the indicators which were being used had originally been developed. Also the CAPS, unlike the regeneration programmes had not, as a primary objective, been originally designed to achieve social and economic impacts. The limitations are described below under four headings:

-**Absence of appropriate baseline analysis** – the bidding process for CAPS did require some socio-economic data to be included. However, this data did not correspond to the impact measures described in section 2.3 which were measured for the Heritage Dividend. Therefore there was effectively no prior baseline for the Heritage Dividend figures, and no basis for analysing change over time in relation to social and economic impacts common to regeneration programmes. The lack of a relevant baseline analysis compromised attempts to understand how general economic trends might have affected the area and the particular scheme; nor was it possible to gain an overall in-depth understanding of the local economy and changes in its health during the period after a scheme was completed.

-**Measurement of by-product, not core objectives** – the Heritage Dividend objectives were derived from the analysis of mainstream regeneration funding. The impact measures being measured had not been identified at the outset as core objectives of CAPS and HERS. This meant that the impacts and outputs which were being analysed were effectively positive by-products of a process which had other aims and objectives, rather than a measure of the core purpose of the scheme.

-**Economic controls** - while some filtering was undertaken to ensure that the output and impact claims were realistic, the analysis was not subject to fine-grain economic analysis controls to filter it for impacts that would have taken place without the scheme (deadweight), or to understand counterfactual scenarios (additionality) or the displacement effects on other economic and social activity in the local area. Nor did the analysis consider indirect effects on suppliers of inputs to the scheme or expenditure by employees or tourists.

-**Extrapolation** - the Heritage Dividend analysis is an accurate record of social and economic impacts for a limited number of case study schemes. However, care needs to be taken in interpreting the results as applying to all schemes, or the likely impact of new schemes. Data gathered cannot be extrapolated to broader claims about the impact of past and future expenditure by English Heritage.

2.5 CONTEXT: POLICY AND PRACTICE

The 1999 edition of the Heritage Dividend was prepared in time to be launched in the same week as Lord Rogers' Urban Task Force report, Towards an Urban Renaissance. The Heritage Dividend played a role in staking English Heritage's claim within this new policy landscape. In the period since 1999, there has been a greater emphasis on impact evaluation across all types of public sector funding, and guidance has been produced by the Treasury and others.

The Heritage Dividend began as an informal snapshot analysis at a particular point in time, primarily to act as a tool for communication. Its success, and subsequent repetition, has linked it to a domain of more formal analysis and it is now an appropriate time to consider the way in which grant-aided heritage-led regeneration projects can be more rigorously evaluated.

2.6 LESSONS FOR THE FUTURE

A summary of the lessons learned for the development of future evaluation methodology is set out below:

-**Separation of communication from evaluation** – a tension within the Heritage Dividend analysis should be addressed, so that evaluation of schemes takes place independently of communicating a positive image of conservation-led regeneration to a wider political audience. Analysis should include schemes which have been less successful, and from which lessons can be learned. Once evaluation has been completed, it should be reviewed for key messages which may form the basis for publicity material.

-**Allowing appropriate timescales** - the timescales for carrying out the analysis would benefit from being more generous. In addition, the timescale for the evaluation of individual schemes should be reviewed. It is probably not appropriate to evaluate schemes which are not yet complete, and there may be value in undertaking a longitudinal analysis, measuring impact not only on completion, but two to three years after completion, in order to assess long-term impact.

- **Linking data collection to sanctions** – the supply of baseline data, output and impact measures is not linked to funding. This is a significant difference from mainstream regeneration funding programmes, which require baseline analysis to be undertaken either as part of the funding bid, or on commencement of the scheme, and require quarterly returns of output and impact measures in order to secure on-going funding.

- **Fit-for-purpose analysis** – CAPS and HERS are small scale relative to mainstream regeneration funding programmes. English Heritage makes a small, but significant contribution to the much bigger picture of public sector regeneration funding. It is extremely important to bear in mind that the requirements of impact analysis should not be so burdensome as to outweigh the benefits of the scheme, or prevent local officers from effectively delivering the heritage improvement. When considering the relevance of evaluation techniques it is important to determine an appropriate level of evaluation relative to size of scheme.

-**Skills and tools for analysis** - it has been noted that the typical skills profile of local authority conservation officers does not necessarily equip them well to undertake social and economic analysis. If more detailed analysis is to become a requirement of future grant funding programmes, it will be important to develop the skills base of local officers to equip them for this expanded role.

3. REVIEW OF RECENT EVALUATION GUIDANCE AND PRACTICE

3.1 INTRODUCTION

Government policy recognises the importance and significance of heritage and culture, both as ends in their own right, and as a means to achieving wider policy goals. The purpose of this chapter is to provide a brief overview of the policy context; describe various indicators of heritage value; and review the Treasury Green Book and related guidance which provides a methodological framework for evaluating the historic environment.

3.2 POLICY OVERVIEW - SUSTAINABLE COMMUNITIES AND CULTURAL REGENERATION

Government policy in urban places is underpinned by the concept of the Sustainable Community as defined in Sustainable Communities: building for the future report (Office for the Deputy Prime Minister (ODPM) 2003). This plan defines the government's approach to planning and regeneration, entailing the following key objectives:

-A flourishing local economy to provide jobs and wealth;
-Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
-A safe and healthy local environment with well-designed public and green space;
-Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
-Buildings - both individually and collectively - that can meet different needs over time and that minimise the use of natural and man made resources;
-A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and income;
-Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
-A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it; and
-A sense of place.

Heritage and the historic environment have a key role to play in the realisation of the Sustainable Communities agenda, delivering across all three dimensions of the economic, social and environmental 'triple bottom line' of sustainable development.

The importance of culture in regeneration is another major policy focus. Culture at the Heart of Regeneration (Department for Culture, Media and Sport (DCMS) 2004) examines the significance of culture as a driver of regeneration. Intervention through cultural activities and physical programmes can have a wide range of impacts including increased community cohesion, greater opportunities for education and training, local participation, engagement and local pride, and economic impacts such as jobs, revenue and a local multiplier effect. Cultural regeneration can also act as a magnet for skills and business, as well as kick-starting regeneration of rundown areas or re-invigorating a sense of place. The document also recognises the importance of making reliable assessments of impact, especially given that a major proportion of cultural and heritage investment is led by public sector grant programmes:

3.3 INDICATORS OF HERITAGE VALUE

Defining economic value

The literature identifies the special characteristic of heritage as having a value beyond that derived from its immediate consumption, for example so called option and non-use values. Navrud and Ready (2002) define non-use values as follows:

-Altruistic values that the site be available for others to visit;
-Bequest values that the site be preserved for future generations;
-Option values that the current non-visitor may decide to become a visitor in the future; and
-Existence values that the site be preserved, even if no-one actually visits it.

There are a number of studies of individual heritage sites concerning these values, but as yet no agreed method for reliably transferring values between different sites. For further information see the recent Valuation of the Historic Environment report. (eftec 2005)

Economic spin-offs
Economic spin-offs are defined as activity that is associated with heritage projects and activities and can be measured in terms of employment and expenditure, including that which is related to the provision of goods and services down the supply chain and the effect of spending on the local economy by tourists attracted to the heritage feature. Examples of such studies include *Valuing Museums: Impact and innovation among national museums* (LSE for the National Museums Directors' Conference (NMDC), 2004). Other examples include the Economic Impact of Waterway Development Schemes (Ecotec, 2001 on behalf of British Waterways), Townscape Heritage Initiative (THI) Schemes Evaluation (Grover and Reeves, Oxford Brookes University for Heritage Lottery Fund), and The Economic Impact of the Restoration of the Kennet and Avon Canal (Ecotec on behalf of British Waterways, 2003), and Economic Impact of Waterway Development Schemes (Ecotec on behalf of British Waterways, 2001)

Economic impact studies have varying approaches particularly with respect to the use of the multiplier concept and whether impacts are genuinely additional. The Ecotec study of waterway developments investigates the degree of additionality. It recognises that much development in locations such as Birmingham would have occurred regardless of the improvements, or are relocations from outside the area. For example, of the 4,650 additional office jobs in Brindley Place, the report estimates net additions to the City's employment base to be 20-25% of this figure, approximately 400 to 500 jobs attributable to waterways investment.

The THI evaluation study (Grover and Reeve, 2003) uses a mixture of quantitative and qualitative techniques, and uses a baseline analysis for comparison, and commentary on issues such as deadweight, double-counting and displacement. The treatment of these economic concepts is qualitative.

Culture at the Heart of Regeneration (DCMS 2004) supports the case for a greater quantity and quality of evidence, stating the need for research into the following indicators:
-the extent to which employment is "new" or merely displaced from other locations within a region;
-the key beneficiaries of regeneration, i.e. to what extent are some groups excluded from the positive impacts which occur: and
-the sustainability and development of positive economic impacts over the longer term.

The DCMS report notes that the economic well-being of an area can be assessed through a range of direct measures, such as:
-Inward investment (public-private sector investment leverage);
-Higher resident and visitor spend;
-Job creation (direct, indirect, induced), wealth creation;
-Employer relocation and retention;

-Retention of graduates in the area (including artists other creative professionals);
-A more diverse work force;
-A driver in the development of new business, retail and leisure areas;
-More public-private-voluntary sector partnerships;
-More corporate involvement in the local cultural sector (leading to support in cash and in kind); and
-Increased property prices (residential and business).

And less direct economic benefits including:
-Improved retail performance of existing commercial outlets in the surrounding area;
-New business start-ups attracted to an area because of increased visitor expenditure; and
-Property and land values increasing as an area becomes a more desirable place to live and work.

Social capital
The impact of projects on social capital is also discussed in the literature. Social capital may be defined as embracing community spirit, social bonds, civic virtue and community networks (Office of National Statistics (ONS), 2001). It has been argued that enhancement of social capital can contribute to the delivery of "a multiplicity of desirable policy outcomes" (ONS, 2001). These include better health, higher educational attainment, better employment opportunities and lower crime rates. The historic environment has been identified as a medium around which communities can unite; can be part of the collective community identity, with shared experiences encouraging positive relationships and reciprocity between individuals. In terms of case-study analysis, social capital is a less tangible characteristic to measure, and qualitative measures may be more appropriate in many cases. However, area-based projects, or clusters of projects often create the critical mass necessary to achieve improvements in social capital, and it may be possible to undertake targeted evaluation of these larger scale projects to establish the tangible social effects.

Embodied energy
The governments commitment to achieve reductions in emissions, (12.5% reduction in greenhouse gas emissions from 1990 levels by 2008 to 2012, and a 20% reduction in carbon dioxide emissions from 1990 levels by 2010) has focussed attention on the extent to which the preservation and restoration of historically important buildings can make a contribution to the achievement of the these targets. Heritage Counts 2003 summarises results of research into the energy and carbon emissions of different types and ages of buildings:
"A typical Victorian house contains energy equivalent to 15,000 litres of petrol….. A similar house constructed from modern materials and with modern techniques contains a higher level of embodied CO_2."
Projects that restore existing historically important buildings, and where the alternative is demolition and new build, should report the amount and types of materials used in the project.

Quality of restoration
In addition to the consideration of economic spin-offs and intrinsic value, it is also recommended that quality of restoration is assessed. This relates to whether the materials used and the content of the refurbishment is sustainable and in context with the heritage asset. It is important to consider whether or not the restoration element of the project has made a positive contribution to the historic identity of the building.

3.4. TOWARDS A NEW METHODOLOGICAL APPROACH - THE TREASURY GREEN BOOK

The Green Book, (otherwise known as Appraisal and Evaluation in Central Government) states that the main purpose of evaluation is to "ensure that lessons are widely learned, communicated and applied when assessing new proposals".
The Green Book sets out a detailed approach to appraising options and evaluation. For the purposes of this review, it is the approach to evaluation which is most important.

Stages of Evaluation

It is recommended that the evaluation follow a sequence summarised below.
1. Establish indicators to be evaluated, and methodology for measurement. Need for clear links to objectives and targets;
2. Assess the baseline conditions and the natural shift in these conditions as a reference point for determining the actual impact of intervention;
3. Compare outturns with targets;
4. Present the results and recommendations; and
5. Dissemination and use the results and recommendations.

Additionality

English Partnerships has recently produced the second edition of its Additionality Guide: A Standard Approach to Assessing the Additional impact of Projects (September 2004). The guide defines additionality as "the extent to which something happens as a result of an intervention that would not have occurred in the absence of intervention."
The guide also notes that measuring additionality is not an easy task and generally will be carried out by specialists or those with experience in project development and appraisal. This difficulty of measurement has implications for the type and scale of project that can justify a full additionality analysis.

Additionality can relate to the following factors:
-Scale: e.g. a greater quantity of renovated houses delivered in an area;
-Timing: e.g. an activity may happen sooner than would otherwise have been the case;
-Specific area or group: extent to which beneficiaries actually benefit from an intervention.
-Quality: where outputs or outcomes of intervention cannot easily be valued, then the quality of outputs or outcomes may be different due to a public sector intervention (i.e. resolving market failure).
Two approaches can be used to assess the additional impacts of a project. These are 'top-down' and 'bottom-up':
-Top-down: by assessing expected changes in overall indicators, such as the level of employment, total population or number of dwellings; and/or
-Bottom-up: appraising the expected impact of individual actions or projects, through consideration of their likely outputs and outcomes.
For an exercise such as Heritage Dividend the bottom-up approach is probably most relevant.
The starting point for evaluation of additionality is the reference case, which acts an estimate of what level of target outputs or outcomes would have been produced if the project had not gone ahead. The following indicators should be considered:
-Gross Direct benefits: the total effect of the project on output or outcomes;
-Leakage effect: Number or proportion of outputs which benefit people or businesses outside the study area and are therefore deducted from gross direct benefits;
-Displacement: Number or proportion of outputs accounted for by reduced outputs elsewhere, for example attracting jobs which would have been located inside or outside the study area -

-Substitution effects: the effect where one activity is substituted for another
-Economic multiplier effects: further economic activity (jobs, expenditure or income) associated with additional local income, local supplier purchases and longer term development effects need to be added, but these multiplier effects can also be subject to displacement or substitution effects

These factors may vary in relevance depending on the project type and area affected. A key consideration is the geographical scale of the area in question. This guide recognises four spatial scales:

-Site: The immediate vicinity of the project. It is rare to take this as the unit of assessment as most projects will have benefits which extend beyond the immediate site;
-Local/sub-regional: The effect of a project can vary with many case-studies having an impact across multiple local authorities in terms of the economic and demographic catchment. In many cases the 'travel to work area' is a more appropriate boundary than conventional Local Authority boundary definitions;
-Regional: Very large projects will have a regional impact
-National: Few regeneration projects are likely to have an impact on a national scale.

Analysis of additionality is a complex task, and a full account would be beyond the scope of most small heritage projects. However, it is possible to make qualitative statements regarding additionality where appropriate. At the very least, a cautionary note should be added to the evaluation where it is not possible to fully evaluate additionality impacts.

References

DCMS, 2004: Culture at the heart of regeneration.

DCMS, 2004: The White Book - DCMS Guidance on Appraisal and Evaluation of Projects, Programmes and Policies.

Ecotec, 2001: Economic Impacts of Waterway Development Schemes: Volume 3: A Final Report to British Waterways

Ecotec, 2003: The Economic Impact of the Restoration of the Kennet and Avon Canal (on behalf of British Waterways).

Ecotec, 2004. The Economic and Social Impacts of Cathedrals in England (on behalf of English Heritage and Association of English Cathedrals)

Eftec 2005 (for English Heritage, Heritage Lottery Fund, Department Culture Media and Sport and Department for Transport) Valuation of the Historic Environment

English Heritage, 1999: The Heritage Dividend.

English Heritage, 2002: Heritage Dividend 2002

English Heritage, 2003. Heritage Dividend: East of England Region 2003.

English Heritage, 2003: Heritage Counts.

English Heritage, 2004: Heritage Counts.

English Heritage & Defra, 2006. A Study of the Social and Economic Impacts and Benefits of Traditional Farm Building Repair and Re-use in the Lake District ESA

English Partnerships, 2004: Additionality Guide: A standard approach to assessing the additional impact of projects. Method statement. Second Edition.

Grover, P. and Reeve, A., 2003. Townscape Heritage Initiative Schemes Evaluation. Oxford Brookes University. Report prepared for the Heritage Lottery Fund).

Heritage Lottery Fund, 2004: New Life: Heritage and Regeneration.

HM Treasury, 2003: The Green Book: Appraisal and Evaluation in Central Government.

LSE for NMDC, 2004: Valuing museums: Impact and innovation among national museums.

National Trust Valuing our Environment series covering South West (1999), Cumbria (2001), North East (2001), Wales (2001) and Northern Ireland (2004).

Navrud, S. and Ready, R., 2002: Valuing Heritage: Applying Environmental Valuation Techniques to Historic Buildings, Monuments and Artifacts.

ODPM, 2004: Assessing the impacts of spatial intervention: The “3Rs” guidance.

Office of National Statistics, 2001: Social Capital. A review of the literature. Social analysis and reporting division.

4. RECOMMENDATIONS & PRO FORMAS

4.1 EVALUATION FRAMEWORK

On the basis of the discussion in Chapter 2 and the review in Chapter 3 there are twelve main elements that are recommended to be included in an evaluation framework. These are discussed in turn below

1. Separation of communication and evaluation

The process and results of evaluation should be carried out to standards described in general guidance for the public sector and the results should be communicated objectively and widely. A programme-wide evaluation will also enable wider lessons to be learnt, both from example of good practice, but also from less successful schemes. Once the evaluation stage has been completed, key messages can be drawn out for the purpose of publicly available material for different purposes and audiences.

2. Allowing appropriate timescales for carrying out individual evaluations

There should be sufficient time for case officers to collate the data required.

3. Linking data collection to financial sanctions

The submission of baseline data and measurement of impact measures should be tied in as a condition of funding.

4. Fit-for-purpose analysis

The requirements of evaluation should not be so burdensome as to outweigh the benefits of the scheme. The following thresholds are recommended for different levels of evaluation (values refer to the total public sector contribution)

-Up to £200,000: Overview of impacts, quantitative where possible but mostly qualitative;

-Between £200,000 and £500,000: Quantitative assessments with some qualitative assessments;

-Over £500,000: In-depth baseline and deadweight analysis at appraisal stage and detailed assessment of output/impacts at project completion and 3 or 5 years

The majority of heritage projects would fall into the 'Under £200,000' category. These brackets are not intended to be definitive, and could be altered depending on the exact nature of the funding programme and the objectives of evaluation. An alternative approach is to take a pre-selected sample of projects for detailed evaluation (particularly where a programme comprises many small projects). Another approach would be to identify a concentration of smaller projects in an area, with a view to evaluating their collective impact.

5. Skills and tools for analysis

Local conservation officers will not necessarily have the skills to undertake social and economic analysis. It might be appropriate to organise regional workshops where officers representing new projects can receive training on evaluation techniques. Larger projects may also require professional consultancy assistance in performing a detailed evaluation.

6. Developing a consistent framework

It is recommended that the framework of evaluation is consistent with guidance in the Green Book and the “three Rs” guidance. This framework should encourage greater consistency, making the link between over-arching funding objectives, appraisal, evaluation and feedback.

7. Broadening the horizons of evaluation

It is important that the scope of the evaluation be extended to cover less tangible values that are attributed to heritage projects. A variety of approaches may be required to measure these impacts including surveys of businesses and individuals. Detailed advice on the different methods of measuring these impacts is contained in the guidance literature.

8. Sustainability

Appraisal and evaluation should be related to the sustainable communities policy and the components of that policy. Some of these components are already covered by the existing Heritage Dividend methodology, but it is desirable that the evaluation methodology is capable of picking up impacts that contribute to the sustainable communities policy. The high-level indicators for the Governments' Sustainable Development Strategy provide a guide as to the potential contribution of heritage projects to this important policy, even though heritage itself is not directly included in those indicators. Heritage projects can contribute to indicators such as local environmental quality, satisfaction in local area, wellbeing, housing conditions, active community participation. Heritage related projects and programmes may also contribute to the government's targets for reductions in greenhouse gas emissions.

9. Taking account of other policy agendas

Other policies may be directly focussed on the heritage, for example the Public Service Agreement for the heritage sector to increase the participation of certain target groups in the heritage experience. Heritage related projects can also have an impact on the employment and training of people with traditional craft skills in construction and restoration. Other policies may have a less direct, but still relevant link to heritage projects, for example contribution to education policy targets. The range of impacts that can demonstrate the contribution of heritage projects to less tangible values, sustainability and other policy agendas are a significant addition to the value of the Heritage Dividend methodology. However, the cost of collecting the impact data and the robustness of that data also needs to be taken into account when determining the appropriate scale of evaluation.

10. Maintaining an accessible archive of information

An archive of projects should be maintained and updated so that the research phase of the Heritage Dividend can be undertaken efficiently. An accessible and accurate archive is also important for other exercises, for example communicating good practice case-studies, or undertaking more qualitative studies in a similar vein to New Life: Heritage and Regeneration (Heritage Lottery Fund (HLF), 2004).

11. Timing of evaluation

The original Heritage Dividend exercise evaluated projects at completion stage. The full impact of many schemes are not realised until 2 to 3 years after completion. The methodology should also be able to demonstrate that projects have maintained the heritage and spin-off benefits that were envisaged in the appraisal. The evaluation should be capable of capturing outcomes that measure the longer term changes brought about by projects, such as increased community cohesion and greater social inclusion.

12. More sophisticated economic measures

The multiplier effect can be a significant factor, particularly for area-based initiatives, but there is a tendency to overestimate the additional benefits which can be attributed to a scheme. There is an important difference between jobs that are supported by a particular expenditure through direct, indirect and induced effects where the multiplier effect can be quite large, and genuine additional economic activity where the multiplier is generally thought to be quite small, although it can be larger in areas with unused capacity in property and labour markets. It is important to differentiate between impacts that would have taken place in the absence of the project and impacts which are genuinely additional. For example, start-ups, relocations or additions that would have

either have occurred regardless of the project or are directly caused by the project. It would also be beneficial to include information on quality and longevity of jobs, as this is indicative of the sustainability of the project. For more detailed guidance on this topic see the Additionality Guide produced by English Partnerships referred to in chapter 3.

4.2 INDICATIVE PRO-FORMAS

The issues and recommendations discussed above form the basis of an indicative methodology for future versions of heritage impact evaluation. This section includes indicative pro-formas for appraisal and evaluation.

In some of the categories listed in the forms it is likely that a project will not have any significant impact. In this case a zero return is acceptable, but should not be an automatic response.

Indicators such as transport mode of users and visitors could be used as a proxy for effects on air quality, and may be assessed through surveys or observation of users and visitors. Air quality impacts may be important in designated Air Quality Management Areas (areas of poor air quality). In these areas, as a minimum requirement, evaluation should consider whether the project has any significant impact on air quality. For large projects, which are anticipated to have a significant impact (for example, the creation or enhancement of a major visitor attraction), it might be appropriate to undertake a quantitative assessment.

Property market indicators could form an element of impact evaluation. However, property market indicators should be used carefully, as they can be interpreted as a sign of gentrification (a particular form of displacement), which is not always perceived as a positive outcome if the existing local community can no longer afford to live or work in the area. It is suggested that a place-specific approach to property market analysis is undertaken for an analysis of the baseline, which compares local prices within the project area to average prices for the wider area, and also identifies any more specific issues such as patterns of demand and wider environmental effects on property prices, where appropriate. These issues can then be re-examined at the evaluation stage.

A range of survey techniques can be undertaken to ascertain reactions to projects. For smaller value projects, it is possible to undertake questionnaires in-house using a 'self-service' questionnaire and a drop-box which requires minimal staffing commitments. Other options include the commissioning of telephone, postal or on-street surveys. It is recommended that where feasible, professional on-street surveys are commissioned as these are more likely to obtain a representative sample. The design and use of surveys raises questions about the skills required by Conservation Officers. It may be appropriate to involve market research companies in the design as well as carrying out surveys, though that will have implications for the cost of evaluation and may only be justified for higher value projects.

APPENDIX - GLOSSARY OF TERMS

Additionality
Impact of relevant activity that would not have occurred without the project or expenditure. May refer to extent, timing and spatial dimension of impact.

Appraisal
Prior analysis of a project involving comparison of options and estimation of costs and benefits.

Counterfactual
What would have happened without the project or expenditure; not necessarily the same as what was happening before the project started. Also referred to as the reference case or baseline

Deadweight
Impacts that occur but would have taken place without the project.

Displacement
Degree to which positive impacts of a project are offset by negative impacts elsewhere, either in similar activities or in activities affected by the same labour or property markets. Effect can take place through the goods markets (eg switch of retail spend), the labour market (eg increase in wage rates) or property market (eg increase in property prices). Displacement can be local, regional or national

Evaluation
Retrospective analysis of a project to measure its impacts and learn lessons for future appraisals.

Multiplier
The second and subsequent round effects on output, income or employment associated with a project. Arise from indirect effects (suppliers to the project), induced effects (spend by workers and visitors). Multipliers can be local, regional, short-run, long-run etc.

Regeneration
Process of reversing economic, social and physical decay in areas where market forces alone will not lead to recovery. Can also refer to geographical areas and collection of buildings as well as process. For example focus of some government regeneration measures on 2000 most deprived super output areas.

Pro-forma - Appraisal

Heritage Dividend - indicative pro-forma - APPRAISAL

Please note the variation in detail requested for each section. The detail and nature of outputs relates to the following project types (£ values referred to in project types relate to 'Total Public Sector Contribution'):
- Type 1: Under £200,000
- Type 2: £200,000 to £500,000
- Type 3: More than £500,000

1. PROJECT BASELINE

1.1 Project Name

1.2 Project description

1.3 Description of area affected

1. PROJECT BASELINE

This section should be completed for all projects.

The level of detail provided in section 1.4 should vary according to the type of project. Type 1 projects should provide a qualitative description of the geographical scale at which the project will impact. Type 2 projects should attempt to use quantitative measures relating to catchment areas and sphere of influence. It is anticipated that type 3 projects should provide the highest level of detail relating to the property market affected, labour markets and visitor catchment areas.

2. GRANT DETAILS

2.1 Total grant requested from English Heritage (£)

2.2 Anticipated grant timescale

2.3 Total value of project (£)

2.4 Other public sector funding, please specify source (£)

2. GRANT DETAILS

This section should be completed for all projects.

Pro-forma - Appraisal

Heritage Dividend - indicative pro-forma - APPRAISAL

3. BASELINE STUDY

The purpose of the baseline study is to investigate the current characteristics of the area, and will act as a basis for comparison at the evaluation stage. Type 1 projects should provide a qualitative description of baseline characteristics with quantitative data where appropriate. Type 2 and Type 3 projects should seek to provide more quantitative data, with type 3 examining the baseline characteristics in greatest depth. The following factors should be considered:

PHYSICAL FACTORS

- The physical characteristics of the project area (status of building(s)/area in terms of quality, repair and planning designations/listings);
- Amount of commercial floor space (square metres)
- Number of dwellings

ECONOMIC FACTORS

- Employment and unemployment levels
- Key employment sectors & skills
- Number of businesses
- Type of businesses
- Property price(s)
- Number of visitors (per annum)
- Ethnic background of visitors
- Age structure of visitors
- Revenue generated per annum

SOCIAL FACTORS

- Number of schools/pupils who benefit from the building/area
- Local services who benefit from the building
- Number/age/ethnicity of users
- Description of community safety in immediate vicinity of building/area
- Deprivation (ODPM indices of multiple deprivation)
- Levels of educational attainment

ENVIRONMENTAL OUTPUTS

- Description of public space incorporated within potential project
- Biodiversity/Species characteristics
- Water/air quality

PERCEPTION OF HERITAGE AREA/BUILDING

It is important for all projects to provide an estimation of the less tangible values attached to heritage. Type 1 projects should provide a qualitative description of peoples perceptions of the heritage project. Type 2 or 3 projects should undertake street surveys of approximately 100 people. The following types of questions should be asked:

- Do you think that [area] makes a positive contribution to the local environment?
- Is the [building/area] an important part of local heritage?
- Does the [area/building] contribute to you sense of place?
- Would it matter if the [building/area] was allowed to decline?
- Should [area] be preserved for future generations to experience?
- How often to do you visit [area]?
- Do you consider [area] to be attractive?
- What are the key issues which should be addressed to improve this area?
- Do you consider that this area has improved or declined in recent years?

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

Please note the variation in detail requested for each section. The detail and nature of outputs relates to the following project types (£ values referred to in project types relate to 'Total Public Sector Grant'):
- Type 1: Under £200,000
- Type 2: £200,000 to £500,000
- Type 3: More than £500,000

1. PROJECT BACKGROUND

1.1 Project Name

1.2 Project reference code

1.3 Project description

1.4 Site location

1.5 Description of study area (scale at which evaluation is taking place)

1. PROJECT BACKGROUND

This section should be completed for all projects.

For 1.3, please use a separate sheet to describe the key characteristics of the project
For 1.5, please reflect upon the nature of the scale at which impacts are felt (e.g. street, neighbourhood, town, region). Type 2 or 3 projects should provide more detailed information regarding the rationale for study area (including information on the catchment area and sphere of influence of the project as discussed in the appraisal baseline study)

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

2. GRANT DETAILS

2.1 Total grant from Heritage scheme (£)

2.2 Grant timescale

2.3 Total value of project (£)

2.4 Total private sector funding (£)

2.5 Other public sector funding, please specify source (£)

3. PHYSICAL OUTPUTS

3.1 Number of buildings improved

3.2 Number of listed buildings improved

3.3 Commercial floorspace improved (square metres)

3.4 Number of dwellings improved (units)

3.5 Type and quantity of materials used

2. GRANT DETAILS

This section should be completed for all projects.

3. PHYSICAL OUTPUTS

This section should be completed for all projects.

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

4. ECONOMIC OUTPUTS:

Number of jobs:

4.1 Created

4.2 Safeguarded and retained

4.3 Construction jobs

4.4 What proportion of jobs for each of the above will last beyond the timescale of the project?

4.5 What type of jobs have been created?

4.6 For the created jobs, where do workers commute from?

Number of businesses:

4.7 Start-ups

4.8 Safeguarded and retained

4.9 Relocations

4. ECONOMIC OUTPUTS

Items 4.1 to 4.10 and 4.12 should be answered using quantitative data as far as possible. All projects should attempt to respond to these items.

For items 4.4 to 4.10 and 4.12, projects of type 1 may answer using qualitative judgements and descriptions and do not require figures or percentages. Type 2 and type 3 projects should provide numerical data including percentages.

For item 4.5 answers should describe the type of jobs in terms of skills required, and in particular the specific heritage building skills that are employed in the construction and maintenance of the project. Also a description of the broad industry category where the employment occurs, for example construction, mining, manufacturing, utilities, construction, wholesale and retail, transport, public administration, other services etc.. Type 2 and type 3 projects should as far as possible supply more detail about the type of employment, including percentages by industry or occupation.

Items 4.6, 4.9 and 4.10 should be related to 1.4 and 1.5 of the form. The items aim to investigate the impact of the scheme and whether it benefits people within the immediate vicinity of the project, or if people commute from outside the study area. A broad descriptive estimation will suffice for type 1 projects, but more detail for type 2 and 3 projects.

1

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

4. ECONOMIC OUTPUTS (continued):

4.10 What type of businesses have been attracted to the study area (in terms of start-ups and relocations)?

Partnerships:

4.11 Has the scheme encouraged better relationships between businesses/organisations?

Property prices:

4.12 Have property values been affected by the project?

Number of visitors:

4.13 Number of visitors per annum

4.14 Ethnic background of visitors

4.15 Age structure of visitors

Revenue generated:

4.16 Revenue generated in operation of scheme p.a.

tem 4.11 requires a qualitative description of the nature of relationships between local stakeholders. Please note that this should be answered referring to those people directly involved in the project and the immediate study area.

Item 4.12 concerns property prices. Answers will vary according to the nature of the project and the scale of the project. Type 1 projects may wish to provide a broad estimation of the project's impact on the property market. Type 2 and type 3 projects should give a quantitative estimation of the project's impact with reference to the baseline study. It may be appropriate to consult with the Local Authority Property and Estates department, particularly for area-based schemes.

All projects should provide quantitative answers for 4.13, 4.14 and 4.15 where the effect on visitors is thought to be significant. Answers should be based on visitor surveys of appropriate level and undertaken through the operational course of the project.

Where the project has a revenue generating element, this should be summarised on a per annum basis in question 4.16

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

4. ECONOMIC OUTPUTS (continued):

Assessment of displacement, additionality and multiplier effect (for type 3 projects only)

Assessment of displacement, additionality and multiplier effect (for type 3 projects only)
Projects to undertake a detailed economic analysis which is linked to the appraisal baseline phase. The following components should be included:

- Summary of baseline characteristics;
- Estimation of reference case and deadweight impacts (i.e. what would have happened if the project had not been undertaken);
- The following factors should be incorporated for both the reference case and the intervention option (i.e. the impacts measured above):

(a) Deduction of leakages (i.e. impacts which benefit those outside the study area);
(b) Deduction of displacement of outputs from elsewhere (e.g. relocated jobs);
(c) Deduction of substitution effects (e.g. where an activity is substituted to take advantage of public sector intervention); and
(d) Addition of economic multiplier effect e.g. jobs, expenditure or income resulting indirectly from the project (when dealing with the intervention option, this should exclude the multiplier effect associated with deadweight impacts).

- Subtract deadweight impact from total measured impact (i.e. outputs in 4.1 to 4.13) to establish the net additional impact.

5. SOCIAL OUTPUTS:

5.1 Number of volunteers involved in project

5.2 Number of community groups involved in project implementation

Operation phase:

5.3 Number of schools and pupils benefiting from project operation

5. SOCIAL OUTPUTS

All projects should provide quantitative answers for 5.1 to 5.6. Type 1 and 2 projects should provide a qualitative assessment of the project's impact on community safety. Area based initiatives may be able to provide quantitative data on crime and perception of crime.

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

5. SOCIAL OUTPUTS (continued):

5.4 Health benefits resulting from project operation

5.5 Have local services been improved as part of the project, for example number of education, training, health care, community, leisure facilities created

5.6 Number and background (age/ethnicity) of users

5.7 Has the project has an impact on community safety?

5.8 Impact on levels of deprivation (ODPM indices of multiple deprivation)

6. ENVIRONMENTAL OUTPUTS

6.1 Amount of public space improved

6.2 Number of species assisted

6.3 Number of footpaths improved

6.4 Improvements in water quality

6. ENVIRONMENTAL OUTPUTS

Environmental outputs will vary according to the nature of the project. Where possible quantitative data should be provided, but for smaller scale projects, and projects where environmental improvements are a side-effect it may only be possible to provide more anecdotal qualitative data.

Pro-forma - Evaluation

Heritage Dividend - indicative pro-forma - EVALUATION

6. ENVIRONMENTAL OUTPUTS (continued)

6.5 Improvements in air quality

6.6 Effect on greenhouse gas emissions

7. PERCEPTIONS OF HERITAGE - VALUING THE PROJECT

All projects should provide an estimate of the less tangible values attached to heritage. Type 1 projects should provide a qualitative description of perceptions of the heritage project. Type 2 or 3 projects should undertake street surveys of approximately 100 people. The following types of questions should be asked:

- Do you think that [area] makes a positive contribution to the local environment?
- Do you think that [project] has enhanced the value you attach to [area]?
- Is the [building/area] an important part of local heritage?
- Does the [area/building] contribute to you sense of place?
- Would it matter if the [building/area] was allowed to decline?
- Should [area] be preserved for future generations to experience?
- How often to do you visit [area]?
- Do you consider [area] to be attractive?
- What are the key issues which should be addressed to improve this area?
- Do you consider that this area has improved or declined in recent years?

Following completion of the collection of data and analysis there are a number of possible outputs:-

- Processing data to produce an updated Heritage Dividend report;
- Analysis of individual projects for the purposes of 'good practice' or 'lessons learnt' style publications;
- Other communication material for a range of political or public sources, to be determined internally by English Heritage; and
- Consolidation of an accessible and well-maintained archive of projects.

The Valuing the Historic Environment series reports new research into the social and economic value of heritage. For copies of this report please contact social and economic research branch on 020 7973 3840 or email geoff.dawe@english-heritage.org.uk. Product code 51143. Published November 2005. www.english-heritage.org.uk and www.helm.org.uk

ENGLISH HERITAGE