



Department  
for Culture,  
Media & Sport



Department for  
Digital, Culture,  
Media & Sport

Research and analysis

# **Evaluation of the management of the Sport and Culture Loan Book - summary of the final report**

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Contents

Background

About the evaluation

Key Findings

Conclusions



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# Background

The Sport and Culture Loan Book (“the Loan Book”) was established by the Department for Digital, Culture, Media and Sport (DCMS) in response to the COVID-19 pandemic, providing £474 million in repayable loans to 120 organisations in the sport and culture sectors through two programmes:

- £256 million provided to 37 cultural bodies through the ‘Culture Recovery Fund’ (CRF), distributed by Arts Council England; and
- £218 million given to 83 sports bodies (209 if splitting out onward loans under secondary models)<sup>[footnote 1](#)</sup> through the ‘Sport Survival Package’ (SSP), distributed by Sport England.

Loans were issued on favourable terms (low interest rates, long repayment periods, initial repayment holidays) to support organisations of national and local importance. In 2021–2022, the CRF and SSP portfolios were consolidated under a single operating model, with DCMS, Arts Council England, Sport England (as Loan Agents), and PwC (as Managed Service Provider, MSP – appointed in 2023) as core delivery partners. The Future Operating Model (FOM) and Loan Management System (LMS) were implemented in 2024 to enhance governance, risk management, and operational consistency.

## About the evaluation

This process evaluation was conducted by Ecorys in 2025 and examined DCMS management of the Sport and Culture Loan Book, which consolidated the CRF and SSP portfolios. The evaluation’s objectives were to assess the management of the Loan Book at the time of data collection in summer 2025, particularly in relation to efficiency, effectiveness, and assurance of core management processes, the robustness of risk management, the appropriateness of resourcing and expertise, and the balance between standardisation and differentiation across portfolios. The evaluation also sought to uncover key learning points and areas for further consideration for DCMS for process improvements.

## Methodology and limitations

The evaluation draws on a document review, stakeholder interviews with external experts (n=2) and each of the delivery partners (n=4), walkthroughs with each delivery partner (n=4), and a borrower survey (achieving 39

responses). All primary data was collected over July to August 2025. The evaluation team facilitated a learning workshop with DCMS in September 2025 to reflect upon the key evaluation messages and ensure the relevance and practicability of conclusions.

The short timescales for this study meant that walkthrough data was collected from a relatively small number of participants within each delivery partner, although a range of different roles and responsibilities were represented. Several team members were also new in-post and still familiarising themselves with the processes. However, a range of staff members within each delivery partner were consulted to fill gaps as much as possible. The borrower survey responses provide valuable insights; however, the sample size is not sufficient to support statistically significant conclusions. The process evaluation focused on the current operating model (rather than former or future potential models), sought to outline the state of play rather than provide recommendations, and generally did not include an assessment of how processes lead to outcomes and impacts.

## Key Findings

### Effectiveness of the Operating Model

The evaluation found the management of the Loan Book to be generally effective and increasingly mature, with robust risk management, early issue detection, and informed decision-making. Based on the qualitative data collected, no fundamental issues were identified, however, the evaluation uncovered several potential process improvements in relation to each of the core management processes:

**Data collection and validation** - the collection of information from borrowers in accordance with the requirements under their loan agreements, enabling analysis of their financial performance: The evaluation found that processes to be working well, supported by strong relationships between Loan Agents and borrowers. Reminder emails are sent to borrowers and data quality is checked. The main challenge related to missing borrower information due to borrower behaviour/capacity; however, it should be recognised that borrower capacity- and capability-building support are not within scope of the Loan Book management Operating Model. Borrowers generally viewed information requests positively, but Loan Agents and a small number of borrower survey respondents suggested that some borrowers found them burdensome or duplicative.

**Data analysis and reporting** - analysis of borrower financial data to prepare key performance and risk metrics, conducted at regular intervals, differentiated by borrower risk level: The MSP provides standardised, robust financial analysis for all borrowers. Further in-depth analyses are conducted for SSP borrowers by the MSP and by Arts Council England for CRF borrowers. Arts Council England's own analysis is flexible; while this reduces borrower burden, it lacks formal documentation and may increase the risk of inconsistent approaches across analysts and over time. There is also some duplication of analyses conducted by Arts Council England and the MSP which presents opportunities for further streamlining. DCMS also carry out Expected Credit Loss (ECL) analysis for the Loan Book twice per annum. The MSP played a minor role in the ECL process. Stakeholders deemed the ECL process effective<sup>[\[footnote 2\]](#)</sup> whilst learning suggests that the MSP's role in ECL could be discontinued.

**Know Your Customer (KYC) checks, adverse media and Companies House alerts** - the processes by which KYC, adverse media and Companies House alerts are monitored to identify potential risks at an early stage: Stakeholders viewed this process as straightforward and generally it worked well, with one Loan Agent valuing this process being 'owned' by the MSP due to the resource-intensiveness of completing the checks. One minor challenge was identified regarding the roles and responsibilities for following up with borrowers to obtain missing KYC information, suggesting a need for further clarity.

**Loan repayments** - the process by which borrowers are notified of an upcoming repayment and Loan Agents either register the repayment or identify a repayment issue: Loan Agents were satisfied with the loan repayment process, including communicating with borrowers and registering repayments when received. Loan Agents highlighted some limitations of the LMS around the need to manually register repayments and inconsistencies in sending automated emails to borrowers, however it was felt that Loan Agents had effective workarounds.

**Risk assessment** - the risk assessment process is made up of three monitored aspects of risk including the borrower-level risk, repayment risk which relates to the likelihood of an upcoming repayment being made, and a decision risk which guides the level of decision-making authority required for different escalated cases: The RAG (Red-Amber-Green) assessment framework for borrower-level risk is consistently applied by the MSP, supporting objective risk assessment. Loan Agents can override MSP ratings based on additional information known about borrowers from close relationships with their respective portfolio, but criteria for overrides are not always clear or documented, especially within Arts Council England. There is some evidence to suggest that Arts Council England and the MSP may duplicate some analysis which informs the assessment of borrower RAG, presenting potential opportunities to streamline. Repayment risk assessments are valued by DCMS and were working well to predict the

likelihood of repayment, however clearer definitions and standardisation of interpretation could enhance this process.

**Escalations and case management** - whereby delivery partners identify a need to escalate a case for a decision by DCMS, and regularly review the case together in case meetings, before deciding on an appropriate course of action: Escalation processes are robust, with clear governance and regular meetings. Decision-making has become faster as the Loan Book matures, but there are a small number of complex cases which have been delayed by slow borrower data provision and the need for cross-government input. Existing guidance supports Loan Agents in their role when escalating cases and writing recommendations for DCMS, and while the financial and policy objectives of the Loan Book were clearly articulated, Loan Agents and newer DCMS staff desired further clarity on how DCMS balances the policy and financial objectives of the Loan Book when making a decision. This did not influence DCMS' decisions, but sharing further insights may help with ongoing efforts to improve the efficiency of case decision-making.

## Technology platform

The evaluation found substantial differences in the use of the LMS technology platform by the Loan Agents. Sport England found the LMS to support efficient data collection, automated communications for borrowers, and was well-integrated with their wider project management processes. In contrast, Arts Council England underutilised the LMS, relying on manual spreadsheets to support their management of borrowers. Staff turnover presents opportunities to further familiarise with LMS and identify opportunities to increase use of the platform, however the differences in the analysis approaches taken for the SSP and CRF portfolios may limit this potential.

The usage by Sport England demonstrates that the LMS is working as agreed with DCMS and while both Loan Agents offered suggested improvements, these were commonly beyond the scope of the platform as agreed by DCMS. For example, LMS does not automatically record repayments, but Loan Agents had effective manual workarounds to record when payments were received.

Most borrowers took a neutral or positive view of their experiences of the portal. Some suggestions for improving the borrower experience included enabling borrowers to access previously uploaded documents, view repayment schedules, and explore opportunities to streamline the Financial Template borrowers are required to submit (which could be repetitive). However, DCMS acknowledged that some effort for borrowers is to be expected when taking on loan funding.

## **Standardisation and differentiation**

The model achieves standardisation through the role of the MSP in carrying out borrower financial analysis and associated checks. The key point of difference between the portfolios lies in how Loan Agents work with the MSP in managing the Loan Book. There is a good relationship between Sport England and the MSP, and a clear understanding of each other's processes; Sport England value the MSP's financial analysis (for monitoring and reporting) and the processes are well defined and documented in the Operating Model Playbook, and LMS is used well. While the MSP provides light touch analysis of CRF borrowers, Arts Council England sees limited value in this as their own analysis is more in-depth, flexible, regular and timely, making MSP outputs appear outdated and based on limited information. There is a lack of understanding of what each other's analysis involves (and there may be overlap) and therefore little connection with each other's analyses. Increased communication between Arts Council England and the MSP could highlight any areas of overlap and develop mutual understanding of each other's processes.

Knowledge sharing between Loan Agents is strong but could be further formalised, especially to support new staff and optimise LMS use – this could improve efficiency within the Loan Agents and consistency. There is also scope for repayment RAG categories to be clarified and preferably standardised across the portfolios.

## **Resourcing and Expertise**

The roles and responsibilities of the delivery partners were generally clear and appropriate. While the evaluation did not include a full skills audit, the qualitative data suggested that Loan Agents and DCMS had strong financial analysis skills and could access external expertise as needed. The MSP added value through standardised analyses and KYC checks, though some tasks (e.g. Companies House alerts, ECL analysis inputs) are duplicated with processes conducted by Loan Agents and could be streamlined.

Loan Agents' sector knowledge and relationships with borrowers are key strengths. Borrowers were positive about Loan Agents' communication and responsiveness, and most borrower survey respondents understood the roles of Loan Agents and DCMS.

# Conclusions

The evaluation assessed the management of the Loan Book against DCMS' seven Critical Success Factors (CSFs). While an economic evaluation was not within the scope of this study, the CSFs offer a useful framework for assessing the Operating Model's value for money. The CSFs are cross-cutting across the key research questions explored by this process evaluation; however it should be noted that flexibility, capability-building and reputation were not core areas of focus for this evaluation.

**Risk management and forecasting:** The qualitative evidence collected through this evaluation indicates the risk management and forecasting is providing assurance, with early risk detection and robust escalation procedures, as well as repayment RAG ratings playing out accurately. Some duplication exists in the analysis supporting CRF borrower-level RAG assessments.

**Efficiency:** Automated systems and strong relationships support efficiency. Arts Council England's limited LMS use reduces their internal efficiency and may be improved. New members of staff were exploring the functionality further at the time of the evaluation. Unclear responsibilities around following-up missing KYC information could also be clarified further.

**Capability and capacity:** The model is well-resourced, with access to third-party expertise. Transparency in how data shared by each delivery partner and borrowers is used could be increased. DCMS are currently seeking to further share learning and insights with Loan Agents.

**Flexibility:** The model can flex resources to manage workloads, with external support available as needed and valued by the Loan Agents (who reported this also helped them access cost-effective options for support) and DCMS.

**Consistency:** Standardised tools and frameworks support consistency, but more documentation and standardisation (especially for CRF) would help enhance consistency further.

**Reputation:** The approach minimises reputational risk, with positive borrower feedback and appropriate escalation processes.

**Capability building:** The model has built internal capacity and skills within the Loan Agents which were both new to managing loan portfolios and have incorporated staff learning opportunities.

Overall, the evaluation found that the management of the Loan Book was operating effectively with no fundamental issues arising from the qualitative

data collected. The assessment against the CSFs highlights that overall, the current loan book management model is generally effective and increasingly mature, delivering value for money through robust risk management, early issue detection, and well-informed decision-making. Strengths include strong sector relationships that support accurate forecasting, consistent use of standardised risk tools, efficient automated systems, and access to specialist expertise that enhances responsiveness to complex cases.

The evaluation identified some areas for consideration with respect to opportunities for further process improvements to optimise efficiency and effectiveness across the KYC (specifically – requesting missing data), Adverse Media and Companies House checks, RAG assessment, data analysis and reporting, and escalations, case support and management processes. Opportunities to further enhance efficiency and value for money include reducing duplicated checks across delivery partners, improving the consistency of data analysis, ensuring full use of existing tools and systems, clarifying roles and responsibilities in some areas such as KYC and data analysis for borrower RAG, providing further insight into the balancing of policy and financial objectives, and improving communication and transparency between partners.

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1. The sport loans include two secondary loan models, whereby DCMS provided loans to sport governing bodies and organisations to distribute to their networks. This included £10.2m to the Rugby Football Union which distributed loans to 91 rugby union clubs, £24.2m to Rugby Football League Ltd which distributed £19.7m to 25 rugby league clubs and retained £4.5m. Source: The National Audit Office (2024) [DCMS's management of its COVID-19 loan book - NAO report](https://www.nao.org.uk/reports/dcmss-management-of-its-covid-19-loan-book/#downloads) (<https://www.nao.org.uk/reports/dcmss-management-of-its-covid-19-loan-book/#downloads>).
  2. The National Audit Office concluded the ECL process met the necessary financial requirements. See: [DCMS's management of its COVID-19 loan book - NAO report](https://www.nao.org.uk/reports/dcmss-management-of-its-covid-19-loan-book/#downloads) (<https://www.nao.org.uk/reports/dcmss-management-of-its-covid-19-loan-book/#downloads>).



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