

Methods	Used to value	Key question answered	Advantages	Drawbacks
Contingent valuation	Economic values including option and non-use values e.g. the economic value of having a museum in a town or city	How can we capture users' and non-users' valuations of culture for use in cost-benefit analysis?	Stated Preference techniques, particularly contingent valuation, are well established within environmental and transport economics, and are recommended by HMT's <i>Green Book</i> . They are used by the Departments for Communities and Local Government; Environment, Food and Rural Affairs; Business, Innovation and Skills; and Transport. Give monetised valuations of the cultural activities and institutions for cost-benefit analysis	Stated preference techniques are complex and expensive to apply There are a range of technical and philosophical critiques of the method
Choice modelling	Economic values including option and non-use values e.g. the value of one policy option, such as longer opening hours, against another, such as a new building	How can we capture users' and non-users' valuations of culture for use in cost-benefit analysis?	Similar advantages to contingent valuation Doesn't directly ask willingness to pay, so avoids some of the criticisms of contingent valuation Useful for understanding values where there is a clear choice of options	Similar issues to contingent valuation Doesn't directly value goods, but rather is used to assess the values of different options and choices
Hedonic pricing	Economic values, excluding option and non-use values e.g. The value of living near to, so being able to use, a theatre	What is the relationship between a good or service and market prices?	Based on market prices with sophisticated techniques to reveal the values associated with a given good or service	Usually based on property prices which are often only spuriously related to goods and services within the cultural sector Rarely used within the cultural sector Doesn't capture non-use and option values
Travel cost	Economic values, excluding option and non-use values e.g. the value of visiting a free gallery	What do people value based on the amount of time they are willing to spend travelling to consume a good or service?	Based on market prices that directly reveal people's preferences for a good or service Has been used to value a range of cultural goods and services and compare those values	May undervalue people who have only short travel time Doesn't capture non-use and option values May require potentially costly primary research

Subjective wellbeing	Impact of any activity, e.g. taking part in a dance class or visiting a heritage site, understood through the relationship between wellbeing and income	How can we value changes in wellbeing generated by culture?	Avoids many of the criticisms of economic valuation techniques Has been used by DCMS to value engagement with cultural activity	The relationship between income and wellbeing is still not fully understood The method need more research before its findings will rival or replace existing forms of economic valuation
Quality Adjusted Life Years (QALYs)	Value of quality and length of a year of human life e.g. the impact of participation in a community arts group on health	How do we make decisions about resource allocation in healthcare?	Allows an analysis of cost effectiveness for often very different health interventions Bespoke method which avoids the problem of directly valuing human life in monetary terms	Specific to the health sector Subject to debates over technical issues
Non-economic forms of valuation	The impact of cultural activity on individuals and society	How can we value culture without using monetary criteria?	Methods are drawn from the cultural sector Avoid the philosophical objections associated with economic valuation techniques	No one method is agreed None of the methods fit with the <i>Green Book's</i> recommendations
Multi-criteria analysis	Used to make different forms of data commensurable	How can we make judgements using incommensurable forms of data?	Helps to integrate qualitative, quantitative and monetised data Can involve expert judgement on the weighting of criteria	Still requires a measurement of cultural value, so doesn't avoid the difficulties discussed in this report Arguments can occur over the relative weights given to each criterion