

Economic Importance of Sport Yorkshire Summary 2003



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Sport England Collaborating Centre for Sport and the Economy

Introduction

This report is part of Sport England's ongoing commitment to build the evidence of the economic value of sport. The research has been carried out by The Sport Industry Research Centre (SIRC) at Sheffield Hallam University, which has been established as the 'Sport and the Economy' Collaborating Centre for 2005-8. The economic value of sport has been assessed across England as a whole and separately for each region in England. This report provides a summary of the economic importance of sport to the Yorkshire and Humber region in 2003. Selected comparisons have been made with previous research to illustrate the change in the value of sport to the Yorkshire and Humber economy.

Methodology

The methodology employed in this report is based on national income accounting¹ and the income and expenditure flows between sub-sectors of the economy, namely:

- **Consumers** – including the personal or household sector.
- **Commercial Sport** – including, spectator sport clubs, sports good manufacturers and retailers.
- **Commercial Non-Sport** – including suppliers for the production of sport-related goods and services.
- **Voluntary** – including non-profit making sport organisations such as amateur clubs run by their participants.
- **Local Government** – including income from local government sport facilities, sport related grants from the Central government and rates from the commercial and voluntary sector.
- **Central Government** – including taxes, grants and wages on sport related activities.
- **Outside the Area sector** – including transactions with economies outside the region.

¹ The basic principle is that there is accounting equality between total output, total income and total expenditure. The most common definitions of total output in the economy as a whole are the Gross Domestic Product (GDP) and Gross Value Added (GVA). GDP is obtained by valuing outputs of goods and services at market prices and then aggregating. Note that all intermediate goods are excluded and no adjustment is made for indirect taxes and subsidies. GVA (based on wages and profits) is the difference between total income and the cost of inputs used in the production process (raw materials and services). Alternatively it can be expressed as: $GVA = GDP - \text{taxes on products} + \text{subsidies on products}$. GVA shows the contribution of the sports sector to the economy as a whole.

The 'double entry' accounting principle is applied, so every expenditure flow from say the commercial non-sport sector to the commercial sport sector has a corresponding income flow in the commercial sport sector accounts. The income and expenditure accounts are then used to derive estimates for the following economic indicators of the sport economy.

- Consumer expenditure on sport
- Gross Value Added by sport
- Sport related employment

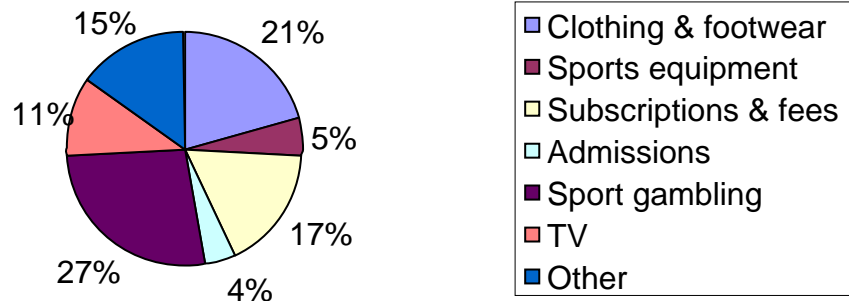
Results

	2000	2003
Consumer expenditure on sport (£million)	1156.0	1265.9
percentage of Yorkshire and the Humber total	2.3	2.4
national average (England)	2.3	2.4
Gross Value Added by sport (£million)	940	1,197.9
percentage of Yorkshire and the Humber total	1.6	1.7
national average (England)	1.5	1.7
Sport related employment (thousands)	41.7	43.4
percentage of Yorkshire and the Humber total	1.8	1.9
national average (England)	1.7	1.8

The estimates for the economic importance of sport in the Yorkshire and Humber indicate that:

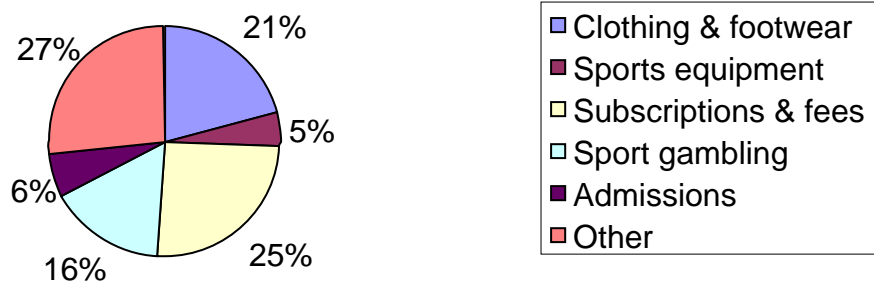
- Consumer expenditure on sport in 2003 was £1,266 million, or 2.4% of total consumer expenditure. Gambling represents the largest area of consumer spending on sport (£344 million, 27%) in the region. The abolition of gaming tax has considerably expanded the size of gambling within the sport market.

Sports Consumer Expenditure in the Yorkshire and the Humber Region, 2003



- The other major categories of expenditure are sport clothing and footwear (£264 million, 21%) and participation subscriptions and fees (£215 million, 17%). The role of sport in creating output and employment in the commercial non-sport sector is illustrated by the sports-related spending on TV and related subscriptions - accounting for nearly 11% of the market.

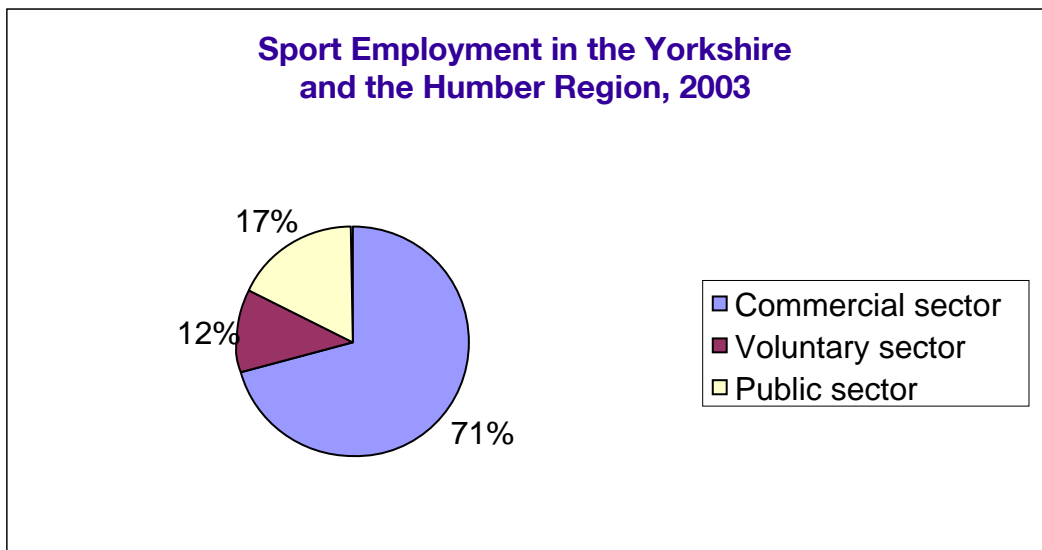
Sports Consumer Expenditure in the Yorkshire and the Humber Region, 2000



- Value added to the Yorkshire and Humber economy in 2003 by sport-related economic activity was £1,198 million, or 1.7% of the regional GDP. The majority of this economic activity (£614 million, 51%) is generated by the commercial non-sport sector. The next largest sector is commercial sport (£264 million, 22%), with over

three-quarters of the valued added in this sector being attributable to spectator clubs and retailing. The latter includes sport-related clothing and footwear, equipment and publications. A significant minority of sport-related economic activity in the region can be attributable to the voluntary (15%) and public (12%) sectors.

- Employment in sport was c. 43,000 in 2003, or 1.9% of total regional employment in that year. The relative share of employment generated within each sector is broadly consistent with their share of value added to the region's economy.



- Sport has grown in economic importance between 2000 and 2003, accounting for a higher share of consumer expenditure (+0.1%), regional product (+0.1%) and jobs (+0.1%). The relative proportions of sport-related value added and employment (out of total value added and employment) in the region compare favourably with the national averages for England. The proportion of consumer spending on sport is in line with English average.
- The sport economy in the region is driven by sport-related investment aiming at urban regeneration. Large sport projects have the potential to make the region a sport participation and sport tourism hub of international significance.
- The majority of income within sport is generated by the commercial non-sport sector, accounting for £799 million. This is followed by the consumer sector (£607 million) and the commercial sport sector (£569 million). On the expenditure side, by far the

most important category is the consumer sector accounting for £1,266 million of expenditure.

Table 2: Sport-Related Income and Expenditure Flows, 2003

	Income £m	Expenditure £m
Consumer	607.3	1,265.9
Commercial sport	568.8	528.3
of which:		
Spectator sports	87.1	81.56*
Participation sports	20.2	19.2*
Retailing	338.3	292.4*
Voluntary	276.5	191.8
Commercial non-sport	798.8	779.3
Central government	499.4	117.2
Local government	206.8	233.4
Outside the area	286.0	82.7
* Current factor expenditure (wages, other inputs)		