

**Measuring the Value of the
Cultural Sector Using
Contingent Valuation**



**A Preliminary Scoping
Study**

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1. INTRODUCTION

1.1. Background

The West Yorkshire Research Group wish to undertake a detailed study to measure the value of culture to the West Yorkshire Economy. This will involve measuring both the market and non-market benefits of culture. Market benefits, for example, direct and indirect employment, tourism and so on are relatively easy to measure. Non-market benefits such as the value of a public good to a community, quality of life and so on, are much harder to measure. Subsequently, culture is often under-valued and needs a stronger case to justify investment in the sector.

Studies elsewhere have used 'Contingent Valuation' (CV) to place an economic value on a social good. West Yorkshire Enterprise Partnership on behalf of the West Yorkshire Research Group commissioned URS Corporation to explore this method and its appropriateness for measuring the value of culture in this context.

This report summarises our key findings and recommendations for using Contingent Valuation to measure the economic value of culture in West Yorkshire.

1.2. Research Questions

The research questions for this assignment were agreed with the client steering group on inception, and are set out below:

Is Contingent Valuation an appropriate method for measuring the social value of a public good such as culture?

- What does existing research and guidance say?
- What are the pitfalls to avoid?
- How has it been used elsewhere and what has it achieved?
- What will the end product deliver?
- How does CVM compare to other approaches?
- Who is the research trying to influence? And what are their policy aspirations?

If so, how should this research be delivered and what are the cost implications?

- How much weight will the end product carry? (endorsement?)
- What is the desired sample? What spatial levels are appropriate?
- What will it cost? Are resources available?
- What good practice guidance should be used to maximise reliability and validity?

1.3. Approach

Our approach for this assignment is set out as follows:

- We reviewed national and regional policy aspirations that should be considered when designing the full study
- A detailed literature review was undertaken to:
 - Identify the uses of CV, its strengths and weaknesses
 - Identify examples of how it has been used elsewhere
 - Identify alternative methods for placing an economic value on a social good
- Five in-depth consultations were undertaken with policy makers and those working at a strategic level in the cultural sector, to understand the need for this research and their research requirements.

1.4. Structure of Report

The remainder of the report is set out as follows:

- **Section 2** summarises the policy drivers supporting investment in culture and the policy objectives the end study will need to influence. A policy review is provided in Appendices.
- **Section 3** describes the Contingent Valuation method, summarises the strengths and weaknesses and gives examples of its practical application.
- **Section 4** highlights alternative valuation approaches and compares these against Contingent Valuation
- **Section 5** explores the practical considerations for delivering research using Contingent Valuation
- **Section 6** highlights our conclusions and recommendations.

2. POLICY CONTEXT

Our national and regional policy review highlights three drivers:

- Cultural policy aims to improve the cultural offering and increase participation in culture
- The role of culture in social and economic development is broadly accepted
- The drive for evidence-based policy making highlights the need for improved ways of measuring the value of culture

A full policy review is provided in Appendix 1.

2.1. Cultural policy aims to improve the cultural offering and increase participation ...

- *Living life to the full*, Department for Culture, Media and Sport (2005) aims to raise participation in sport and historical sites
- The Cultural Strategy for Yorkshire and Humber, Yorkshire Cultural Consortium (2001-2010) sets out how culture contributes to all aspects of quality of life and aims to remove barriers to participation, and raise the profile of culture in the region
- The Arts Council Yorkshire's Agenda for 2006-2008 aims to increase opportunity and access to arts

In addition to these a whole host of wider strategies covering health, education, social inclusion, crime and so on recognise the role culture plays in meeting these wider agendas.

2.2. The role of culture in social and economic development is broadly accepted ...

- The West Yorkshire Strategic Economic Assessment (2006) recognises an increased awareness of the value of a strong cultural sector
- The Regional Economic Strategy for Yorkshire and Humber (2006-2015) recognises culture as a cross cutting theme and refers to the role of 'quality of place' in regional economic development
- Moving Forward, The Northern Way Growth Strategy (2004) recognises the role of culture in its investment priority, 'Market the North to the World' and one strand has involved investment in public art
- A Regional Spatial Strategy topic paper (2004) recognises culture as the historic environment, culture and sport, and recommends that culture and sport should be recognised as a key economic sector

2.3. The drive for evidence-based policy making highlights the need for improved ways to measure the value of culture...

- The Treasury Green Book sets out how publicly funded projects and programmes should be appraised and evaluated. It emphasises the need to measure all benefits of an intervention, including non-market benefits.
- This part of a wider policy drive for improved efficiency in the public sector – for example, the Gershon Review.

2.4. Conclusion

The role of culture in achieving social and economic objectives is broadly accepted. Achievement of national and regional policy aspirations requires investment in cultural provision. However, the evidence base supporting economic benefits and impacts of culture is not yet sufficient. A robust economic case for investment in culture will raise confidence of policy makers, investors and funders to invest in cultural provision.

3. CONTINGENT VALUATION METHOD

Contingent valuation is a traditional method to estimate non-market values of public goods. It is commonly used in the economic valuation of ecosystems and environmental goods. Contingent valuation uses a survey to elicit how much respondents are willing to pay to receive a public good, or how much they are willing to accept in compensation for not receiving that good. The results can be used (alongside other economic measures) to derive a total economic value for a public good.

Contingent valuation can be used to derive social values for both users and non-users of the good in question. For example, people may value their local library as a valuable cultural asset even though they do not directly use it, i.e. existential values.

Contingent valuation differs from many research methods because it gathers data on what people say they will do in a hypothetical situation as opposed to observing what they actually do in a real market. Strengths and weaknesses of the method are explored below:

3.1. Strengths

Credibility

Contingent valuation is recommended by the HM Treasury's research guidance document, The Green Book. The Green Book is a reference point for many central and local government departments and is used across variety of sectors. This adds credibility to the method.

The credibility of the method is growing as more research is being commissioned which uses contingent valuation. In the British cultural sector, the 2003 study on the British Library was a flagship piece of research that exposed contingent valuation to a much wider audience. Since this study a number of pieces of contingent valuation research have quoted the British Library study as an inspiration. Also, the Barker Review of housing supply uses contingent valuation to derive values for open spaces.

Flexibility of the Method

Contingent valuation has the strength of measuring the value of almost anything. Culture has commonly suffered due to an inability to measure the benefits and values of services or goods which are sometimes intangible and not fully captured by analysis of revenue or employment statistics. Contingent valuation should not necessarily be used in isolation. The method can be deployed alongside other research techniques to derive a total economic value.

Quality of the Results

Recent studies have generated positive results which have proved useful to the stakeholder in question for future planning. The study in Bolton generated robust results

that were statistically significant enough to put an accurate measurement on the good in question.

The results are also easy to interpret. Results are commonly expressed as a simple monetary value which can be broken down and analysed with a range of statistical techniques and cross-referenced with demographic or geographic characteristics.

3.2. Weaknesses

Contingent valuation is strongly dependent on the nature of the questions asked in the survey and many of its weaknesses stem from this.

Variation between WTP/WTA

Questions within a contingent valuation survey could be phrased as 'willingness to pay' (WTP) or 'willingness to accept' (WTA). A WTP question would ask the person how much they are willing to pay for the good in question. This is in contrast to WTA which instead asks how much the person would be willing to accept to forgo the good. Experience has shown that the results often differ with WTA significantly exceeding WTP. This is expected to be a result of individuals responding to what they would like to happen as opposed to what they believe is a true valuation.

Survey Structure

Survey design is particularly influential on the results collected. Payment is the key element of contingent valuation questions and willingness to pay can vary depending on the payment vehicle. For example, payment through increased taxes could elicit a different response to payment through donation.

A survey can suffer from the 'embedding effect'. This is where a person is first asked to value one part of a good and then to value the whole good, for example, a park compared with open spaces more generally. Despite the goods being different sizes a similar value is often given to both. Similarly, there is the 'ordering effect' where a person's willingness to pay for something depends on where it is on a list. This shows that questions cannot be thought of in isolation but must be considered as part of the whole survey experience.

Characteristics of Non-market Goods/Benefits

It is difficult to place an economic value on a non-market good. As part of everyday life people are constantly making choices with market goods, whether it be through shopping for food or a house. However, when it comes to non-market goods people have very little experience. Contingent valuation suffers from people's inability to fully understand the good in question and value it as if it were in the real market. This is particularly relevant in the cultural sector where the sub-sectors can be too vast to fully grasp the complete concept. For example, there is a great deal of diversity within each sub-sector such as 'environment' which could include parks, rivers, and public spaces.

Bias

All surveys are open to bias, resulting from how the questions are designed through to the agenda of the respondent. In a WTP question, a respondent may provide their view on the topic instead of providing what they think the true value is. For example, a respondent could provide a biased answer because they might think they can influence the outcome of the survey, and thus the outcome of a certain event. In the case of a museum, a respondent may deliberately undervalue the museum because they are against it and do not feel it should be worthy of tax-payers money. On the other hand there may be a positive agenda where somebody over estimates the value they are willing to pay in order to allow the museum to remain.

A second potential in-built bias is the difference between the reality and the hypothetical. Contingent valuation questions are rooted in the hypothetical because they are asking respondents to imagine a situation where they would have to pay for a good or service. A variety of research methods have demonstrated that there are differences between how people say they act and how they actually act. Respondents may give an unrealistically high valuation because they feel that they will not have to pay.

Cost

Many of the questions in a contingent valuation survey require explanation and are therefore suited to face-to-face interviews, with significant cost implications. Face-to-face surveys are very labour intensive and increase the cost for delivering the survey. Postal surveys are not an adequate option for contingent valuation because they do not allow the respondent to ask questions if they do not understand the topic in question.

Such a study is expensive. Broad estimates for a study to be conducted at a sub-regional or City-region level are around £10K for conducting face to face surveys only. This does not take into account the wider research that would be required, designing and testing the survey and analysis and reporting which could increase the costs significantly. This does not take into account booster samples that might be needed to be able to produce results for specific smaller geographies or community groups. Telephone surveys would be slightly less expensive, but would increase the margin of error and therefore do not seem worthwhile.

3.3. Contingent Valuation in Practice

The contingent valuation method is historically used in the environmental sector but is beginning to be adopted in the cultural sphere. The following examples provide evidence of how the method has been practically adopted.

3.3.1. Measuring the Value of the British Library (2003)

The use of contingent valuation allowed the British Library to consider its value through a number of different dimensions – including economic, cultural, social, and intellectual. The British Library wanted to measure the value enjoyed indirectly by UK citizens. For example, the medical company AstraZeneca uses the library's research material as part of its ongoing research and development. Therefore in an indirect way millions of UK citizens benefit from the range of pharmaceutical products.

Over 2,000 people were interviewed and individuals were selected at random from different groups, including members of the public and direct users of the Library's products. Questions asked included:

- How much users were willing to pay for the Library's continued existence
- The minimum payment users would be willing to receive to forgo the Library's existence
- How much time and money users invest to make use of the Library
- How much users would have to pay to use an alternative (if available)

The British Library recognised that the results of the research were likely to be conservative because of the following reasons:

- The study did not capture all the products and services offered by the Library, for example, the website
- The study did not include the value generated by non-UK users
- The method only provides a snapshot in time and does not capture emerging products and services

The result of the contingent valuation assessment was that the total value each year of the British Library is £363 million, of which £304 million is indirect value. For every £1 of public funding the British Library receives annually, £4.40 is generated for the UK economy.

3.3.2. Measuring the Social Benefits of Cultural Spending in Nova Scotia (2003)

This academic study addresses the need for valuation tools that can accurately assess public support for cultural activity by adapting the standard cost-benefit analysis to account for intangible benefits. The study looks at the Stan Rogers Folk Festival which takes place in Nova Scotia each year. It follows in the tradition of cultural research moving away from traditional economic impact analysis and towards more in-depth economic indicators.

Survey data is the basis of this research, with 130 interviews carried out with festival-goers. A mixture of methodologies was used, including use values (consumer surplus) and non-use values (existence values, option values, learning and diversity values). One weakness of the research was that non-use values were derived by asking users about the value of the festival even if they didn't use it, which challenges the reliability of results. These people would be expected to value the festival less and may even value it in a negative manner.

The 'willingness to pay' concept is split into two in this research. Existence value was a measure to judge whether the consumer is willing to pay for the existence of the good even if they have no plans to consume it (now or in the future). This is in addition to the

option value which measures whether the consumer is willing to pay today to ensure the possibility of consumption in the future.

The fact that non festival-goers were not interviewed raised two problems with interpretation of the data. First, the festival-goers were likely to ascribe a higher value to the festival than compared to those with no interest in attending. Second, there is likely to be a significant number who may want to attend the festival in the future and would therefore be willing to ensure it remains.

3.3.3. An Economic Valuation of Bolton's Museum, Library and Archive Services (2005)

This study was an extension of the work carried out at the British Library, but instead aimed to determine the total value of the museum, library, and archives in Bolton – as opposed to an analysis of one single institution. The method involved 325 face-to-face questionnaires, with a mixture of users and non-users. The questionnaires made use of both willingness to pay and willingness to accept questions. Self-completion questionnaires were not used due to the complexity of the subject matter and topic.

The authors of the study were confident that the contingent valuation method produced robust results and was able to put an accurate value on the library, museum and archives sector. The accuracy of the study was partly owed to the presence of existing data, especially in terms of user numbers and profiles. This allowed survey results to be accurately scaled up.

Overall, the research concluded that Bolton's museum, library and archive services were valued by users and non-users at £10.4 million. These three services generate 1.6 times the value of public funding they receive. The majority of the value comes from the direct benefit to users (£7.4 million).

3.3.4. The Kate Barker Review of Housing Supply (2006)

The Kate Barker Review of Housing Supply used contingent valuation studies to indicate the external benefits that society gains from different land uses. The study did not cover all the external benefits or land types. The report suggests that development on accessible open land (such as urban parks and land with rights of access) would impose a considerable cost on society. Conversely, building on intensively farmed land would result in far smaller costs. But those economic measures of current and future public benefits were significantly greater in urban areas than in rural areas. So for example, it might be cheaper to build on rural land but the social benefit or social return would be much lower. This provides a new framework against which costs and benefits of developing land should be assessed.¹

¹ Go to http://www.hm-treasury.gov.uk/media/0F2/D4/barker_review_report_494.pdf for more information.

3.4. Conclusion

Contingent valuation is an appropriate and accepted method for placing an economic value on a social good. Many of the weaknesses of contingent valuation can be overcome by good survey design. Examples from elsewhere demonstrate how the method can be used to derive a return on public investment, where the social benefits are not tangible or easily measurable.

4. OTHER ECONOMIC VALUATION TECHNIQUES

A range of valuation techniques exist to carry out economic valuation, often rooted in environmental analysis. This section explores three potential methods and their appropriateness to this research.

4.1. Choice Modelling

Like contingent valuation, the choice modelling method makes use of 'willingness to pay' (WTP) to value non-market impacts. However, choice modelling does not use direct questions but instead presents respondents with a series of alternatives. The survey requires the participant to make a trade off between these alternatives and WTP can be inferred from this.

Using choice modelling to derive a willingness to pay raises concerns around consumer preferences, if asked to compare cultural public goods such as libraries, museums etc, with other public goods such as health, education or policing.

4.2. Hedonic Pricing

The hedonic pricing method is based on the relationship between the characteristics of a good and how much that good is marketed for. It assumes that there is a direct correlation between the individual characteristics of a good and the greater whole. One of the most quoted examples of the method is analysis which measures the relationship between house prices and environment quality.

The greatest strength of hedonic pricing is that it is relatively straightforward. Actual market prices (e.g. data on house prices) are used and these are then compared to locational or environmental characteristics. The method is also based on actual decisions, as opposed to hypothetical answers in WTP questions.

Hedonic pricing can be limited in its scope because it can only assess those factors, whether environmental or cultural, that are related to the market signifier (e.g. house prices). Any individual attribute that does not directly impact on the market signifier will not be picked up by this method. If people are not aware of a linkage, whether perceived or real, it will not be reflected in the market signifier.

4.3. Travel Cost Approach

The travel cost approach uses the time and travel expenses that people incur to represent the price of a good/site. Therefore the economic value can be calculated based on the number of trips made and associated costs. A travel cost survey is primarily centred on users but can take on a hypothetical form to consider non-users. However, the most accurate data would be gathered from users because they can put a market price on the expenses they incur.

Similar to the hedonic pricing method, the travel cost approach is based on actual decisions and therefore represents true market values. However, cost is relative to the

person and therefore people respond to travel costs in different ways. There is also the problem that people rarely travel for a single purpose and it would be hard to allocate how much of their decision is based on one reason over another.

The travel cost method is more suited to analyse a single place or event, as demonstrated with the music festival described earlier. The advantage of focusing on a single site is that geographical distances and cost plans can be accurately calculated. If a question such as ‘how far would you be willing to travel to see an art gallery?’ was asked the data would have a high margin of error.

4.4. Summary

We summarise our assessment of each method in the table below.

Method	True Market Value	Theoretical market value (WTP/ WTA)	Derives non-use value	Room for bias	Appropriate-ness	Cost Implication for full study
Contingent Valuation		✓	✓	High	High	Medium
Choice Modelling		✓	✓	High	Medium	Medium
Hedonic Pricing	✓			High	Low	Low
Travel Cost Approach	✓			Medium	High	High

4.5. Conclusion

Other valuation techniques can be used to derive an economic value of a good, although each has its limitations. In the context of culture, the benefits associated with cultural provision, such as sense of place, quality of life and quality of place, and well-being, would be better captured through a willingness to pay approach. Willingness to pay can be derived from choice modelling or contingent valuation. However, when asked to make a trade off between consumption of public goods, culture is likely to fall lower in the hierarchy of need and therefore not represent its true value. Therefore contingent valuation appears to be the most appropriate method in this context.

5. PRACTICAL CONSIDERATIONS FOR RESEARCH DELIVERY

5.1. Is there a demand for this research?

Modern policy making is being increasingly driven by evidence-based research. From central government strategic policies to local government applications for funding there is a continuous demand for research which can substantiate the argument being made. Interviews with stakeholders demonstrated that there is an onus on local councils to prepare evidence when developing future strategy or building the case for investment in a local scheme or programme.

The cultural sector has historically been hard to value, stemming from its non-market characteristics. Stakeholders have made reference to the lack of previous research that tackles the economic value of culture. They have stated that this is partly because of the characteristics of the sector, making it hard to value. Due to this, culture has often been at the 'bottom of the pile' in terms of local government priorities. At times of budget cuts culture is often disregarded in preference for education and healthcare.

However, culture is increasingly becoming valued as part of the wider appreciation of 'quality of place'. The Regional Economic Strategy puts a strong emphasis on how 'quality of place' can be a driver for regional economic performance, and a regional index of quality of place is in place. This is based on the premise that talented workers wish to be in a location that meets their requirements for good quality housing, community, local environment, and culture. The RES therefore states that,

Attracting high skilled workers and graduates is a cornerstone of a successful economy. Factors that influence a graduate's choice of location include job opportunities and earnings, but also lifestyle and leisure, and image and perceptions of an area.

Therefore a robust evidence-based economic value of culture is essential.

5.2. What would the research need to demonstrate?

If the research is to be robust, influential, and long-lasting it must be carefully designed and delivered to take into account the following elements.

5.2.1. Scale

The scale at which the research is carried out is an important consideration so that the findings are not made redundant by failing to consider appropriate geographical levels. The key issue regarding scale is the differing levels of prominence for the varying cultural assets. For example, the West Yorkshire Playhouse in Leeds has a national appeal whereas a local park in Kirklees is only directly relevant to the surrounding neighbourhood. The research must therefore factor in the disparity between the cultural asset and on what scale it is consumed.

The local authority level is important. Funding strategies are developed at the local authority level and this is the most identifiable tier of government for local residents. Through consultations, stakeholders maintained that data available at a local level would be useful for influencing funding priorities within local authorities, and for performance and benchmarking measures.

However, for more prominent cultural assets analysis at the local authority would be misleading because the influence cuts across boundaries. Again, in the case of the West Yorkshire Playhouse, although it would fall under the local authority of Leeds it has a value that stretches across all the five local authorities.

Investment planning takes place on a sub-regional level and this is unlikely to change in the near future. A number of sub-regional strategies exist to influence the economic performance of West Yorkshire. Stakeholders such as the Learning & Skills Council, Business Link, and local authorities articulate strategy at the sub-regional scale.

Further, city-regions are becoming increasingly important. City regions have been identified as key economic drivers, particularly in the North of England. Increasing attention is being paid to how urban economies can drive growth in their surrounding area.

It would be ideal to produce data across a range of different spatial levels, although this would be a costly exercise. It is therefore essential to prioritise the spatial levels at which the research should be undertaken. Producing data at the sub-regional level or city region level is likely to produce the most cost effective solution, in line with how funding is administered in the region. This would be an opportunity to put culture on the agenda as we begin to move towards future multi-area agreements.

5.2.2. Target groups

Of the three 'best practice' examples described above, two use a methodology that combines users and non-users whereas one only surveys users. Surveying users has the advantage of guaranteeing a set of respondents who are knowledgeable about the good/service in question and stand a good chance of putting a value on the non-market good. This is particularly applicable to the cultural sector where non-users may struggle with the intangible nature of cultural resources/assets.

Non-users provide an additional angle to help generate a robust economic value. Stakeholders made reference to how the method needed to incorporate the views and perceptions of non-users. They were particularly interested in the perceived worth of a cultural asset, even though the respondent may have no contact with it. This again ties into the importance of 'quality of place' and how lifestyle is an increasing factor in decisions of where to live and work. Although people may not consume a certain cultural product they often still like the positive vibes that it brings to an area. This is commonly referred to as the 'existence value' and refers to the value of the benefits derived from the asset's existence alone.

The need for a mixture of target groups has a bearing on how the survey can be conducted. If an individual good is being researched a household survey would only be able to focus on the views of non-users. However, this research tackles a very broad sector that would influence a majority of those questioned in a household survey. This is because culture, whether it is through the arts or the environment, impacts on a majority of people's lives and they would be in a position to place a value on it.

Selecting booster samples for a survey will allow data to be disaggregated across different social or target groups. This will increase the cost of delivering the survey, and therefore careful consideration must be given over which groups should be targeted. Again, this requires further exploration of the underlying purpose of the research and which agendas it is intended to influence. The policy review demonstrates the current policy agendas for increasing participation in culture and sport among disadvantaged groups – and therefore the survey sample design could take these agendas into account.

5.3. Defining the Good in Question

Through our assessment of the strengths and weaknesses of contingent valuation, it is clear that the good in question must be clearly defined and explained to the participant, to reduce bias and margin of error. Culture is diverse and notoriously hard to define. The current definition of culture as set out in the brief for this assignment includes:

- Arts
- Museums
- Libraries
- Archives
- Heritage (built heritage and public realm)
- Sport
- Media
- Environment (parks, green spaces and children's play areas)

Contingent valuation can lend itself to measure the value of almost anything, as long as the good in question is clearly defined. Using this definition, contingent valuation could easily be used to measure the value of Museums, Libraries, and Archives, because survey participants can clearly define in their own minds what a library museum or archive might include and these sub sectors are easy to describe or define. However, we see difficulties in using contingent valuation across some of the more broadly defined areas, for example:

- Arts – this is a very large category that could cover art education at school, public art, private collections, music, dance etc. All these have varying characteristics themselves. Also there is the issue of crossover with the museum sub-sector

because art is often displayed in museums/galleries. Contingent Valuation could be used here, but a survey must be very specific about what art will include so that survey participants understand the good in question.

- Heritage – could crossover with the environment sub-sector due to heritage's interest with the historic environment. Therefore, the contingent valuation study must give specific examples of what heritage covers to ensure survey participants understand what they are being asked to value. Examples of existing local heritage sites should be used.
- Sport – this could include a whole range of sporting provision and participation in events as well non-participation (and a need to define whether spectators are users or non users). One stakeholder discussed rugby league as an example of a valued cultural asset that has broad cultural appeal. The definition needs to be clarified so that survey participants know what they are being asked to measure, for example, local leisure centres, MUGAs, Skate Parks, etc.
- Media – this is a broad sub-sector that can include media studies education, community media organisations, television, newspapers, radio, the internet etc. the cross cutting nature of the media sector is too complex to value using contingent valuation, but a more specific definition could be used. For example, specific reference to public sector supply side investment in media, such as contribution to community television, community radio, community newsletters and so on. This links to the need to clearly define what the study is aiming to measure, because the economic value of wider media sector is significant and could skew results.
- Environment – the importance of environmental assets is increasingly evident in local and central government policy. This is again a diverse sub-sector that includes large and small parks, forests, all open spaces, rivers and lakes etc.

Therefore, these sub-sectors must be given careful consideration in terms of how they are defined and presented to participants in a survey. The contingent valuation survey could also include questions to ask people about what they consider sub sectors to mean so that when deriving a value we consider survey respondents own definitions.

The policy context summarised in Section 2 and detailed in appendices emphasises the drive for evidence-based practice. This is a clear driver for a study into measuring the economic value of the cultural sector and would suggest that the gap in evidence is the economic value of the public sector supply side, where no market exists. If a study focused on the public sector supply side of culture, then this would certainly offer a further degree of clarity to the definition of culture. Other studies, such as the regional cluster strategies go part way into measuring the economic value of the cultural and creative industrial sectors.

5.4. Cost Implications

A contingent valuation survey must be conducted preferably face to face. Telephone interview is possible but less favourable. Postal survey is not appropriate. This has an

impact on the cost of the survey. Sampling methods used, scale at which the survey is conducted and options for producing robust results at different spatial levels or by other socio economic characteristics, also heavily influences the survey cost.

We have derived some indicative costs for conducting the survey – although these should be treated as a rough guide only. Our estimates are based on an average cost per survey provided by a market research company.²

Geography	Sample size	F2F Survey cost	Tel Survey cost
West Yorkshire	384	£9,600	£7,680
LA level x 5 authorities	1919	£47,975	£38,380

Note: City Region analysis would require the same sample size as the West Yorkshire level.

These costs cover field work only. This does not take into account the wider research that might be required, designing and testing the survey and analysis and reporting which could increase the costs significantly. This does not take into account booster samples that might be needed to be able to produce results for specific smaller geographies or community groups.

Producing data that is statistically robust at a local authority level has significant cost implications, and this should be balanced against how important local level data is, compared with other data requirements, such as booster samples for specific geographies, e.g. top 5% most deprived areas, or specific groups. One option would be to produce data at the West Yorkshire level and offer local authorities the opportunity to contribute the resources to extend the survey to their district.

However, it is essential to clarify further the purpose of the end data and the intended effects of the research and use this to inform the sample design.

5.5. Conclusion

There is clearly a need for robust economic data to make the case for investment in culture. There is also a need to clarify the definition of culture further than existing classifications to aid survey participants in understanding the good they are asked to measure and reduce the margin of error. However, the intended purpose of the research and the policy agendas it aims to affect need further consideration. This will impact heavily on survey sample design and survey cost.

² Our sample assumes a 95% confidence level which is an accepted level (i.e. assumes answers are 95% sure) and a confidence interval of 5 (i.e. plus or minus 5). (Together these suggest results are 95% confident that the true percentage of the population is between plus or minus 5 of the survey result).

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

The role of culture in achieving social and economic objectives is broadly accepted. Achievement of national and regional policy aspirations requires investment in cultural provision. However, the evidence base supporting economic benefits and impacts of culture is not yet sufficient. A robust economic case for investment in culture will raise confidence of policy makers, investors and funders to invest in cultural provision.

Contingent valuation is an appropriate and accepted method for placing an economic value on a social good. Examples from elsewhere demonstrate how the method can be used to derive a return on public investment, where the social benefits are not tangible or easily measurable. The method can also be used alongside other techniques to derive total economic value. Many of the weaknesses of contingent valuation can be overcome by good survey design.

Other valuation techniques can be used to derive an economic value of a good, although each has its limitations. In the context of culture, the benefits associated with cultural provision, such as sense of place, quality of life and quality of place, and well-being, would be better captured through a willingness to pay approach. Willingness to pay can be derived from choice modelling or contingent valuation. However, when asked to make a trade off between consumption of public goods, culture is likely to fall lower in the hierarchy of need and therefore not represent its true value. Therefore contingent valuation appears to be the most appropriate method in this context.

There is clearly a need for robust economic data to make the case for investment in culture. There is also a need to clarify the definition of culture further than existing classifications to aid survey participants in understanding the good they are asked to measure and reduce the margin of error. The intended purpose of the research and the policy agendas it aims to affect needs further consideration. This will impact heavily on survey sample design and survey cost.

6.2. Recommendations

Based on our assessment of the feasibility of using contingent valuation to measure the economic value of culture in West Yorkshire, we make the following recommendations:

- Further specificity and clarification is given to the definition of culture and its component parts prior to conducting the study.
- Contingent valuation should be used alongside other measures, for example employment in each sub-sector, GVA, multiplier effects, etc, to derive the total economic value of the sector – this should be factored into the cost of the study.
- A sub-region or city-region wide sample would be the most cost effective method, potentially with booster samples to cover specific socio-economic characteristics.

- Further thought is required on the underlying purpose of this research and its intended influence in order to further refine the proposed method for the full study. We strongly recommend key stakeholders within the cultural sector in West Yorkshire explore this in greater detail, before designing a brief for the full study. Some key issues raised by the steering group included:
 - Consensus on the need for measuring the true economic impacts of the cultural sector in relation to evidence based practice and linked to the wider policy context (i.e. the effect of culture as part of wider economic development)
 - And the need to define and measure the impacts across wider agendas, for example, health, community safety, education, cohesion, etc
 - Consensus on the need for a VfM benchmark for measuring investment in cultural provision
 - Further debate on which spatial levels research would have most influence, where all levels are considered and appropriate, but limited resources give rise to the need to prioritise
 - Clarity on what the definition of culture should include, and given the policy context, a case could be made for focusing on the public sector supply side, rather than the culture offer as a whole
 - The level at which a study should be conducted, for example, to measure or appraise a specific facility or project proposal or to look at the sector as a whole. This report argues that the CV method could be used for both as long as the good in question is clearly defined. Using CV for the sector at large would require asking individuals to value many elements of the sector separately, rather than culture as a whole.

6.3. Moving Forward

We have provided a separate paper highlighting more specific research questions which might need to be addressed, breaking the study into key phases, broad cost implications and some key debates that need to be clarified before designing a research brief. This can be obtained from Ellen Graham of West Yorkshire Economic Partnership on 0113 385 7615 or Ellen.Graham@blwy.co.uk

6.4. Appendix A: Policy Context

6.5. National

'Living life to the full', a 5 year plan (2005) – Department for Culture, Media and Sport

This five-year plan sets out the Government's commitment to supporting culture, sport, leisure, and the creative industries. The document recognises that leisure is becoming an increasingly important part of our lives and we are more demanding about quality and choice.

Targets: Increase the percentage of school children that spend a minimum of 2 hours each week on PE to 85%, increase the number who engage in active sports at least 12 times a year by 3%, increase the number visiting Historic Environment sites by 3%, and achieve at least 2.5% efficiency savings on DCMS spending

6.6. Regional & Sub-regional

Regional Spatial Strategy Topic Paper (2004) – Yorkshire and Humber Assembly

As part of the preparation for the Regional Spatial Strategy (RSS), the Yorkshire and Humber Assembly produced a number of topic papers to cover key issues in the region. Although not representing Assembly policy, these papers give a flavour as to the thinking of a wide range of stakeholders. This paper defined culture as including the historic environment (built and natural), culture and sport.

A key finding of the paper was that the cultural value of the Yorkshire and Humber region amounts to more than simply the sum of the parts. It recognised that no single set of values or resources could represent the region's culture. In relation to economic development the paper makes the following recommendation to the RSS,

Culture and sport should continue to be recognised as key economic sectors, with the RSS helping to target investment and stimulate growth by providing appropriate locations and premises, a regional commitment to infrastructure development (transport and IT based) which supports cultural and sporting activities, encouraging cultural development in areas which are being regenerated, and safeguarding and maintaining existing resources.

Target: That the RSS feeds culture and the historic environment into broader topic areas, including rural areas, economic development, housing, transport, tourism etc.

West Yorkshire Strategic Economic Assessment (2006)

The Strategic Economic Assessment (SEA) is an economic audit of the sub region. The SEA sets the sub regional economy in a national and global context, as well as identifying gaps and opportunities in investment.

At a macro level the SEA forecasts stability in the UK economy and steady growth in the next five years. At the regional level the SEA states that,

the economy is under-going a period of transition from reliance on traditional industries to one which is more diverse.

This is particularly the case for the Yorkshire region which is reducing its dependence on manufacturing and developing a service sector over a range of activities and occupations. This includes an increased awareness at all scales of the value of a strong cultural sector.

Target: to close the sub-regions gap up to national GVA figures and to capture a larger proportion of higher value added employment.

Cultural Strategy for Yorkshire and Humber 2001-10

The Yorkshire Cultural Consortium, a public-private partnership set up in 1999, developed the Cultural Strategy (CS) for Yorkshire and Humber. The strategy ties in with the over-arching policies of regional planning developed by the Regional Assembly and Yorkshire Forward. It also acts as a primer for local cultural strategies.

Quality of life is a central part of the CS and culture is stated to enhance every aspect of this. Culture is stated to have the following four benefits:

- Prosperity – this includes the growth in job-generation by tourism, creative industries and small businesses.
- Health – cultural activities, whether sporting or artistic, can benefit physical and mental health.
- Education – culture can strengthen creativity and celebrate difference and diversity
- Everybody's Culture – being involved in cultural activity can bring people and communities together

The CS develops an action plan to 2010 that includes the following five priorities:

- Continuity in development
- Opportunity – the pursuit of equity
- Social and economic change

- Sustainability – sustainable development which includes maintaining economic growth, social progress, protection of the environment, and prudent use of natural resources
- Understanding – increased intelligence and data about the cultural sector

Target: A vision that by 2010 creative industries make a substantial contribution to the regional economy, all barriers to participation are removed, the culture of the region is seen at the national and international level, and cultural resources/facilities are maximised.

Regional Economic Strategy for Yorkshire & Humber (2006-15)

The Regional Economic Strategy (RES) provides a clear economic outline for how the region can 'grow faster and better than its main competitors by 2015'. The RES stresses sustainable growth that can bring benefits to businesses, people and the environment.

The RES makes reference to how 'quality of place' can be a driver of regional economic performance. Quality of place incorporates many elements which go into making a place attractive to live. One of these is the presence of culture in an area.

Central to achieving the aims of the RES are a series of six objectives, these are:

- More businesses
- Competitive businesses
- Skilled people
- Connecting people to good jobs
- Transport, Infrastructure and Environment
- Stronger Cities, Towns and Rural Areas

Culture is not one separate objective but instead a cross-cutting theme that has strong linkages with all six objectives. These include: how culture affects enterprise, education and skills acquisition, the Digital Industries cluster, culture as a route into quality employment, culture as part of the renaissance process, and the role of culture in attracting skilled people, tourists and investment.

Targets: Raise GVA per worker by 25-30%, Double investment in R&D to 1% of GVA, Increase total business stock by 25%, and Significantly above trend improvement in regional quality of place index for renaissance towns and cities.

Leeds City Region Development Programme (2006)

The Development Programme is an action plan that sets out how to enhance the economy of the Leeds City Region. The plan describes a series of interventions aimed to

improve GVA growth and remove barriers to the city region functioning as a single economic space.

The plan recognises that culture is not a city region issue by itself. However it does set aspirations for culture as part of general policy involved with quality of life. Understandings of quality of life at the city region level are still in their infancy and the report recommends further investigations into perceptions of the city region. The Development Programme will set actions for the medium and long term which will enhance the city region's quality of life offer.

Targets: If plans were enacted they would achieve economic growth of 4%, 150,000 extra jobs and a boost to GVA by over £7 billion in 10 years.

6.7. Other

Arts Council Agenda 2006-08 – Arts Council Yorkshire

The Arts Council in Yorkshire develops policies and acts to support artists and arts organisations as well as developing audiences and participants. In the period 2006-08 the Council has the following priorities, with a particular focus on contemporary visual arts:

- Taking part in the arts – focus investment in priority geographical areas
- Children and young people – develop and extend creative learning programmes
- The creative economy – provide professional development and business skills
- Vibrant communities – working with other government-led schemes that aim to improve communities
- Internationalism – develop overseas partnerships for international collaborations
- Celebrating diversity – build on commitment to race equality

Arts Council Yorkshire recognise the need to connect better with the public, arts and art organisations. Therefore during between 2006 and 2008 they aim to launch a public value enquiry to investigate what the council should prioritise and what they should offer in the future.

Target: To focus specifically on the visual arts in the period 2006-08, but a more general target of increasing opportunity and access to arts.

6.8. Appendix B: Consultees

- Dinah Clarke – Leeds Initiative
- Rob Norreys - Leeds City Council
- Steve Stewart – Wakefield City Council

- Adrian Rose – Calderdale Council
 - Simon Foy – Yorkshire Forward*
- Mike Kinnaird – Leeds City Council*

Appendix A -

Figures

Photographs