

The Value of the Sports Economy in England

A study on behalf of Sport England by Cambridge Econometrics

Final Report

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EXECUTIVE SUMMARY

To date there have been a number of projects that have sought to evaluate the economic impact of sport. They have typically been commissioned with a need to justify public spending on sport in terms of the contribution it made to economic activity and particularly employment. The need to justify public spending on sport remains and recent changes in the structure of public funding has resulted in an increasing emphasis on regionally-based funding decisions.

This report presents a summary of the value of the sports economy to the economy in England and compares the picture across the English regions. It is supported by a series of reports which provide more detailed analysis of the value of sport in each of the regions.

THE IMPORTANCE OF SPORT IN 2000

What is the economic impact of sport in England?

- In 2000 400,000 people were estimated to have been employed in sport-related activities in England, just under 2% of all employment.
 - This indicates that the employment impact of sport is increasing, as in 1998 it was estimated that sport supported around 1½% of employment in the UK.
 - The share of sport in overall employment is highest in the North East, North West and South East and lowest in London.
 - In England 160,000 of these jobs are in the Commercial Sport sector. Some 170,000 were in Commercial Non-Sport (including for example, jobs in higher education, betting and gaming and construction).
 - Of those in Commercial Sport, 48,000 were employed in spectator sports, 29,000 in sport-related retailing and 22,000 in commercial participation sports activities. Some 33,000 are employed in sport-related manufacturing of which 25,000 are reported to be in the motor-sport engineering cluster.
- Sport generated £9.8bn in value-added in England, around 1½% of England's total value-added, a similar share of to that estimated for the UK as a whole in 1998.
 - The share of sport in overall value-added is highest in the North East, Yorkshire & the Humber and the West Midlands and lowest in London and the East of England.
- Sport related employment provides households in England with £5.8bn in disposable income, just over 1% of total household disposable income.
 - Most sport-related income comes from Commercial Sport (particularly spectator and sports-related retailing) and Commercial Non-Sport as these are the sources of most employment. Together, these sectors account for around 75% of all household income earned from sport.

WHAT IS IMPORTANT TO SPORT IN ENGLAND?

What are the main sources of funding for sport?

- Within sport, the sectors with the largest income are Commercial Sport (in particular, media and distribution) and Commercial Non-Sport. The £10.2bn received by the Commercial Sport sector is three times the income received by Voluntary (VOL) sector.
 - the picture is generally similar across the English regions
- The Local Authority sports sector received about £740m in sport-related grants, about £15 per person. Of this, the bulk represents support to local authority sports facilities funded indirectly from the general grant to local authorities by central government.
- It is estimated that Commercial Sport receives over £600m each year in the form of advertising, sponsorship and corporate hospitality. This represents almost half of all income to spectator sports.
- There is very little information on the characteristics of the Voluntary sector. This study has estimated that the combined income for the sector is £3.3bn (including bar receipts), of which over one-third comes through subscriptions.
- Sport contributes £5.5bn to Central Government through taxes, compared with £660m received in direct grants.
- People in England spend £2.7bn each year participating in sport, considerably more than the £600m they spend attending spectator sport events. Subscriptions and fees account for around one-quarter of all sport-related household spending. Sport-related gambling and sports clothing and footwear were other large items of spending.

SCOPE AND METHOD OF STUDY

- This study has developed an economic model to identify the value of sport at a particular point in time that can be readily applied to each of the English regions to provide a consistent basis for analysis and comparison.
- It was required that the model should provide a relatively straightforward mechanism whereby the analysis can be updated over time. In order to achieve this the model has to be founded on readily-available data. It has not involved the collection of any new primary data.
- The model that has been developed is founded on the established conventions of national income accounting that underpin the UK National Accounts. This means that the model provides
 - results that are directly comparable with other economic data
 - coverage of expenditure on, and the production of, the sports industry
 - analysis of the incomes and expenditure of different groups which interact with the sports industry
- The model identifies the income and expenditure flows between the following institutions in the region
 - Households.
 - Commercial sport, including private organisations that stage spectator events financed by admission charges, commercial sports clubs and centres, sports departments of media companies and sports goods manufacturers and retailers.
 - Commercial non-sport, which includes other private sector economic activity that supplies goods and services to the sport sector and provides households with goods and services that are used in connection with sports activity, together with the HEI sector.
 - Voluntary sector: non-profit making organisations that are run by participants, typically on an amateur basis.
 - Local government, including secondary education.
 - In addition, the model considers the flows to and from these institutions in the local economy and Central Government, the rest of the UK and Overseas institutions.

1 CONTEXT AND PURPOSE

There is a clear need for information on the nature of the sports economy and its value to the economy as a whole. Such information is vital to support the case for securing public funding in particular. The recent movement towards greater regional determination of policy, as indicated by the work of the Regional Development Agencies (RDAs), Regional Cultural Consortia and indeed the strengthening of the regional focus of Sport England means that there is an increasingly need for consistent information at the regional level.

Previous studies into the link between sport and the economy have typically been concerned with valuing sport at the national level, or the impact of sporting events. Those which have been carried out for local areas have been specially-commissioned studies. In contrast, the purpose of this project has been to develop a standard economic model to identify the value of sport at a particular point in time that can be readily applied to each of the English regions to provide a consistent basis for analysis and comparison. It was required that the model should provide a relatively straightforward mechanism whereby the analysis can be updated over time. In order to achieve this the model has to be founded on readily-available data.

This report summarises the analysis for England as a whole and is accompanied by separate reports for each of the nine English Government Office Regions (GORs). The analysis presented in these reports relates to 2000. At the time the project commenced this was the last year for which comprehensive data were available. Although dated, the data are likely to provide a fair indication of the general orders of magnitude of the different components of the sports economy.

In conducting the project we have met and consulted with each of the Sport England (SE) regional offices. From these discussions it has become clear that there is a desire for information looking at the future prospects for the sports sector and the contribution it can make to regional economic growth. The model provides evidence to help quantify and explain the characteristics of the sector from which the future prospects can be considered.

2 THE VALUE OF THE SPORTS ECONOMY IN ENGLAND

2.1 A Summary of Sport-Related Income and Expenditure

Table 2.1 summarises the level of income from, and expenditure on, sport in England as a whole in 2000.

Households in England spent almost £11½bn on sport-related goods and activities, while sport-related employment generated almost £6bn in disposable income to households.

The Commercial Sport (CS) sector, that includes sport-related manufacturers, retailers and media in addition to spectator sports and commercial participation sport such as gymnasiums, received income totalling more than £10bn, with most being received by sport-related media and manufacturers.

2.2 Employment and Output

Table 2.2 summarises the estimate of sport-related employment and value added in the region. For comparison, the table also reports data from the Annual Business Inquiry (ABI)¹.

**TABLE 2.1: SPORT-RELATED INCOME AND EXPENDITURE
IN ENGLAND IN 2000**

	Income	Current Exp	£m Capital Exp
Households	5836	11495	-
Commercial sport	10580	12535	499
of which			
Spectator sports	1824	1773	125
Participation sports	691	691	67
Media and distribution	3470	1151	62
Sport-related suppliers	2858	282	137
Commercial non-sport	4957	-	-
Voluntary sector	3286	1586	161
Local Government	1428	1553	208
Overseas	2214	1953	7

Source(s) : Cambridge Econometrics.

¹ Note that the ABI data refer to employees in employment, while the model estimates are for full-time equivalents.

**TABLE 2.2: SPORT-RELATED EMPLOYMENT AND OUTPUT
IN ENGLAND IN 2000**

	Employment (000s)	Value-added (£m)
Commercial sport	157.1	3553
of which		
Spectator sports	48.4	709
Participation sports	21.6	380
Retailing	29.4	966
Sport-related manufacturing	32.6	840
Commercial non-sport	169.3	4226
of which		
Higher education establishments	17.8	422
Voluntary sector	37.9	1215
Local Government	37.5	844
of which		
Sports services	23.7	
All Sport-related activities	401.8	9838
Total for the region's economy	21730.0	676611
Sport-related activity as a % of total economy	1.8	1.5
Data from Annual Business Inquiry		
SIC 1810-1830, 1930: Clothing & footwear	94.4	
SIC 3640-3650: Manufactures	11.8	
SIC 802 Secondary education	522.2	
SIC 803 Higher education	395.3	
SIC 9261 Operations of sports arenas and stadium	80.1	
SIC 9262: Other sporting activities	125.7	

Note(s) : ABI data refer to employees in employment. Model estimates are FTEs.

Source(s) : Cambridge Econometrics.

Sport supports around 400,000 jobs

It is estimated that in 2000 around 400,000 people were employed in England in jobs that are directly related to sport. This is equivalent to just under 2% of all employment and is a larger share than was estimated for the UK as a whole in 1998. Of the 400,000 jobs identified in this study, over 157,000 were within the Commercial Sport sector, of which more than 48,000 were within spectator sports. Almost 33,000 were estimated to be employed in sport-related manufacturing of which 25,000 were reported to be within motor sport engineering.

Some 170,000 people were employed in 2000 in the Commercial Non-Sport (CNS) sector, which includes higher-education establishments as well as betting and gaming, construction employment associated with sports investment and jobs in the other suppliers to the CS sector.

Some 37,500 people were in sport-related employment in the local authority (LA) sector during 2000 and a further 38,000 in the Voluntary sector (VOL) sector, which includes both non-profit making sports clubs often run by amateurs as well as the increasing

number of community facilities that are run as trusts and where any profits made are directed back into the facilities.

Sport accounts for £9.8bn of the economy's value added

In 2000 it is estimated that sport-related activity in England accounted for more than £9.8bn in value-added. This is about 1½% of the total gross value added (GVA) for England, a similar share to that identified in the UK as a whole in 1998, although there is a certain amount of variation across the regions in this measure of the economic importance of sport. The sectoral distribution of value-added generally follows that of employment with a greater proportion coming from the CNS than from CS.

2.3 Household Income and Spending

Tables 2.3 and 2.4 summarise the links between households and sport in terms of the pattern of their spending and income.

2.8% of household spending is sport-related

In England as a whole, household spending totalled over £408bn in 2000. Of this, some £11½bn, around 2.8%, was on sport-related goods and services. This is a higher share of total spending that was identified in the UK as a whole in 1998. The main categories of spending are subscriptions and fees (£2.7bn), sports clothing and footwear (£2.5bn), and sport-related gambling (£2.3bn). Only £600m (5% of sport-related spending) was on admissions to sports events.

Spending on participation sports

Household spending on subscriptions and fees totalled £2.7bn in 2000, and covers a wide range of activities in Commercial Sport (eg private gymnasiums), Local Authority (eg LA-run sports centres), and the Voluntary sector. It is estimated that about half this spending goes to the Voluntary sector.

TABLE 2.3: SPORT-RELATED SPENDING BY HOUSEHOLDS IN ENGLAND IN 2000

	£m
Total sport-related spending	11495
of which	
Sports clothing & footwear	2479
Sports goods	794
Admissions to events	600
Subscriptions and fees	2701
Sport-related gambling	2313
Total household spending	408325
Total sport-related spending as % of total spending	2.8
Population (000s)	49998

Source(s) : Cambridge Econometrics.

**TABLE 2.4: SPORT-RELATED INCOME TO HOUSEHOLDS
IN ENGLAND IN 2000**

	£m
Total sport-related income	5836
Commercial sport	2176
of which	
Spectator sports	728
Participation sports	236
Retailing & media	703
Sport-related manufacturing	509
Commercial non-sport	2169
Voluntary sector	417
Local Government	578
Total income from employment	430632
Total household income	762965
Total household disposable income	522028

Source(s) : Cambridge Econometrics.

Income It is estimated that households in England received £5.8bn in disposable income (ie after tax) from sport-related employment in 2000. This is just over 1% of total household disposable income. Of this, Commercial Non-Sport and Commercial Sport each account for around 35-40% of the total. A further £578m comes from employment in the Local Authority sector and £417m from the VOL sector.

2.4 The Importance of the Voluntary Sector

Table 2.5 shows some of the key statistics estimated for the voluntary sector. As discussed in more detail in Appendix A, this sector includes both ‘traditional’ voluntary

**TABLE 2.5: KEY STATISTICS FOR THE VOLUNTARY SPORT SECTOR
IN ENGLAND IN 2000**

Number of members (000s)	5296
	£m
Total income	3286
of which	
Subscription/fees	1226
Bar receipts	1514
Grants	259
Total expenditure	2646

Source(s) : Cambridge Econometrics.

TABLE 2.6: SPORT-RELATED INCOME AND EXPENDITURE BY THE PUBLIC SECTOR IN ENGLAND IN 2000

	Income (£m)	Expenditure (£m)
Central government	5517	661
of which		
Grants		661
Income tax	3192	-
Company tax	-	-
VAT and other duties	2325	-
Local government	1428	1553
of which		
Indoor facilities	157	492
Outdoor facilities (incl Golf)	37	120
Community centres etc	13	71
Sports development	95	70
Revenue grants	645	-
Capital grants	90	-
Local taxes	313.437	-
Wages	-	843.81

Source(s) : Cambridge Econometrics.

sport clubs, such as village sports teams, and the increasing number of sports facilities that are run as commercial ventures, but where any profits that are made are directed back to the facilities themselves.

**Voluntary sector
income totals
£3¼bn**

There is little data available on which to base a systematic estimate of income to this sector. In producing the estimates shown we have taken a ‘bottom up’ approach on a region-by-region basis that has sought to reconcile partial information on participation in different types of activities and clubs and make estimates for a typical annual spend of these different activities. The approach is explained in more detail in Appendix B.

The sector is estimated to have received a total income of £3¼bn in 2000. Nearly half of this is thought to have come in the form of bar receipts, with around £1.2bn from subscriptions and fees from members. Grants are estimated to account for around 10% of income. In determining these estimates it has been assumed that almost 5.3m people participated in sports activities, around 10% of the total population.

**Spending by the
sector**

It is estimated that spending by the sector was around £2.6bn, of which around £1.1bn was on bar and related purchases. The other largest single area of expenditure is the wages to the 38,000 people employed (for example as coaches), a figure that does not include a financial value on the scale of work undertaken on a voluntary basis by, say, members of individual sports clubs.

2.5 The Role of Public Funding

Local authorities Table 2.6 summarises the sport-related income and expenditure relating to the public sector. It is estimated that the Local Authority (LA) sector spent £750m on sport-related activities in the regions, which is more than the estimated £300m they receive in income from these activities. The largest area of spending and subsidy is on indoor facilities, where LAs spend just under £500m, and receives £157m.

In addition to fee income the LA sector also received income from a range of grants, including those funded through the lottery and others such as from the Football Foundation. Further, part of the overall grant support from Central Government is attributed to sport (in proportion to the share of sports expenditure in overall LA spending).

In total around 37,500 people are estimated to have been in sport-related employment in the LA sector in England. Some 14,000 sports staff are employed in secondary schools.

Of the various funding streams the LA sector was able to access in 2000, it received over £600m in revenue grants and £100m in capital grants.

Central government Sport in England received £660m in grants from Central Government. Most of this is the aforementioned grant support for general LA activities. In undertaking this study it proved to difficult to identify whether or not funds from government schemes, such as urban regeneration, were being directed to sports activities. We discuss the related issues with the data in Chapter 5.

2.6 Sport-Related Tourism

One source of income to the Commercial Sport sector is that from sports tourism, namely spending by people who are not resident in the region coming to the region for sport-related reasons. Some will be ‘long-stay’ visitors from elsewhere in the UK and

**TABLE 2.7: KEY STATISTICS FOR SPORT-RELATED TOURISM
IN ENGLAND IN 2000**

	Rest of UK	Overseas
Long-stay tourists		
Number of tourists ('000)	2211	1162
as % of visitors (excl day visits)	1.6	4.5
Spending on admissions/participation (£m)	37	4
Associated spending on accommodation etc (£m)	154	27
Day visitors		
Number ('000)	4573	
Spending on admissions (£m)	114	

Note(s) : Estimate of day visitors calculated on the assumption that average admission cost is £25.

Source(s) : Cambridge Econometrics.

TABLE 2.8: KEY STATISTICS FOR SPORT-RELATED INVESTMENT IN ENGLAND IN 2000

	£m
Commercial sport	499
of which	
Spectator sports	125
Participation sports	67
Retailers	62
Manufacturing	137
Voluntary sector	161
Local Government	208
Central Government	7
 Total	 874

Source(s) : Cambridge Econometrics.

overseas while others will be day visitors attending a particular event. Table 2.7 summarises the estimated spending on admissions associated with both groups, together with associated spending on accommodation.

It is estimated that each year there are some 1.1m overseas tourists and 2.2m long-stay domestic tourists whose purpose for visiting a region is sport-related. Associated with them is spending of £37m on admissions to sporting events or participating. In addition, they are also responsible for a further £154m being spent on accommodation. At the same time £114m is spent on admissions by UK residents in regions other than where they live.

2.7 Investment

Table 2.8 summarises the source of sport-related investment estimated in 2000. Sport-related investment in England in 2000 is valued at around £870m. Of this the CS sector accounts for over 55% and the VOL sector almost 20%. Within the CS sector, investment by manufacturers, including the motor-sport engineering cluster is larger than that by the spectator or participation sports.

3 A COMPARISON ACROSS THE ENGLISH REGIONS

3.1 Output and Employment

Table 3.1 shows the share of each region's GVA that is associated with sport in England. It also indicates the importance of the separate sectors that comprise the total sport economy. Table 3.2 reports the equivalent analysis for employment.

Sport accounts for a greater share of activity in the North East and Yorkshire & the Humber

In England as a whole in 2000 sport accounted for about 1½% of GVA. Across the region the share ranged from just under 1¾% in the North East to around 1¼% in London and the East of England.

The relative importance of the separate sectors of sport shows more variation across the regions than does the overall value of sport. The greatest variation is in the share of sports value-added accounted for by Commercial Sport and Commercial Non-Sport. In England as a whole Commercial Sport accounted for about 36% of identified sport-related value-added. The share is generally greater in the south of England. In the case of London this reflects the region's specialisation in sport-related media. In the South East it reflects in part the strong presence of the motor sport engineering cluster in the region (also a factor in the East Midlands). In regions in the north of England, including Yorkshire & the Humber, the North West and North East Commercial Sport

TABLE 3.1: SUMMARY OF SPORT-RELATED OUTPUT IN THE ENGLISH REGIONS IN 2000

	London	South East	East of England	South West	West Mids	East Mids	Yorks & Humber	North West	North East	England
Total sport-related GVA (£m)	1644	1916	987	913	1027	814	940	1140	457	9838
	per cent of total sport-related value-added									
Commercial sport	44.5	45.1	34.4	30.8	34.4	34.7	27.4	29.7	23.3	36.1
of which										
Spectator sports	6.2	7.7	8.5	7.4	6.4	6.7	7.8	7.3	6.8	7.2
Participation sport	5.9	3.8	2.9	1.6	3.0	1.2	5.9	5.7	1.1	3.9
Retailing	9.4	9.0	9.9	10.1	11.0	8.8	9.6	11.3	9.8	9.8
Sport-related manufacturing	0.9	22.1	10.5	3.2	10.2	15.8	1.2	1.5	1.6	8.5
Commercial non-sport	37.6	37.1	42.6	47.0	42.9	43.5	50.8	46.6	53.3	43.0
Voluntary	10.3	10.8	13.8	14.0	13.6	13.4	11.3	14.1	13.1	12.3
Local Government	7.7	7.1	9.2	8.2	9.1	8.4	10.4	9.6	10.2	8.6
Total sport GVA (as % of total GVA)	1.3	1.5	1.2	1.5	1.6	1.6	1.6	1.4	1.7	1.5

Source(s) : Cambridge Econometrics.

TABLE 3.2: SUMMARY OF SPORT-RELATED EMPLOYMENT IN THE ENGLISH REGIONS IN 2000

	London	South East	East of England	South West	West Mids	East Mids	Yorks & Humber	North West	North East	England
Total sport-related employment (000s)	55	75	41	40	44	35	42	50	21	402
	per cent of total sport-related employment									
Commercial sport	48.1	48.7	38.2	34.5	36.3	36.6	32.9	33.9	26.4	39.1
of which										
Spectator sports	9.8	12.8	14.1	12.3	10.6	11.7	13.4	12.1	11.7	12.1
Participation sport	8.0	5.4	4.2	2.3	4.3	1.8	8.6	8.1	1.6	5.4
Retailing	8.2	6.5	7.3	7.5	8.1	6.2	6.5	8.1	7.5	7.3
Sport-related manufacturing	1.0	21.4	9.8	3.7	9.2	14.4	1.2	1.4	1.4	8.1
Commercial non-sport	36.0	35.6	41.7	46.1	43.6	43.4	47.0	45.3	52.3	42.1
Voluntary	7.5	8.0	10.4	10.6	10.3	10.6	8.8	10.5	10.1	9.4
Local Government	8.3	7.7	9.8	8.7	9.8	9.3	11.3	10.3	11.2	9.3
Total sport employment (as % of total employment)	1.3	2.1	1.8	2.0	1.9	2.1	2.0	1.8	2.2	1.8

Source(s) : Cambridge Econometrics.

accounts for only about 25% of all sport-related value-added. In contrast, Commercial Non-Sport accounts for up to 55% of sport-related output in these northern regions. The South West is another region where the sector accounts for a comparatively high share of all sport-related output. There is less variation in the relative importance of Voluntary and Local Government sectors to the overall sports economy across England.

The importance of sport as a source of employment is more even across the regions

In England as a whole 1¾% of employment in 2000 was identified as sport-related. In the South East, North East and the East Midlands the relative importance of sport was greater, accounting for about 2-2¼% of employment. In contrast, the London was the only region where sport’s role as a source of employment was substantially weaker than the average.

The sectoral composition of sport employment within the regions typically follows that for output already discussed.

3.2 Household Spending and Income

The level and pattern of sport-related spending by households across the regions is summarised in Table 3.3, while Table 3.4 shows the importance of sport to household incomes.

Per capita spending on sport is highest in the South East and London and lowest in the South West and East Midlands

Household spending in 2000 on sport-related items or services averaged £230 per person in England as a whole. The highest per capita spending was in the South East, where it averaged almost £266 (15% higher), and London (5% higher). In contrast the lowest level of per capita spending was recorded in the South West and the East Midlands where it was around 10% lower than the average. Table 3.3 also shows that in the case of the South East the high level of sport-related spending was due to comparatively high levels of spending generally: sport-related spending accounted for only 2.7% of all household spending, a lower proportion than for the UK as a whole. In the case of the East Midlands, North West and North East, households spend proportionately more on sports items: spending on sport represents 3-3¼% of all household spending in these regions. In the South West and East of England, not only is average sport-related spending low but it is also represents a comparatively low share of all household spending.

Spending on sports clothing and subscription and fees are the largest items in almost all regions

It is generally the case that spending on sports clothing and spending on sport-related subscriptions and fees each account for around 20-25% of all sport-related spending. Spending on admissions averages around 5% of sport-related spending in England as a whole, varying from just under 6% in London and the South East to about 3½% in the North East. In the North East the largest area of sport-related spending is gambling.

Sport's impact on incomes is smaller than the employment impact

In England sport contributes 1-1¼% of all disposable income, less that its share of employment because household income includes various sources of non-wage income, including unemployment benefit, pensions and interest. This proportion does not vary greatly across the regions.

TABLE 3.3: SUMMARY OF SPORT-RELATED SPENDING BY HOUSEHOLDS IN THE ENGLISH REGIONS IN 2000

	London	South East	East of England	South West	West Mids	East Mids	Yorks & Humber	North West	North East	England
Sport-related expenditure per capita (£)	242	266	215	198	230	207	229	226	228	230
	per cent of total sport-related spending									
Sports clothing and footwear	24.3	20.2	22.8	20.7	19.9	20.8	21.1	21.8	22.1	21.6
Sports goods	5.3	7.0	5.1	10.1	12.2	6.3	4.8	6.6	4.1	6.9
Admissions to events	5.7	5.8	5.2	4.9	4.8	4.6	5.6	5.3	3.4	5.2
Subscriptions and fees	25.5	25.9	23.3	22.1	21.4	20.6	25.2	24.0	15.1	23.5
Sport-related gambling	18.1	17.4	19.5	18.9	20.6	20.7	22.4	20.3	32.8	20.1
Sport expenditure (as % of total expenditure)	2.6	2.7	2.5	2.5	3.0	3.2	3.0	3.1	3.3	2.8

Source(s) : Cambridge Econometrics.

**TABLE 3.4: SUMMARY OF SPORT-RELATED INCOME IN THE ENGLISH REGIONS
IN 2000**

	London	South East	East of England	South West	West Mids	East Mids	Yorks & Humber	North West	North East	England
Total Income (£m)	957	1159	598	544	593	474	571	675	265	5836
	per cent of total sport-related income									
Commercial sport of which	45.5	46.4	36.0	32.3	35.6	35.9	28.2	30.4	24.1	37.3
Spectator sports	10.8	12.8	14.5	12.9	11.3	11.8	13.4	13.0	12.2	12.5
Participation sport	6.2	3.9	3.0	1.7	3.2	1.3	6.1	6.2	1.2	4.0
Retailing	27.8	7.0	7.6	14.4	10.2	6.9	7.9	10.1	9.5	12.0
Sport-related manufacturing	0.7	22.8	10.9	3.2	10.9	15.9	0.9	1.1	1.2	8.7
Commercial non-sport	33.1	31.9	37.0	42.5	39.0	39.5	45.7	42.5	48.9	38.3
Voluntary	6.2	6.1	8.1	8.5	8.3	8.1	6.7	8.5	8.1	7.4
Local Government	9.2	8.1	10.7	9.9	11.1	10.2	12.2	11.7	12.6	10.2
Total (as % of earned income)	0.7	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.8	0.8
Total (as % of total household disposable income)	1.1	1.2	1.0	1.1	1.2	1.2	1.2	1.0	1.2	1.1

Source(s) : Cambridge Econometrics.

3.3 Public Funding

Table 3.5 compares the level of identified sport-related grants from central and local government across the regions.

Local government grants are relatively high in London, the West Midlands and South West

Identified sport-related grants paid by *local government* average just over £1 per person in England as a whole. By far the highest rate received occurs in London, where it averages just under £4. The rate is also higher than average in the West Midlands and the South West. The lowest rates of grant support are in the North East, North West, South East and East of England.

Table 3.5 shows that the level of identified *central government* grants (including support for LA spending) are highest, per head of population, in the North East, West Midlands and Yorkshire & the Humber. The lowest rates are in the South West, where they are some 10% lower than the average for England as a whole.

3.4 Sport-Related Tourism

The relative impact of sport-related tourism across the regions is summarised in Table 3.6.

**TABLE 3.5: SUMMARY OF PUBLIC SECTOR FUNDING IN THE ENGLISH REGIONS
IN 2000**

	London	South East	East of England	South West	West Mids	East Mids	Yorks & Humber	North West	North East	England
										£, per capita
Central government grants	13.4	13.1	12.9	11.8	13.6	12.8	15.1	12.5	14.3	13.2
Local government grants	3.9	0.3	0.4	1.5	1.7	1.1	1.2	0.1	0.0	1.2

Source(s) : Cambridge Econometrics.

Sport-related tourism makes a major economic contribution in the South West, London and the South East

Table 3.6 shows that the estimated impact of sport-related tourism and the source of tourists in 2000 varied considerably across the regions. For example, the South West is thought to receive by far the largest number of sport-related long-stay domestic tourists, almost a third of the total. London and the South East are the other regions to benefit most from this source of visitors. The profile for overseas tourists is slightly different, with the greatest number of overseas tourists visiting for sport-related reasons going to London and the South East. This in part reflects the concentration of overseas tourism generally to these regions but also the location of high profile international sporting events that they would visit. The South West, despite its large share of UK tourists receives a similar number of overseas tourists as the East of England.

**TABLE 3.6: SUMMARY OF SPORT-RELATED TOURISM IN THE ENGLISH REGIONS
IN 2000**

	London	South East	East of England	South West	West Mids	East Mids	Yorks & Humber	North West	North East	England
UK-based Long-stay Tourists										
Number (000s)	370	251	132	828	109	105	162	198	56	2211
Spending (£m)										
Spending on admissions/participation	6.0	2.6	1.2	18.3	1.8	1.7	2.6	2.2	0.5	36.8
Associated spending on accommodation etc)	25.2	17.2	8.0	63.7	6.1	5.6	9.7	14.9	3.8	154.3
Overseas Long-stay Tourists										
Number (000s)	526	200	90	94	73	36	46	77	22	1162
Spending (£m)										
Spending on admissions/participation	2.3	0.6	0.3	0.3	0.2	0.1	0.1	0.2	0.1	4.2
Associated spending on accommodation etc	14.9	3.7	1.8	1.7	1.3	0.6	0.7	1.3	0.5	26.6
Day visitors										
Number ('000)	528	956	646	430	412	419	462	450	270	4573
Spending on admissions (£m)	13.2	23.9	16.2	10.7	10.3	10.5	11.6	11.2	6.7	114.3

Source(s) : Cambridge Econometrics.

A further source of sport-related tourism to the regions is the large number of people who are day visitors to an event. It is estimated that the South East receives the most number of such visitors which contributed around £24m in admission income.

4 THE WIDER INFLUENCES OF SPORT

Although the aim of this report is to quantify the impact that sport has on spending, incomes, employment and value-added, it is important to recognise that sport benefits the economy and society in other ways, for which quantified estimates are difficult to make or attribute directly to sport.

With regard to investment, the methodology used to provide the estimates reported earlier may underestimate the influence sport has in encouraging infrastructure developments across the wider economy and its role as a factor influencing the success of regeneration projects.

4.1 Sport and Investment in Infrastructure

There has been considerable investment in sport infrastructure across the regions in recent years. Much of this has involved enhancements to sports stadia and in particular those of football clubs in the Premier League. In some instances existing facilities were expanded but elsewhere these developments involved the building of new stadia often in an out-of-town location that in turn released land towards the centre of cities for redevelopment. Apart from the opportunities offered by this release of land, the schemes would typically not act as a catalyst for substantial investment in non-sport-related infrastructure.

The cases in which more general investment has been linked to investment in sport are typically the larger projects. The £750m redevelopment of Wembley is seen as the direct stimulus for the upgrading of the nearby underground station while part of the investment to host the 2002 Commonwealth Games in Manchester included investment in transport infrastructure including the completion of the M60 and inner ring roads and extensions to the Manchester metro: the staging of the Commonwealth Games probably brought forward the implementation of these improvements. Another example of sport stimulating investment in more general infrastructure includes the major investment in transport infrastructure in the area around Silverstone that has accompanied its recent development.

Sports investment through planning gain

While the UK tax system is considerably centralised, the UK planning system is highly decentralised and as a result local authorities gain no direct revenue benefit from economic development to help them accommodate the consequent pressure of demand for local services, such as leisure facilities. However, the present scope of Section 106 agreements does allow local authorities to negotiate a contribution from property developers to finance such infrastructure improvements required directly to support a development. As a result there are an increasing number of instances where the local planning system has provided for investment in sports facilities as part of a wider development. However, it is likely that the amounts that can be gained in this way will remain relatively small compared to the scale of the additional demands associated with

the core development and so areas of rapid population growth are likely to see a growing 'sports infrastructure deficit'.

4.2 Sport and Regeneration

Sport can be an important factor behind successful economic regeneration. The 1992 Barcelona Olympic Games have been widely cited as an example of how hosting a major sporting event can bring economic benefit and renewal when coupled with investment in more conventional regeneration activity. The games were regarded as the catalyst for development and renewal well beyond that required for the event itself: investment in sports infrastructure and facilities represented only 9% of total Olympic investment, of which two-thirds came from public funds and one-third from private sources. If London hosts the 2012 Olympics, this could offer the opportunity to bring about similar regeneration in the east of the city where the event would be focused.

The opportunity for sport-led regeneration is typically identifiable only in the case of the small number of events which are on a similar scale to the Barcelona Olympics. More generally, the effectiveness of sport as a tool for regeneration is still unknown. The only major study to date that has attempted to measure this aspect¹ found that there was little existing research on the regenerative potential of investment in sport, and much of the available evidence referred to estimates of the current economic value of one-off events. There was little evidence concerning the long-term economic effects of sports-led investment strategies and the economic benefits to local communities had not been extensively researched. The authors argued that alternative strategies might well deliver more effective economic regeneration.

Despite the difficulty of quantifying the contribution of sport to regeneration in small-scale projects, there are numerous examples where sport is a key part of the development. Among the larger examples of such regeneration include the Chelsea Village leisure development in London, the redevelopment of a 70-acre site between Middlesborough city centre and the recently-built Riverside Stadium, and a similar development in Derby centred on the new stadium for the city's football team.

There are a large number of small schemes that use sport as a focal point for rebuilding local communities. It is method particularly stressed in regenerating former coal-mining areas. The experience of such schemes varies but clearly there are cases where the locations have become more attractive, local property prices have increased and communities have become more active. No doubt much depends on the details of any specific scheme, and in the absence of evaluation evidence it is impossible to make general statements about the scale of benefits from such schemes.

1 Coalter, F, M Allison and J Taylor (2000), *The Role of Sport in Regenerating Deprived Urban Areas*, Scottish Executive Central Policy Unit.

5 EMERGING ISSUES

During the course of the study a number of issues arose relating to

- recent developments in sport that will need to be considered if the study is repeated in the future
- gaps in the data available

These are summarised below.

5.1 Recent Developments in Sport Funding

TV deals and National Lottery schemes are key sources of sport-related income

There have arguably been two key developments in sports funding in England over the past decade. The first is the huge increase in income that professional football clubs (and above all those in the Premiership) have enjoyed as a result of lucrative TV broadcasting deals with BSkyB, the UK's dominant pay-TV broadcaster. The English Premiership is now the wealthiest league in the world. In the most recent *Deloitte and Touche Annual Review of Football Finance*¹, Premiership clubs' annual turnover had risen to just under £1bn during the 2000/01 season. TV rights deals are now the most important source of revenue, representing 39% of Premiership income, and this proportion is expected to have increased further since the beginning of the 2001/02 season as revenues from current broadcasting deals came on stream. However, the financial position of many clubs outside the Premiership remains precarious, and these difficulties were exacerbated by the collapse of ITV Digital in March 2002, while other, less high-profile sports continue to struggle to attract significant broadcasting revenues.

The second is the introduction of the National Lottery, which increased the number of funding streams and the level of funding available to support investment in sports facilities, youth coaching and development, sports events and athletics excellence. The vast majority of National Lottery grants go to non-profit distributing clubs, local authorities and the education sector. By September 2002, the Sport England Lottery Fund had made 3,511 awards in England, totalling £1.4bn. However, people we interviewed during the study noted that both the number and value of awards have been declining in recent years.

The number of lottery-related funding streams has increased

Over the past two years the amount of lottery funds going to sport has declined as lottery ticket sales have fallen, and the downturn accelerated during 2002. Consequently, Sport England is undertaking a review of its funding.

There are now new National Lottery funding streams that sport will be able to access in the future. An example is the New Opportunities Fund (NOF), which aims to bring improvements in the provision of PE and sports facilities in communities. Finance from

¹ Deloitte and Touche Annual Review of Football Finance, 2000/01.

the NOF will be made available in 2003 and can be accessed by LEAs for modernising existing or building new facilities and initial revenue funding to support the development and promotion of the facilities for community use. Funding has been allocated to every LEA in England. In addition, other funding within NOF has been allocated to the Football Foundation and Space for Sport and Arts. Other lottery-funded schemes that can provide funding for sports facilities include the Playing Fields and Community Green Spaces programme, through which finance goes to local authorities, schools, clubs and NPD organisations.

**Use of the
planning system
to provide
facilities**

As was discussed in Chapter 4, local authorities use the planning system to require developers to provide sport and leisure facilities for new developments.

**Private Finance
Initiative
funding of
school sports
facilities**

In recent years there has been an increase in both the number and the scale of Private Finance Initiative projects (PFI). Under PFI, the private sector designs, builds, finances and maintains public and private sector buildings, including hospitals, schools, prisons, roads, light rail and waste management facilities. Since PFI was introduced in 1992, construction has been completed on approximately 500 projects worth a total of £23bn, and work is proceeding on a further 400 schemes. There have been several large PFI schools projects across England, which have resulted in the provision of higher quality schools sports facilities, even though investment in sports facilities is likely to be only a small fraction of the total budget. Although the use of PFI remains politically sensitive, the Government regards the increased use of private finance as a key tool in its attempts to boost the quality of public services. Therefore, PFI is likely to remain a key source of investment in school sports facilities and in education overall.

**Non Profit
Distributing
Organisations**

A recent development within sport is the growth in the number of non profit distributing (NPD) organisations that run and maintain facilities. These organisations are set up in such a way that any profits they make can be redirected towards the on-going maintenance or improving their facilities. In some instances the organisation may be running facilities that were formerly owned by local authorities. In other cases the organisation may have been established to run facilities that were developed as part of a local regeneration initiative. In some respects these NPD organisations share some characteristics with clubs and organisations currently identified within the traditional Voluntary sector that own their own facilities. However, the services they provide are similar to those currently provided by local authority and commercial operators of participation sports facilities. The expectation is that the relative importance of these organisations in sport at the local level will increase.

5.2 Data Gaps

While conducting the study, some clear examples of gaps in the data have emerged. Some, but by no means all, related to the emerging issues mentioned in Section 5.1. For

example, estimates of the scale of investment in sports facilities provided through planning gain are not available.

Key gaps include information on participation and government funding

The general pattern of spending on sport across the regions is generally readily identified through the range of statistics that are regularly published and readily accessible. In addition, Sport England, through its regional offices, was generally able to provide qualitative information regarding major sports suppliers in the regions and major professional sports clubs, and quantitative information on funding from the lottery and sports bodies. However, two important areas where specific data were absent were the level of sports participation and the scale of funding from the wide range of central government funding streams from non-sport-related departments that are likely to be relevant.

The absence of data on the NPD sector is a particular omission given the scale of the sector estimated through the methods adopted in this study.

Readily accessible data on some public sector funding streams

Several studies²³ have found that participation in sport can provide an activity for young people who might otherwise become involved in crime, and that sport can be an effective tool when combined with programmes which seek to address wider personal and social development. As a result, an increasing number of government schemes undertaken by non-sports departments, for example the Department for Education and Skills and the Home Office, have included a sport-related element. Through the course of the study considerable effort was made to trace sport-related spending from the various government programmes following up contacts provided by SE in central government and in regional Government Offices. However, it became apparent that the information required was not recorded in a way to identify whether or not it had a sport-related focus.

Recent developments in sports funding could lead to further data gaps

Some data issues relate specifically to the emerging issues noted above. As investment in education facilities is set to increase markedly it will be important to keep track of the funds that are being allocated to it. However, as much of the finance will be made through the PFI the task of identifying the true scale of investment in sports facilities may become more difficult, as an increasing proportion of the investment is amortized. For example, when examining future investment in schools, it is necessary to distinguish between the true capital cost of the project and any longer-term maintenance costs of projects, and to consider how much of the scheme can truly be attributed to sport.

The coverage of sport may not be comprehensive

The definition of the Commercial Sport sector is based on that which has been applied in other studies of this type⁴. In addition, some activities have been included which are clearly sport-related but which fall within economic sectors that are not 'sport-related'. The main additions in this study were motor sport and marine engineering. For example, the motor sports sector is classified within the wider motor vehicles industry. In the analysis we have had to make assumptions for the scale of such sport-related activities

2 Heal, K and G Laycock (1997) Preventing Juvenile Delinquency: The Staffordshire Experience, Crime Prevention Unit Paper 8, London, Home Office.

3 Deane, J (1998) Community Sports Initiatives - An Evaluation of UK Policy Attempts to Involve the Young Unemployed - The 1980s Action Sports Scheme, Sport in the City: Volume One.

4 Private organisations that stage spectator events financed by admission charges, commercial sports clubs and centres, sports departments of media companies and sports goods manufacturers and retailers.

that go on within industries that are not primarily sport-related. This has been achieved through secondary data, such as that provided by appropriate trade associations. It may be that in particular regions there are clusters of sport-related activity within non-sport industries that have not been identified (eg turf research) due to data limitations or the comparatively small scale of their activities.

The impact of sports tourism The number of sport-related tourists as a proportion of all tourists was based on assumptions from earlier national studies, and the composition of tourism spending was based on the assumption that patterns of spending by UK tourists and overseas tourists were homogenous across the regions. Clearly, it would be preferable to have survey evidence on which to base these assumptions.

RDAs Although RDAs are regarded as a potentially important source of funding for sports in the regions, as yet there is little available data on which to make estimates. None of the English RDAs were able to provide estimates of the level of funding that they provide for sport, or indeed of the likely role of sport within their overall strategies for their regions.

Linking with other data initiatives

Regional Cultural Data Framework The Department for Culture, Media and Sport has developed a Regional Cultural Data Framework (RCDF)⁵. It aims to build a practical tool for gathering data on the sectors broadly covered by DCMS at a regional level for use by a wide range of practitioners and as such its scope is much wider than sport. The RCDF raises two issues with respect to the inadequacy of the Standard Industrial Classification (SIC) for measuring economic activity in the 'culture industry'.

The first issue is insufficient detail in the classification, so that cultural products/industries are not distinguished from 'non-cultural' activities in a broader group (for example, the RCDF notes that data is typically not available for 74.20/1 'Architectural activities' within the broader group 74.20 'Architectural and engineering activities and related technical consultancy'). Conceptually this is a straightforward issue, and we support the conclusion that data at the 5-digit level, together with additional 5-digit categories, would improve the accuracy of measurement of the scale of sports activity.

The second issue is less straightforward, however. The Report notes that

'Designating certain products and services as 'cultural' rather than 'non-cultural', is a classificatory system based on the concept of the 'intended use' or final market of each particular product or service. The SIC, however, uses a classificatory system that is based, largely, on the industrial process utilised in the development of each product or service. It is not likely that the SIC will change in this approach...'⁶.

5 Regional Cultural Data Framework - Final Technical Report, November 2002, Department for Culture, Media and Sport & The English Regional Cultural Consortia.

6 op cit page 20.

In our view this is not so much a question of the appropriateness of the SIC method of classification, but a question of adopting the appropriate tools already available in the well-established tradition of social accounting. Products which can be identified as ‘cultural’ (or, in our more narrow focus, as ‘sport’) can be identified in the SIC. Products that fall outside of a reasonable definition of ‘cultural’, but which have been supplied in support of a cultural activity, can be identified from a classification of expenditure by function. Thus, if we know the proportion of household spending which is on, say, sports goods, we can attribute a certain proportion of retailing activity as ‘sport-related’, regardless of whether the shop is a specialised sports retail outlet or a hypermarket. This is the approach that has been followed in the present study.

The RCDF study made a number of recommendations in the area of data. In particular it recommends the establishment of a dedicated British/English ‘cultural survey’ to improve the coverage of participation in, and the social impacts of, culture. This could provide an opportunity for getting more accurate measurement of the scale and nature of activity in the voluntary and NDP sectors.

*Regional
Observatories* Regional Observatories have been established in all regions. While the precise function of the observatories may vary across the regions their common function is to collect analyse and disseminate key regional information. The observatories provide another route for disseminating the results of this study. It is unlikely that the Observatories will themselves be able to fill existing data gaps within the modelling framework as they typically provide a portal to existing data. However, over time they can provide the link to additional research in this area that can complement this study to provide a more detailed picture of the sports economy in the region.

APPENDIX A: THE MODEL FRAMEWORK

The literature review undertaken as part of the project found that the framework used by Leisure Industry Research Centre (LIRC) to assess the economic impact of sport in the UK as a whole follows the same broad approach to previous similar studies undertaken in the UK dating back to Henley Centre (1986). Furthermore, studies undertaken outside of the UK or in the field of the arts do not suggest a method that would differ fundamentally in approach, and so the LIRC framework has therefore be considered as the starting point from which to develop a model suitable for regional analysis.

Given this position, the more detailed specification of a model for regional analysis starts with a reconsideration of what would be the ideal features of the final model. This is discussed in Section A1. The preferred model framework is then set out in Section A2.

A1 Important Features of the Framework

It is important that the model developed should be appropriate to the task required. The overall objective of this project, clearly set out in the terms of reference, is to assess the overall economic impact of sport in a region. There are various dimensions to this single task, and so addressing it fully actually involves answering a number of related, but more specific, questions. In addition, it may be that any eventual model developed could provide information that would be beneficial to other areas of SE's work as the organisation has an interest in, and contributes to, the debate on a wide range of sport-related issues.

What questions might be of interest?

The main areas of interest to Sport England can be grouped under two broad headings: *How important is sport?* and *What is important to sport?*

Listed below are what we currently regard as the main questions. The list has been informed by the wide ranging discussions on the work of Sport England at the Inception meeting together with other discussions between Sport England and the study team. It would be helpful to identify now if important questions are missing from the list.

How important is sport?

Questions that could be grouped under the heading of 'how important is sport?' include:

- What is the economic impact of sport?, How large is sport-related activity in relation to the rest of the economy?, How many jobs depend on sport?
- What is the scale of involvement of the region's residents in sport?
- What do 'high-profile' sports events contribute to the economy?
- What is the scale of sport activity (spectator or participation) compared with the activity of other key parts of the 'sport economy' (eg advertising, clothing and equipment manufacturers)?
- What does sport contribute to government finances?

What is important to sport? Questions that could be grouped under the heading of ‘what is important to sport?’ include:

- What are the main sources of income to sport in the region?
- How important is public-sector funding to sport in the region?
- Does the pattern of sources of income to sport differ across the country?
- Does household spending on sport differ across the country?
- How important is ‘sport tourism’?

What indicators are required? To give an empirical answer to each of the questions listed above we require information on relevant indicators. For example, the economic impact of sport could be measured by the level of employment in sport compared to the economy as a whole, or the level of output or income that sport generates. It is these indicators that the model will need to determine estimates for. Table A1 summarises the indicators that could be appropriate measures to answer each question.

The role of the model Before specifying the model precisely it is important to be clear about the role or function it will fulfil. If data on the indicators shown in Table A1 were published and readily available, and this was the only information required, then there would be no need to develop a model. The information could be accessed from the various reference sources directly. However, past studies have shown this not to be the case. In this instance the model’s role is to use what information is available to infer plausible estimates for the indicators of interest. For example, there may not be data on the income to voluntary sports clubs, but an estimate could be inferred using data on the level of household spending on club subscriptions.

An accounting framework, not a ‘causal’ model The model therefore has two functions; to provide an accounting framework within which the separate sport-related expenditure flows are clearly identified, and to set out the rules by which estimates will be determined for the indicators that are not observed directly. In this study the model does not explain ‘causation’. For example, we would normally expect the direction of economic causation to run from, say, spending on sports activity to output and from there to employment. However, in our study we may be able to observe data on employment and use this to infer the output and spending which sustains this employment.

A2 The Proposed Model Framework

Core features The model requires a number of core features to address the range of questions listed earlier:

- 1 Direct comparison with other economic data.

Estimates of the sport-related indicators must be capable of being compared directly with official estimates for the economy as a whole or for particular parts within it.

- 2 Coverage of expenditure on, and the production of, the sports industry.

3 Analysis of the incomes and expenditures of different groups which interact with the ‘sports industry’.

These three core features are provided by adopting the conventions of national income accounting (described in detail below). We will adopt this framework and by doing so follow the broad method used in all the UK-based studies reviewed earlier.

The basic framework

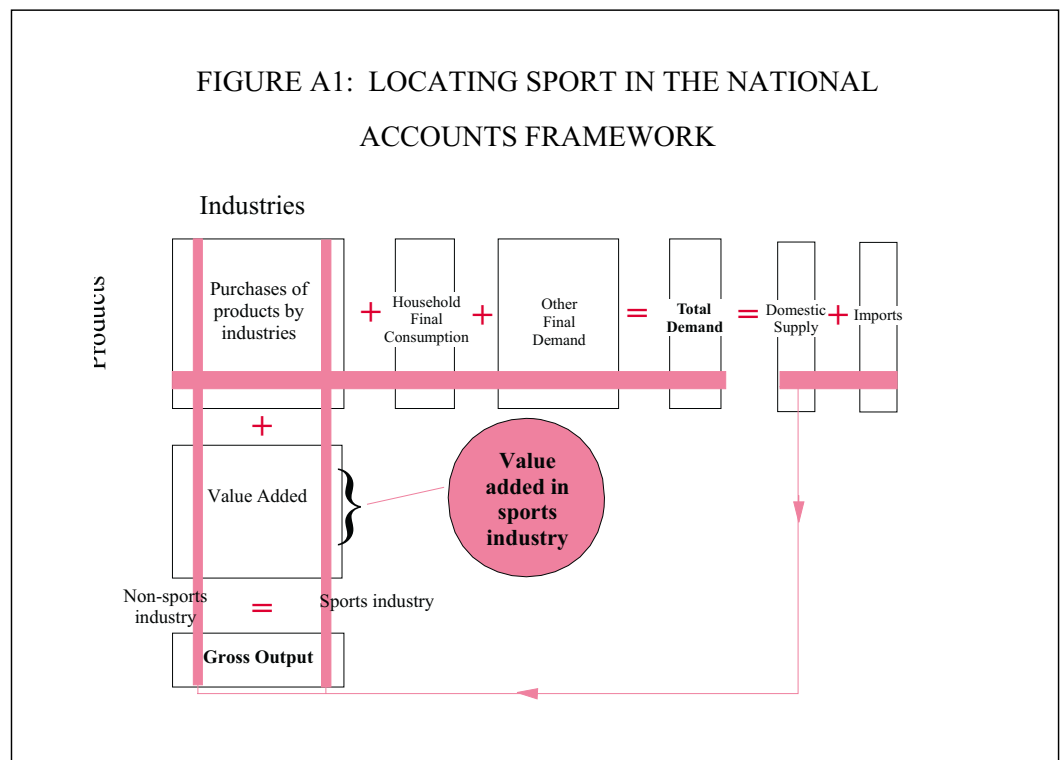
The national income accounts framework clearly identifies the separate expenditure, income and output flows in a way that avoids the risk of double-counting.

Identifying production of and spending on sport

Figure A1 is a stylised representation of the National Accounts framework that is used to identify the scale of production of and spending on particular goods and services and how sport is ‘located’ within it. The columns represent the different agents that could purchase goods and services. The rows represent the products they purchase. Goods and services are bought by industries in order that they themselves can produce output (so-called ‘intermediate demand’). Goods are also bought by households, government, for investment, and by firms or individuals from outside of the economy in question (ie exports). Finally, some of this demand will be met in the form of imports.

Considering the output from a particular industry (a column), part of this represents bought-in inputs while the rest represents the value added of production. Of this value-added, some is used to compensate the labour employed (ie wages) and the remainder (approximately profits) is distributed to the owners of capital.

Within this framework the output of sport and the level of spending on sport can be calculated by identifying the precise activities and good/services that constitute sport.



Identifying sport-related income and expenditure The framework in Figure A1 does not identify all the sports-related income and expenditure flows between economic agents. In particular it does not identify transfer payments such as grants made by local authorities to voluntary groups. Within the national accounts framework the monetary flows between different sections of the economy are identified within institutional sectoral accounts. The economy is grouped into a number of mutually exclusive institutional sectors (households, non-financial corporations, financial corporations, general government, NPISH - non-profit institutions serving households, rest of the world). Accounts are established for each institution showing receipts from, and payments to, each other institution.

There is clearly a link between the two sets of accounts. Consider the example where a household purchases admission to spectate at a domestic sports event: this transaction will be identified as a payment from the household account to the non-financial sector. It will appear in Figure A1 as an entry in households' purchase of 'spectator sport'.

Refining the existing structure While the LIRC model is seen to provide a suitable basic framework for the analysis, a number of refinements are necessary to adapt it to the purpose of regional, rather than national, analysis and to reflect recent developments in the functioning of the sports industry. These refinements involve increasing the detail of institutional sectors and specifying more detail in the sources of income and expenditure in the sectoral accounts. The rationale behind the developments are discussed below.

The concept of 'trade' Producers in a given region trade with other parts of the national economy as well as with overseas. In the context of this application to sport, tourists (ie people benefiting from the export of sports services) can be from overseas or from other regions of the UK. The distinction can be important, especially when considering the associated impact of an event on the local economy as these two types of tourist typically have very different spending characteristics.

The following refinements will be made to accommodate this distinction:

- 1 In the production accounts the 'exports' category of final demand will be separated into 'demand from rest of UK' and 'demand from overseas'.

Identifying funding streams Discussions with Sport England at the outset of the project made it clear that the number of potential sources of funding for sport has increased. This has primarily come about by recognition by government departments that sport impacts widely on different aspects of life and society, and also from the changing structure of government. Issues relating to funding feature prominently in the range of questions of potential interest above.

The following refinements will be made to allow a more detailed treatment of funding streams:

- 2 Provide greater detail of the source of funding to particular institutions.

In addition to providing greater detail, this approach is designed also to make the collection and processing of data for the regions more straightforward and transparent. It is possible that different regions will vary in their sources of government funding in particular. For a national study, it may only be important to have an estimate for 'total government funding' which may be obtainable. However, in a regional study a better estimate of overall funding is likely to come

from a bottom-up analysis of individual streams rather than a ‘top-down’ allocation of a national overall total. That said, an overall total for the region may be available.

3 Introduce an Regional Development Agency (RDA) institutional sector.

Although it may currently be the case that RDA funding of sport is relatively small, this may increase in the future. It is a relatively minor refinement to introduce an RDA institutional sector and this will build in detail that may well prove important for a subsequent updating of the model.

Identifying sub-divisions of the sports industry

In previous studies the sports industry (the commercial sports institutional sector) has included a wide breadth of activities¹. These activities could be grouped under the following headings: participation sports, media distribution and ‘suppliers to sport’. By distinguishing these groupings within the overall commercial sport sector, we should be able to identify important differences across regions and enhance understanding of the role of sport in the region.

We therefore propose the following:

4 Provide income, expenditure and production data for sub-groupings within the overall commercial sport (CS) sector.

In practice this may just be a matter of formalising a distinction that is already implicit within the sector accounts, because there are probably few occasions where one source of expenditure is received by more than one type of CS activity. For example, household spending on admission fees to a sporting event would accrue as income to the participation sports within the CS sector while spending on subscription sports channels on television would accrue to the media distribution section.

Other issues to consider

Discussions with Sport England representatives through the course of the project identified a number of issues and trends within the sports industry that needed to be considered when developing the model framework.

Use of private sector to manage LA-owned sports facilities

In some regions local authorities are making increasing use of private sector companies to manage the facilities. The issue of the model framework is to ensure that the total level of income and expenditure attributed to these facilities is correctly estimated and that it is then being attributed to the correct institution, either the Local Authority or Commercial sport.

Increase in facilities run by NPD groups

There are an increasing number of sports facilities being owned and run by non-profit-distributing (NPD) organisations. In some cases these groups are running facilities that were previously owned by local authorities. In others the organisations have purchased development sites and established new facilities funded by grants. The

¹ For example in CASS(1995) it is defined as private sports clubs and organisations charging admissions fees, the sports media, sports retailers, sports goods manufacturers and wholesalers and sports education in independent schools.

key feature of these operators is that the profits that they generate are diverted back into the development and improvement of the facilities.

*Investment through
planning gain*

It is possible for the planning system to be used to secure investment in a range of local community facilities, including sports facilities. The investment can come through a number of routes, including being planned within large new housing developments or by developers giving funds to local groups to determine which community facilities should be developed.

**The proposed
model**

*The institutional
sectors*

The institutional sectors among which sports-related financial flows are identified are:

- Household sector
- Commercial sport, within which key elements include
 - Spectator sports
 - Participation sports
 - Sport-related manufacturers
 - Sport-related retailing
 - Sport-related media
- Voluntary sector (in practice this will include the activities of both ‘traditional’ clubs and the emerging non-profit distributing organisations)
- Commercial non-sport
- Central government
- Local government
- RDAs
- Rest of UK (ie outside of region)
- Outside UK

**Identifying the
parameters of
sport**

With the broad framework of the institutional sectors determined, it is necessary to define the boundaries of the sports industry within which the financial flows between and within the separate institutions will be identified.

*Defining spending
on sport-related
goods and services*

The analysis requires a clear definition of what comprise sport-related goods and services. We propose to follow the definition used in previous studies in the UK. This takes as its core the definition of sport in Council of Europe (1976) and considers expenditure directly associated with it. Sport is therefore defined as:

- competitive games and sports
- outdoor pursuits in which participants seek to negotiate a terrain
- aesthetic movement

- conditioning activity or exercises undertaken to improve well-being

Expenditure directly related to sport, rather than just being incidental, or non-essential, includes that on

- club subscriptions and admission fees
- sports clothing and equipment
- sports computer/video games
- sports magazines and books
- sports-based holidays
- football pools, horse race betting and other sport-related betting (eg spreadbetting)

Defining the sports industry

The definition of the commercial sports industry used in previous studies has been reviewed and still seems to be appropriate. It comprises

- private sports clubs and organisations charging admission fees
- retailers of sports goods
- wholesalers of sports goods
- manufacturers of sports goods
- sports media

The Standard Industrial Classification (SIC) is the basis by which economic data are collected on an industry basis, though the degree of industrial detail varies depending on the indicators in question. The SIC does provide sufficient detail to identify some areas of the sports industry precisely, for example it identifies the activities of operating sports arenas and stadia separately from other sporting activities (which includes football clubs, activities related to the promotion and production of sporting events, activities of racing stables, hunting for sport or recreation). However, elsewhere the detail is not sufficiently precise: it identifies the activities of manufacturing or retailing clothing, say, but not sports-related clothing in particular.

Developing a 'flexible' model

The model framework provides an explanation for sport-related expenditure flows in a given year for which data are available. Given the lag in the publication of data (at the start of this project the most recent year for which data were readily available was 2000) there have been a number of recent developments in the industry that need to be provided for in order to ensure that the model does not become immediately obsolete, particularly in the area of potential funding streams.

Similarly, it was the case that information on some financial flows seen by Sport England and others as being important to sport were neither directly available nor readily estimated from other sources. These data gaps have been highlighted in this study and recommendations made as to how they can be addressed in the future. The model framework has been constructed to accommodate these data when/if they become available.

APPENDIX B: DATA ANALYSIS

B1 Introduction

The sources and methods by which the data on the key sport-related income and expenditure flows that populate the model framework (discussed in Appendix A) are constructed are set out below. In some instances the necessary data are readily available from central government or other statistical bodies, and therefore likely to be updated regularly. Other data used are provided by private companies, such as market research organisations or trade associations and as such may not be updated as regularly.

The data sources used are listed in Section B2. Sections B3-B11 sets out the method by which the estimates for the main elements of sport-related income and expenditure are determined for each institution.

B2 Data Sources

The sources of data used in the model include

- Family Spending, ONS
- Regional Trends, ONS
- Regional population by age (ONS)
- Annual Business Inquiry, ONS
- New Earnings Survey, ONS
- Regional Accounts, ONS
- Regional tourism statistics, UK Tourism liaison group
- Leisure and Recreation Statistics, CIPFA
- Annual Accounts, Sport England
- Various government departmental reports
- Public Expenditure Statistical Analysis 2002-03, HM Treasury, 2002
- General Household Survey, 1996 (enhanced survey to include questions specific to sport)
- The Lifestyle Book 2002 (WARC)

The model also uses a number of assumptions. Where no appropriate data are available to guide their value, the model has applied values used in previous studies of this type¹.

¹ The main reference was LIRC, 1998.

B3 Households

Expenditure

Admissions to sports events Data are published for the spending on admissions to sports events in the UK as a whole but similar data are not directly available for the regions. The data for the regional breakdown are estimated from the UK data according to the region's share of overall spending in the most appropriate category for which data are available from the FES, namely sports admissions and subscriptions. This spending flows to the region's Commercial Sport sector, Central Government (VAT receipts) and the Rest of the UK (attending events outside the region)².

Subscriptions and fees Similarly, estimates of spending on subscriptions and fees in the region are calculated from the estimates for the UK as a whole according to the region's share of overall spending on sports admissions and subscriptions.

This spending accrues to Local Government (use of LA sports centres), Central Government (tax), Commercial Sport in the region (eg season tickets, private gymnasiums) and the Voluntary (VOL) sector (eg local sports clubs). An estimate of spending on local authority sports facilities is available from *Leisure and Recreation Statistics*. The estimate for the proportion of spending on this category going to the VOL sector is calculated as detailed in Section B6 below³.

Sports goods and equipment Data are not directly available on the level of spending in a region on sports goods and equipment. Instead, data are available from the Family Expenditure Survey (FES) for spending on clothing and footwear (which includes that which is sport-related) and sports & camping equipment. An estimate for the scale of the sports goods and equipment market in the UK is available from Mintel. A particular region's share of this overall market is estimated according to its share of overall UK spending on the most appropriate category of data in the FES. In the case of sports clothing, the FES category *outwear clothing* is used, for sports footwear the FES category is *footwear* and for sports equipment it is *sports and camping equipment*.

The institutions that benefit from this spending are Central Government (through taxes), the local Commercial Sports sector (eg retailing), the Overseas sector (imports of goods being sold) and the Rest of UK (domestically produced goods that are sold⁴).

It is assumed that the proportion of goods to be imported into the region from overseas is the same as for the UK as a whole.

Skiing holidays The estimate for the UK market (ie spending) for skiing holidays, based on market research surveys, is allocated to the regions according to the estimate for spending on

2 We have followed the simplifying assumption in LIRC 1998 that none of this spending accrues to Overseas.

3 This method may include some double-counting, to the extent that LA income (identified in Leisure and Recreation Statistics) comes from the VOL sector hiring the facilities.

4 For simplicity the extent to which the goods sold may be made in the same region is not considered. It is assumed that locally-produced goods are sent to a national pool, from where they are directed to the retail sector. All the goods sold therefore are sourced either from the 'Rest of UK' or 'Overseas'. The income to sports goods manufactures in the region is discussed in Section B4 below.

overseas holidays. The spending accrues to Central Government (tax), the region's Commercial Non-Sport sector (travel agents) and Overseas.

TV licence and subscriptions An estimate for that part of the television licence that is sport-related is calculated from the total spend on TV licence according to the share of sport-related TV and radio production in total output. A similar estimate for the sport-related element of satellite/cable subscriptions is made separately.

The licence/subscription spending accrues to Central Government (VAT), Commercial sport (media) and the Rest of the UK (where the media bodies are located outside of the region).

Computer games Total UK spending on computer and video games is provide by the FES, of which only a fraction is associated with sport-related games. A region's share of this total spending is assumed to reflect the relative level of spending on a wider category of goods, namely all TV, video computers and audio equipment.

Gambling Estimates for regional spending on the pools, on-course betting, off-course betting and gaming are derived from UK data according to the data from the FES on all *gambling payments*. The spending accrues to Central Government (taxes) and Commercial Non-Sport (eg local race bookmakers) and Rest of UK (eg pools operators).

Income

Wages and salaries Wages and salaries are received from the sport-related activities of the other institutions. The methods by which they are estimated are described in Sections B4-B11 below.

B4 Commercial Sport

Income

Spectator sports

Admissions/subscriptions Spectator sports receive admissions income from the region's households, households in the Rest of the UK and from Overseas. They also receive subscription income from households in the region. Total spending on admissions by households in the region is estimated as detailed in Section B3. Not all spending necessarily occurs in the region where the household lives (eg watching teams' away fixtures, attending high-profile events in other regions). Total UK spending on admissions that occur in a region other than where the household is resident is calculated as a proportion of total household admissions spending. The region's share of this total is assumed to be based on the size of its spectator sports industry⁵.

⁵ Proxied by employment in Sporting activities (assuming that there are no issues of confidentiality attached to the data for any region).

Admissions income from Overseas is estimated as a percentage of total spending by overseas tourists in the region on entertainment and related expenditure. We maintain the assumption used in LIRC98 that 10% of such spending is sport-related.

- Sponsorship* An estimate of sports-related sponsorship in the UK as a whole is available from published market research. The proportion of this accruing to a region is assumed to reflect the size of its spectator sports industry.
- Advertising* Income from advertising is estimated to be a fixed percentage of total income from other sources.
- Corporate entertainment* Income from corporate entertainment is estimated to be a fixed percentage of admissions income. It is assumed to come from the Rest of UK⁶.
- Other income* Income from areas such as horseracing betting levy, rights to top football league matches and the Football Trust are estimated from published national totals according to the relative size of the spectator sports industry.
- Participation sports: - subscriptions and fees* Income to participation sports from income and fees are estimated as described in Section B3 above.
- Retailing* Income to retailing from the sale of sports goods and equipment are estimated as described in Section B3 above.
- Other clusters of activity*
- Sports goods and equipment manufacturers* Data are insufficiently detailed to identify manufactures of sports goods separately from that of, say, other areas of textiles. The income to sports goods manufacturers in the region is estimated from the income to the sector in the UK as a whole according to the region's share of employment in a relevant (typically broader) industry. Total income to UK manufacturers of sports goods and equipment is calculated from the level of sales in the UK and assumptions for the level of imports (as a share of total demand) and for the level of exports (as a share of UK production). The trade assumptions are derived from data for the appropriate industry from the UK Input-output tables. The estimate of income to sports clothing and footwear manufacturers is calculated from the UK total according to employment in the wider clothing & footwear industry (SIC 1810-1830, 1930) and for sports goods it is the manufacture of sports goods, games and toys (SIC 3640-3650)⁷.

6 This is a simplifying assumption, equivalent to that used for the supply of sports goods described above.

7 Note that confidentiality of data in these categories for some regions may mean that the precise industry used when all the regional applications are completed differs from that identified here.

- Motor sport* Estimates for the turnover of and employment in UK motor sport engineering is available from the MotorSport Industry Association. The regional allocation of this is made by assumption, based on information provided by RDAs.
- Marine engineering* The turnover of firms in marine engineering in the UK as a whole is calculated as an assumed percentage of that in the wider industry of boatbuilding of pleasure/sporting craft. A region's share of this national total is calculated according to its share of employment in the boatbuilding of pleasure/sporting craft industry.
- Horseracing* Turnover from horseracing stables is calculated from data on the level of employment in these activities in the region provided by the British Horseracing Board (BHB) using an estimate of turnover per worker for sports activities (excluding operations of sporting areas) for the UK.
- Media* Sport-related income to TV media in the region is estimated from the total sport-related TV income in the UK according to the region's share of employment in the industry⁸.

Expenditure

- Wages* The total wage bill paid to people employed in the various sub-sectors within commercial sport are estimated as a (varying) percentage of income. In the case of spectator sports the ratio of wages and salaries to income for all football league clubs is used, for participation clubs it is the ratio used in LIRC. That for sports-goods retailers and manufacturers is determined from data from the Annual Business Inquiry (ABI) for the appropriate industry.
- Other inputs* Other inputs purchased by the groups within commercial sport are estimated as the difference between total income less wages and profits. Profits are calculated as a percentage of total income. Profits to spectator sports are determined by the ratio of profits to income of professional football clubs⁹. That for participation sports, retailing and manufacturers of sports goods is derived from the UK Input-Output tables for the appropriate industry.
- Investment* A similar approach is adopted for producing separate estimates are made for the level of investment by each of the sub-groupings within Commercial Sport: namely calculating it as an appropriate share of value-added by that group. For example, in the case of commercial and participation sports this share is assumed be the same as for miscellaneous (leisure-related) services in the UK as a whole, while that for sport-related retailing is assumed to be that for retailing as a whole.

8 This may overstate the income to the regions other than London as, for example, both BBC and ITV sport production operations are primarily located in London.

9 This is thought to be more appropriate than the average for the whole of recreational, cultural and sporting activities available from the UK Input Output tables.

B5 Commercial Non-Sport

Income

- Sales of current inputs to other sectors* The sales of inputs to the sports-related activities of the other sectors are assumed to be a given percentage of the total level of inputs to production. The remaining inputs will be sourced from Rest of UK or Overseas.
- Elements of household spending* The method for estimating sports-related spending by households accruing to the CNS sector is detailed in Section B3.
- Sales of inputs to other institutions* The methods for estimating these income streams are detailed in Section B4 and Sections B6-9.
- Income from sports tourism* The spending by overseas and UK-based long-stay tourists on food & accommodation is calculated from assumptions on the number of sport-related tourists and the profile of spending for each of the two groups. Spending on attending/participating in sports activities accrues to the Commercial Sport and Voluntary sectors.

Expenditure

- Wages* Total wages received by households are estimated as the sum of wages accruing to sports-related staff in the region's HEIs (higher education institutions) and wages to the rest of the Commercial Non Sport (CNS) sector. The average wage rate of people employed in HEI is taken from the New Earnings Survey. The average wage rate in the rest of CNS is calculated from the average wage to total income, or turnover, ratio for the region as a whole.
- Local taxes* Rates accruing to the local authority are estimated as an assumed percentage of value-added, based on the average for the UK economy as a whole.
- Sponsorship* The value of UK sports sponsorship is published by Mintel. The amount of this that is assumed to come from the CNS in the region is assumed to reflect the size of the regional economy. An assumed proportion goes to the region's Voluntary sector. The remainder is treated as if going to a national 'pool' of sponsorship from where it is directed to the CS sectors across the regions.
- Advertising* The UK total for sports-related advertising is estimated as a percentage of UK sports sponsorship. The proportion coming from the region is assumed to reflect the size of the regional economy (as in the case for spending on sponsorship). It is assumed that this goes into a national 'pool' of sponsorship from which it is received by the CS sector in different regions.
- Corporate entertainment* The UK total for corporate entertainment is estimated as a percentage of UK sports sponsorship. The proportion coming from the region is assumed to reflect the size of its

economy. It is assumed that this goes into a national ‘pool’ of sponsorship from which it is received by the CS sector in different regions.

B6 Voluntary (VOL) Sector

This sector includes the operations of both the ‘traditional’ non-profit making sports clubs which may or may not own their own facilities and those organisations that run facilities which are able to redirect all profits that are made back into their operations. This latter group is becoming increasingly important in some areas of the country¹⁰.

It is generally the case that there is little in the way of timely or comprehensive information available on the scale and characteristics of participation in sport or on the level of spending such activities generate. In previous studies of this nature information about voluntary clubs has been gathered through bespoke surveys. This approach was not possible within the resources for this study, and would have implications for the ease with which the study can be replicated at a later date. Nevertheless, the study has set out a framework which can utilise such data should it be collected at a later date.

Income

Subscription income Income from households is determined by estimating the number of people participating in different types of voluntary sports clubs and making an assessment for their average level of (weekly) spend.

In the absence of more recent data, the overall rate of participation in the region in 2000 is calculated using the estimate from the GHS (1996)¹¹. The number of participants in different types of sports clubs is informed by national data from the BMRB Target Group Index. Average rates of spending are by assumption, informed by the results of previous studies suitably scaled to adjust for inflation.

This estimate of income can be compared to household spending on subscriptions to ensure it is the correct order of magnitude. For example, LIRC 1998 assumes that 66% of household spending on participation and fees accrues to the VOL sector.

Sponsorship and advertising Sponsorship and advertising income is assumed to come from the CNS sector within the region as detailed in Section B5 above. In the absence of local data, the method applies the share of total sponsorship accruing to the voluntary sector used in LIRC 1998 (29%).

Other factor income The VOL sector generate income from a number of other sources, primarily bar income and raffles, lotteries and similar fund-raising initiatives. Income from these sources is estimated as a fixed proportion of income from admissions and subscriptions and is based on the findings from previous studies. For example, the previous study of sport in Wales¹² reported bar receipts to be 2.53 times the size of income from admissions and subscriptions, and income from other sources roughly 0.5 times.

¹⁰ However, this element are not thought to have been that large in 2000, the year of the analysis.

¹¹ Analysed by Sport England.

Other income The VOL sector receive grant income from various sources, including local authorities, the lottery and various sports bodies, which are typically provided to part-finance capital projects. Where the end result of the project is a facility that can also have a non-sporting function (for example, club-houses can also function as community halls) then there may be other more general development funding that can be utilised (eg Single Regeneration Budget).

Discussion with Sport England (SE) regional offices indicated that the primary funding streams to consider were the various lottery-funded schemes and SRB¹³. Data on lottery funding came from Sport England Annual Report 2000-2001, Part 2 Lottery Statistics while that on SRB-related funding was sought from the regional SE offices and appropriate RDA. However, generally the data were not provided (see B9 below).

Expenditure

Wages The VOL sector are employers, although the scale of this is small compared to the amount of time individuals devote on a non-paid basis. The overall wage bill for the sector is assumed to be a fixed proportion of the overall money income. In previous studies the factor was reported to be around 20% (range varied from 10% in Bracknell, 1989 to 26% in Wirral 1989).

Ground hire Ground hire is paid to both the Local Authority and Commercial Non-Sport sectors. That paid to LAs is assumed to be a proportion of the fees paid by households to LAs for using the facilities. In LIRC 1998 this proportion was set at 14%, the ratio between fees and charges. The value of ground hire to CNS is as a percentage of that paid to LAs. In LIRC this was set at 100%. Both figures are used in this study in the absence of additional information.

Equipment This is calculated by assumption for what it would represent as a percentage of household spending on sports equipment. In LIRC 1998 a value of 0.006% was used, and this is applied as no additional information is available.

Bar purchases This is calculated from an assumption for the level as a percentage of bar receipts (LIRC uses 70%).

Rates This is assumed to be a given percentage of rates received by commercial sport (LIRC assumes 87%).

Other Calculated as the difference between the total income to CNS from VOL sector (see Section B5) and ground hire payable by VOL to CNS.

12 The Economic Impact of Sport in Wales, Centre for Advanced Studies in the Social Studies, University of Wales College Cardiff, 1995.

13 This is administered by the RDA's, who are moving to 'single-pot' funding. As such in future the possible funding stream will be more general.

Capital expenditure The level of capital expenditure is assumed to be at a level of twice the level of capital grants received, reflecting the position that often such grants are to be accompanied by matched funding.

B7 Central Government

We identify within this sector those flows to/from all central government and not just those functions that are sited in the region. For example, estimates of taxes on spending and income are identified within this sector although in practice these flows accrue to the Treasury, a body outside of all regions (except London).

Income Central Government receives taxation income from the income earned by those employed in sport-related jobs and on the goods and services bought in by these other sectors of the sports industry.

Expenditure

Grant aid The regional offices of Sport England (a government agency) receive funding from the Treasury. This funding is spent on particular sports projects within the LA or VOL sectors in the region.

Central Government also provides funds for broad economic regeneration programmes. For example, RDAs administer the Single Regeneration Budget (SRB). A proportion of these funds may be spent on sports-related facilities. Information on the level of this spending is sought from the appropriate RDA (see Section B9 below).

Non-lottery grants Central government also provides other funding that is more focused on particular sports. The largest such scheme is probably the Football Trust. The proportion of the overall grant estimated to accrue to the Commercial Sport sector in the region is assumed to reflect the size of the Sports activities sector in the region.

Spending by Sport England regional offices The only operations within the region identified within this sector is that of Sport England. Data on wages, the level of employment and expenditure on other inputs have been provided by Sport England directly.

Investment It is possible that sport-related investment may be made by either Sport England itself (the capital spending linked to the funding streams it administers eg lottery, is identified as a source of investment by the recipient sector) or directly by central government. The latter would only be likely in the case of a major sport-related investment (such as that necessary to stage the Olympic Games). Assumptions for this expenditure are input directly¹⁴.

¹⁴ Enquiries for this data were made when applying the model to the English regions, but no estimates were provided.

B8 Local Government

Income

- Fees from local authority sports facilities* The overall estimate of income to the LA sector from admissions etc to its sports facilities is estimated from the data published by CIPFA in *Leisure and Recreation Statistics*. The published data are adjusted to allow for a proportion of the income that does not come from admission charges¹⁵. The estimate of fee income is apportioned as to whether it derives from either Households or the VOL sector.
- Sale of equipment* The LA sector receives a small amount of income from the sale of sports equipment at their sports facilities. The method used is described in Section B3.
- Ground Hire* The LA sector receives income from hiring sports grounds to the VOL sector. The method for estimating this is flow is described in Section B6.
- Grants* The LA sector may receive grant income from a number of sources, which can include Sport England, lottery-based funding, other central government programmes (eg urban development) and specific sources for individual sports. The largest 'grant' is that from central government that supports the costs of LA services, including staff costs.
- Local taxation* The local authority sector receives taxation income (business rates) from the activities from commercial sport, the VOL sector and from commercial non-sport¹⁶.
- The method of estimating these income flows is described in Sections B4, 5 and 6 above.

Expenditure

- Total expenditure on leisure and recreation services* Data on the total expenditure by LAs on various leisure and recreation services are published by CIPFA in *Leisure and Recreation Statistics*. These estimates include the net cost to the authority of any facilities operated by other contractors.
- Wages* The sector includes those employed in LA sports facilities and those in (secondary) education whose function is primarily sports-related. The wages of the staff at LA sports facilities are estimated to be a proportion of total expenditure on leisure and recreation.
- The wages of those within education are calculated as a proportion of total LA spending on education. Total spending in the region on secondary education is estimated from total current education expenditure on secondary education according to the region's share of identifiable regional expenditure on education. The ratio of wages to total income is calculated from the UK I-O tables.
- Other inputs* The level of spending on non-wage inputs to LA sports facilities is calculated as the difference between total expenditure on LA sports facilities and its wage bill.

¹⁵ For example, income from catering activities is included in the published income estimate.

¹⁶ We identify that part of the rates paid by CNS that can be 'attributed' to the scale of their sport-related activities.

Grants Estimates of grants provided by LAs to sport and recreation activities are published by CIPFA in *Leisure and Recreation Statistics*.

Capital expenditure Investment by local authorities in their facilities is estimated from the level of grant income received (see above) and an estimate for per-capita investment by LAs in sport-related facilities nationally.

B9 Regional Development Agencies

Income Regional Development Agencies (RDAs) do not receive income from sports-related activities.

Expenditure

Development programmes The RDAs have a number of roles. These include administering a series of government regeneration schemes, such as the Single Regeneration Budget as well as developing its own actions and initiatives to support the region's economy. While none of the regeneration programmes managed by the RDAs have a focus on sport, in some instances the grants are used to help in the development of sports infrastructure where it can have a more wider use (eg community centres being designed to allow sports to be used as a location for sport, or fulfilling the part-time role of clubhouse). The current importance of these streams, as a source of funding for sport was highlighted by a number of regional Sport England offices and it was stressed that the source may become more important in the future as the RDAs are given greater flexibility in their spending with the move to a 'single pot' approach to funding. However, in applying the model to the English regions our approaches to RDAs and others did not provide estimates the scale of sport-related funding. While this may be a true reflection on the use of the funds, it may instead be a reflection that the necessary information on the destination of funds is not collected.

While no data were forthcoming at this time the model framework allows for the possibility that it will be available in the future.

B10 Rest of UK

Expenditure

Admissions The level of spending by UK residents from outside the region on spectator sports in the region is estimated to be a proportion of that by the region's residents. At international sporting events the proportion of spectators from attending from outside the region can be as high as 50%. However, the level of attendance for spectator sports overall will probably be strongly influenced by the regular professional sports events (eg football, and less so rugby). At these events, perhaps 5-10% of those attending are supporters of the 'visiting' team.

Sports tourism The spending by long-stay tourists from elsewhere in the UK is discussed in Sections B4 and B5 above.

Income

Inputs to commercial sport and commercial non-sport Part of the inputs commercial sport and commercial non-sport need to operate will come from elsewhere in the UK. The calculation of this is discussed in Sections B4 and B5 above.

B11 Overseas

Expenditure

Admissions The method used to estimate the income to CS in the region from overseas tourists spending on admissions is detailed in Section B4.

Exports of sports goods The method used to estimate the income to CS in the region from the export of sports goods is detailed in Section B4.

Income

Imports of sports goods The method used to estimate the flow of sports goods into the region from overseas is described in Section B4.

Imports of inputs to commercial sport and commercial non-sport The methods used to identify the flow of goods and services used by commercial sport and commercial non-sport sourced from overseas are detailed in Sections B4 and B5 respectively.

B12 Other Variables

Value-added The level of value-added from each sector that is sport-related is calculated from the wages and estimates of surplus (ie profit) for each sector.

Employment The number of people estimated to be employed in each sector of the economy as a result of sport is calculated from the total wage bill according to an appropriate level of average earnings. The assumptions for average earnings are taken from the New Earnings Survey. Data for the UK are available at greater industrial disaggregation than for the regions and this more detailed UK data is used to adjusted the available regional data to more closely reflect the characteristics of the particular industry in question.