



Commentary

Researching the Economic Contribution of Public Libraries

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The Economic Contribution of Arts and Culture

Arts Council England champions, develops, and invests in artistic and cultural experiences that enrich people's lives. Since 2011 we have been responsible for supporting and developing public libraries in England. To inform our wider contribution and to provide a focus for the development of public libraries in England, we undertook some substantial research into the role of public libraries in the future. The resultant study was called *Envisioning the Library of the Future* (Arts Council England, 2013).

Following on from this, and in a context of reduced public spending, Arts Council England invested in a strand of research to

identify and measure the contribution arts and culture make to the national economy (Centre for Economics and Business Research, 2013). The study used economic impact assessment methods to estimate the value of the arts and culture sectors. However, the approaches used were not appropriate for the valuation of public libraries, whose service model does not have clear financial outputs measurable through national accounts. This left not only a gap in the evidence available at a national level about what library services contribute to the economy, but also a question of how to gather this evidence.

Studies had been carried out that measured the economic impact of libraries, including some local studies in the UK and national abroad. However, we were not aware of work

exploring the indirect ways in which libraries could make an economic contribution— for example, by reducing demand on health services through public health promotion, or providing internet and information access that helps people improve their job prospects. We wanted to explore whether these benefits could be valued.

We felt undertaking research to explore this issue would help us in our role to develop and advocate the public value of libraries and would enable both Arts Council England and the wider libraries sector to understand how libraries make an economic contribution.

Developing a Model of Economic Contribution

The first stage was to establish a need for and interest in a study of economic contribution. There are a number of different ways in which libraries can be seen to create economic value, so we wanted to focus the work by developing a theoretical model which could be tested.

Partners, such as the Society of Chief Librarians, the British Library, and the Local Government Association, came together for an initial scoping meeting with Arts Council England which aimed to:

- a) Establish the level of interest and need for this work in the libraries sector;
- b) Establish where there are gaps in evidence around the economic contribution of libraries;
- c) Begin to develop a model of how we believe libraries make an economic contribution; and
- d) Identify any priority areas of investigation.

We used ideas generated in this discussion to develop models, based on the concept of Logic Models (W.K Kellogg Foundation, 2004), of how libraries might contribute to the economy. These became the lines of enquiry for a desk-based evidence review which aimed to identify and synthesize the existing

evidence available and to further test and develop the models.

Evidence Review

The commissioned evidence review summarised the different approaches taken to the question of economic contribution and identified strengths and weaknesses in the evidence base for the educational and social impact of public libraries and its associated economic value (Arts Council England, 2014). A summary of these findings are reproduced below.

Economic Valuation Studies of Public Libraries

As the traditional metrics for measuring the economic contribution of an industry are not appropriate in a public library context, researchers have used a number of different methods for quantifying the economic value of libraries. Three different hypotheses as to how public libraries make a contribution to the economy were identified:

- as economic actors in their own right (economic impact)
- as institutions that facilitate the creation of economic value in the adjacent area and local economy (place-based economic development)
- as organizations that deliver a wide range of services, most of which are valued by both users and non-users when set against their costs of provision (benefit-cost/total economic value approaches)

All three hypotheses require empirical methods based on the collection of primary data, which makes them both bespoke and relatively expensive. They are not designed to add up to an aggregate picture of the economic value of public libraries in England nor for their results to be comparable.

The economic impact literature shows that public libraries employ people and spend money, having a knock-on effect in the local

economy, through supply chain expenditures and the wage expenditure of employees. A few large library facilities may also trigger significant ancillary spending in the local economy by visitors who are drawn to the area by the library. Economic impact assessment is well tried and tested within other industry contexts in the UK and in other country contexts with regards to libraries (specifically the US). However, it has few merits for libraries within a U.K. public policy context because libraries simply do not have the characteristics to perform well in relation to the additional requirements that are embedded in public policy economic impact appraisals in the UK.

Libraries' contribution to wider place-based economic development is an area which suggests greater promise based on the existing current case studies both in the UK and internationally. Libraries can be anchor tenants in mixed-use physical developments and regeneration initiatives, potentially boosting the footfall, buzz, image, and profile of a neighbourhood or area particularly if the library is new, large, or housed in an iconic building. Finally, where specialist services are provided, libraries can also support local economic development through business advice and support for individuals, micro businesses, and SMEs.

However, the evidence base on libraries' contribution to wider place-based economic development is at present under-developed. It is based on only a small number of case studies, which vary greatly in detail and lack longitudinal analysis and attempts to account for other factors that may also have contributed to identifiable regeneration and local economic development.

The most numerous are benefit-cost studies and, in the case of contingent valuation (CV) methods, have the potential to gain the most traction with national government stakeholders.

There is near universal consistency across these studies in reporting positive benefit-cost

ratios for public libraries, demonstrating that societies value public libraries over and above what they pay for them collectively. However, this benefit-cost varies in a range across one-and-a-half, twice, or 10 times the cost of provision. These approaches, particularly CV methods, are both very expensive and complex to undertake to a credible standard, and their robustness around libraries can be compromised due to a range of methodological weaknesses. The choice of methods and assumptions appears to have a consistent bearing on benefit-cost ratios.

Finally, there are three challenges to gain a comprehensive sense of economic contribution:

- The various estimation techniques are all focused on producing a single figure for the impact, value, or return on investment from the service as a whole. They pay little attention to how the constituent library services, resources, and buildings generate this value (aside from some revealed preference studies that look at one or two services only, such as book and media lending).
- This emphasis on the aggregate quantification of value can also seem somewhat abstract. For instance, it does not generate the kind of evidence that facilitates detailed decision making and therefore it can seem remote from the day-to-day reality of service planning and budget setting. Relatedly, using economic valuation methods alone means that it can be hard to communicate the benefits of libraries to non-economist audiences. All the methods require some degree of technical knowledge to properly understand, with CV studies being particularly complicated and specialist.
- Lastly, studies really only measure the short term economic value of library services. This means that the wider value to society in the present is not

captured and neither is the value of these in the future.

These structural weaknesses in economic valuation approaches mean that literature from disciplines other than economics is required in order to understand in more detail and more holistically, how public libraries make an economic contribution to society.

Studies on Libraries' Educational and Social Impact

The Evidence Review goes on to consider libraries' educational and social impact within five key areas, chosen to cover the main activities currently taking place across the library service:

Children and Young People's Education and Personal Development

Existing research provides compelling evidence that library usage is linked to reading levels among children and young people, and that library usage and reading, in turn, are important factors in literacy skill levels and general educational attainment. Some research also suggests that the quality of public libraries' space supports educational attainment. While there is no evidence of the direct financial benefits of libraries' impact specifically, some recent studies indicate the private and public economic benefits that would be obtained by addressing low literacy and education levels.

Adult Education, Skills and Employability

While some surveys have established a link between adult reading habits and library usage, it remains difficult to confirm the direction of causation between the two. Similarly, there is only limited available evidence of their impact on adult literacy levels. Recent large-scale US-based surveys demonstrate that adults use libraries' information and communications technology (ICT) provision in particular to support their learning and for job searching activities. Literature from the UK also provides evidence

of the provision of job support services, if not evidence of impact. Overall, research in the UK on adult learning, skills development, and library-based employment support remains largely focused on local, smaller-scale studies.

Health and Wellbeing

While there is no consistent data on the provision of library-based health and wellbeing activities, existing research suggests that such activities are increasingly becoming a core part of the public library offer in the UK. Bibliotherapy activities are now widely available across public libraries in the UK and computer-based cognitive behavioural therapy (cCBT) activities are increasing. Existing research also suggests strong correlations between reading and mental health benefits, as well as a link between literacy and health literacy – people's ability to access and use health information. For all of these reasons, libraries contribute to the health "prevention agenda". A small number of studies also suggest library-based health provision could contribute to reducing the current high costs of ill health. Evidence is lagging behind practice in terms of demonstrating what benefits service providers may get from using libraries to deliver health activities, although several UK-based case studies suggest that libraries are valued for their non-clinical atmosphere and community reach.

Community Support and Cohesion

Current research demonstrates that a majority of library users and non-users consider libraries important for their community and suggests that libraries may play an important role in contributing to the social capital of communities. Evidence exists in particular for libraries' contribution to facilitating social contact and mixing within local communities, as well as through increasing levels of trust among people. Existing research also demonstrates that people place a high trust in libraries themselves as institutions. While it might be argued that this may contribute to wider trust in institutions in general – a further marker of social capital – there is

currently little evidence to support this. Several studies further suggest that through increasing social capital, libraries contribute to enhanced community cohesion and thereby, to healthier, safer communities. Although evidence of the impact of cohesion on reducing deprivation is limited, the cost of ill health and crime within communities illustrates the potential cost savings that could be realized through healthier and safer communities.

Digital Inclusion

Studies demonstrate a high level of available ICT provision across the public library networks, as well as the high usage of this provision by library users and the role libraries thus play in increasing digital inclusion. Evidence also shows that library ICT provision is frequently used by visitors to gain information important to their everyday life including education, work, and social networks. In addition, several recent studies highlight the personal benefits of digital inclusion by increasing employability in addition to the cost savings to the state through services increasingly being provided online under the “digital by default” agenda.

Summary of the Evidence

The existing literature on the educational and social benefits of libraries naturally contains limitations and weaknesses, in particular issues around:

- a general lack of longitudinal studies and surveys/studies
- fulfilling the requirements in the health sector for clinical studies
- a lack of management and impact data on libraries’ various local services and their users and partners that can be aggregated
- the difficulty of establishing causality between library usage and a range of outcomes
- a lack of evidence of the savings to the state generated by libraries regarding

the downstream outcomes that libraries contribute toward.

However, evidence is already sufficient to conclude that public libraries:

- provide positive outcomes for people and communities in many areas – far exceeding the traditional perception of libraries as just places from which to borrow books;
- contribute to long term processes of human capital formation, the maintenance of mental and physical wellbeing, social inclusivity, and the cohesion of communities;
- make a real economic contribution to the UK that is long term with financial benefits that arise downstream from libraries’ activities, and that takes place through multi-dimensional, complex processes of human and social development.

This suggests that attempting to derive a realistic and accurate overall monetary valuation for public libraries will be very hard to achieve. It also shows that measuring libraries’ short term economic impact provides only a very thin, diminished account of their true value.

In-Depth Study

The Evidence Review left no illusions about the complexity and challenges presented by the task of capturing the long term contribution of public libraries to the national economy. However, Arts Council England remains committed to delivering evidence that will have a significant benefit in the active and live debates about the role of and future for public libraries.

We chose to continue this work by commissioning an in-depth study which focused on one of the five policy strands identified by the evidence review. Following discussion with stakeholders, it was agreed that this area would be health and wellbeing.

It was felt that this is an area in which libraries are increasingly active, and where robust evidence would assist in making the case when commissioning services.

The key research questions of this study are:

1. What is the £ value contributed by libraries through their impact on health and wellbeing at both a national and local level?
2. How is this value created, and what is the specific role of library services, programmes, buildings, or staff in this process?
3. To whom does this value accrue? How does value change for different end users, such as different parts of the public sector, or individuals and communities with different backgrounds?

This study has now begun and will be undertaken in the period up to February 2015 with an intention to publish the findings in the spring of 2015. The findings of this study should assist library services and stakeholders to articulate the value and contribution of libraries through robust and credible evidence.

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