MEASURING OUR VALUE

Results of an independent economic impact study commissioned by the British Library to measure the Library’s direct and indirect value to the UK economy
Assessing the British Library’s contribution to the national economy is a complex matter, requiring consideration of a number of different dimensions. First, the value added by the Library takes many forms – economic, cultural, social and intellectual. Second, the British Library adds value both to those who use our products and services directly, and to the wider UK population who benefit indirectly from the Library’s existence and the services it provides.

Traditionally, attempts to assess these benefits have taken the form of qualitative case studies – telling good stories perhaps, but failing to provide a comprehensive evaluation. But now a technique supported by the Nobel Prize winning economists Kenneth Arrow and Robert Solow, permits a coherent quantitative evaluation of the total benefit to the nation of publicly funded institutions and programmes. Building on this analytical achievement, the UK Government and international organisations such as the World Bank and the OECD have used the technique, known as Contingent Valuation, to inform and guide policy. Recognising the value of this technique, the British Library commissioned a ground-breaking research study to estimate the economic impact of the Library on the UK economy. The results and the methodology are summarised in this document. I am delighted to share this with you.

Lord Eatwell
Chairman, The British Library
Professor of Financial Policy, University of Cambridge


PURPOSE OF THE STUDY

BRITISH LIBRARY FACT FILE

Helping people advance knowledge to enrich lives
- One of the world’s great libraries
- 250 years of collecting - new acquisitions grow at 12km of shelving per year
- Contains in excess of 150 million items
- Serves many different user groups including researchers, the business community, libraries, schools and the general public
- Provides wide range of services, including accommodation for 1200 Readers at St Pancras and the largest document supply service in the world
- Employs 2300 people at three main sites in London and Yorkshire
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<th>CLIENT</th>
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<td>AstraZeneca&lt;br&gt;Susan Cooper&lt;br&gt;Information Expert</td>
<td>• Profile: AstraZeneca spends an R&amp;D budget of £3 billion a year to produce some of the most effective medicines in the world.&lt;br&gt;• Direct: The British Library's innovative technology delivers its collections of research material directly to the desktop of scientists at AstraZeneca and many other major blue chip organisations.&lt;br&gt;• Indirect: The benefits which millions receive from AstraZeneca products and those of other major UK pharmaceutical companies are both economic and social.</td>
<td>&quot;The British Library delivers material straight to the scientists, so they have the information quickly and efficiently. We've built our system to interface with the Library's, to make the relationship as effective as possible.&quot;</td>
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<td>Phytopharm&lt;br&gt;Anna Sinden&lt;br&gt;Company Librarian</td>
<td>• Profile: Phytopharm is a successful SME and the leading botanical pharmaceutical company in the world.&lt;br&gt;• Direct: The British Library's document supply service is the largest and one of the fastest in the world. Phytopharm uses this service to acquire key information to further its research.&lt;br&gt;• Indirect: Millions of Alzheimer's and Parkinson's sufferers are likely to benefit from Phytopharm's recent development of new treatments for neurological disorders.</td>
<td>&quot;We have been frequent users of the British Library as our key information provider ... the variety of methods with which a company, institution or individual can order items is an illustration of how the Library is dedicated to serving its customers in the best way that it can and they appear to be constantly trying to improve this service.&quot;</td>
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<td>Higher Education Funding Council for England (HEFCE)&lt;br&gt;Sir Howard Newby&lt;br&gt;CEO</td>
<td>• Profile: HEFCE distributes public money to promote the highest quality education and research.&lt;br&gt;• Direct: 50% of the British Library's activity is generated by the HE sector which leverages one of the most comprehensive and valued collections available anywhere in the world.&lt;br&gt;• Indirect: Teaching and research conducted in the HE sector benefits the whole of society and the UK economy - intellectually, culturally, socially and economically.</td>
<td>&quot;The world class research carried out in UK HE is dependent on resources provided by the British Library. We have built a strategic alliance between our two organisations to cement the relationship between the Library and HE. It prepares the ground for further joint activity to ensure that UK researchers have the resources they need, and to hold our lead in exploiting the full potential of new digital information sources.&quot;</td>
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<td>CompGen Ltd&lt;br&gt;Mark Sheahan&lt;br&gt;Innovator of the Year 2003</td>
<td>• Profile: CompGen Ltd is a successful startup whose founder and MD has just won the prestigious Innovator of the Year Award.&lt;br&gt;• Direct: The British Library holds the most comprehensive range of patents in the world and the best collection of business information in the UK and is a vital resource for inventors and companies researching ideas for new products.&lt;br&gt;• Indirect: Mark Sheahan's Squeezeopen® containers will help prevent the 60,000 packaging related accidents which require hospital treatment every year, thus saving the health service money as well as driving the economy through sales and employment.</td>
<td>&quot;The British Library's expert staff are a great help for the new inventor. They run patent clinics to help people get started. I keep an eye on the trade press to make sure that mine are not pirated, and I know that other inventors have used the collections when taking action to protect their intellectual property. The Library's resources empower the lone inventor.&quot;</td>
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<td>Faber &amp; Faber&lt;br&gt;Lord Evans&lt;br&gt;Chairman</td>
<td>• Profile: Faber &amp; Faber, market leader in film and drama, and one of the last great independent publishing houses in London, relies on the British Library to support its authors in their work.&lt;br&gt;• Direct: The Library is used by thousands of authors for study and inspiration every year.&lt;br&gt;• Indirect: Faber &amp; Faber's publications inspire millions of readers and provide raw material for theatre, TV, radio and film, thus yielding economic, cultural, social and intellectual benefits.</td>
<td>&quot;Contemporary publishing depends upon the research and scholarship of the past. Both publishers and authors rely on the British Library's invaluable collections to provide the raw materials that help inspire and inform them in their work. At Faber &amp; Faber, we and our authors remain heavily dependent on the British Library's resources to provide well researched, authoritative new writing.&quot;</td>
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The technique that has been used to assess the value of the British Library is known as Contingent Valuation. The idea is that by means of carefully designed surveys it is possible to elicit, in quantitative terms, how much people value a particular organisation or service.

In commissioning this study, the British Library set out to discover both the value enjoyed directly by users of the Library, and the value enjoyed indirectly by UK citizens. In each case, the economic welfare that the British Library generates has been measured by the size of the consumer surplus, i.e. by the value gained by beneficiaries over and above any cost to them of the Library’s services - users of the Reading Rooms pay nothing, while users of the Document Supply Service pay fees for receiving documents.

The consumer surplus has been measured through surveys in which beneficiaries have been asked, amongst other things:

- How much they would be willing to pay for the Library’s continued existence
- What is the minimum payment they would be willing to accept to forgo the Library’s existence
- How much they invest in terms of time and money to make use of the Library
- How much they would have to pay to use alternatives to the Library, if such alternatives could be found.

Careful questionnaire design including rigorous testing and analysis (as proposed by Arrow and Solow and refined in subsequent practical studies) permits the estimation of the value that respondents place on the Library.

The work to assess the value of the British Library has required a substantial amount of primary research - over 2,000 people have been interviewed. Given the nature of the Library’s role, individuals were selected at random from different groups including members of the wider public as well as direct users of the Library’s products and services.

While the methodology used is the most appropriate available, this work is still not an exact science. The results reported are likely to be conservative given that, for practical reasons, the study did not capture the complete range of products and services which the Library offers (e.g. website usage was not valued). In addition, the results exclude any value generated for non-UK British Library users. This is likely to be substantial and to generate reciprocal value for the UK economy. Finally, it is important to keep in mind that this methodology only provides a snapshot of the British Library based on today’s picture and does not capture emerging products and services such as digitisation and other web-based services.

The British Library intends to commission further studies to build on this valuable first step. These will measure changes in value over time, and increase understanding of the value of emerging products and services.

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**SUPPORT FOR THE CONTINGENT VALUATION METHODOLOGY**

Arrow, Solow, et al set out to measure the value to the United States of legislation limiting discharge of oil. Evaluating the consequence to those who benefited directly was relatively straightforward. “But for at least the last twenty-five years, economists have recognised the possibility that individuals who make no active use of a particular beach, river, bay, or other such natural resource might, nevertheless, derive satisfaction from its mere existence, even if they never intend to make active use of it.” In any correct assessment of the value of a given programme, these indirect benefits must be included. Arrow, Solow, et al concluded that Contingent Valuation was the best approach for measuring both the direct and indirect benefits in such a case.
The total value each year of the British Library(3) is £363m of which £304m is indirect value and £59m direct value.

For every £1 of public funding the British Library receives annually, £4.40 is generated for the UK economy.

If the British Library did not exist, the UK would lose £280m of economic value per annum.

The study shows that investment in the British Library pays huge dividends to UK plc, and that the Library represents value for money for the British taxpayer. It illustrates the tangible benefits to the economy that flow from the strategy of investment in the knowledge economy, information technology, and research and development.

The study clarifies the Library’s value, not only to those users who access the Library’s collections and services directly, but to members of the public throughout all regions of the UK who reap the indirect benefits of the world class scientific research, creativity and innovation that is underpinned by the British Library.

**Note**
(3) Excludes the considerable value generated for non-UK British Library users.
(4) Net of British Library revenues from priced services.
(5) Baseline Grant-in-Aid for 2003/04.
The fundamental challenge is to create a knowledge-driven economy that serves our long-term goals of first-class public services and economic prosperity for all. To do so we need to innovate. We need to use ideas and intelligence in new ways that create higher value added products and better quality services ... and we must extend the opportunities of the information age to all.

**Rt Hon Tony Blair MP**
Prime Minister
Keynote Speech to e-Summit, 19 November 2002

The public have a right to know that they are getting value for money and therefore there are tough choices and hard decisions that have to be made ... the something-for-nothing days are over in our public services and there can be no blank cheques.

**Rt Hon Gordon Brown MP**
Chancellor of the Exchequer
Pre-budget Briefing for Cabinet, 20 March 2002