# Economic Value of Sport Yorkshire & the Humber 2003-2008

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Sport Industry Research Centre

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# Contents

# Definitions

## 1. National Income Accounting

The concepts of National Income Accounting were developed for macro-economic analysis in the 1930s and 1940s. 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). For example, assume that the total output in a factory producing football boots is £100m. This is equivalent to the income generated as wages (say £60m) as profits (say £10m) and as flow to the companies, selling inputs (£30m) required in the production. In this example, GVA is the sum of wages and profits. Further, total income will also be identical to total expenditure because output that is not sold in the current financial year is treated as investment expenditure.

## 2. Gross Value Added (GVA)

GVA is the difference between total output (based on wages and profits) and the cost of inputs used in the production process (raw materials and services). Alternatively it can be expressed as:

GVA = GDP - taxes on products + subsidies on products.

GVA shows the contribution of the sports sector to the economy as a whole.

## 3. Sport

We follow the definition employed in the publication Sport Market Forecasts[1]. Sport is divided into the following sectors: Sport clothing and footwear, Sport equipment, Health and fitness, other participant sports, Boats, Spectator sports, Sport gambling, Sport TV and video, Sport related publications and sport related travel.

## 4. Employment

This is full time equivalent (FTE) jobs. In this case two half-time jobs are measured as one full time equivalent.

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[1] *Sport Market Forecasts 2009-2013*, Sport Industry Research Centre (SIRC), 2009

## Executive Summary

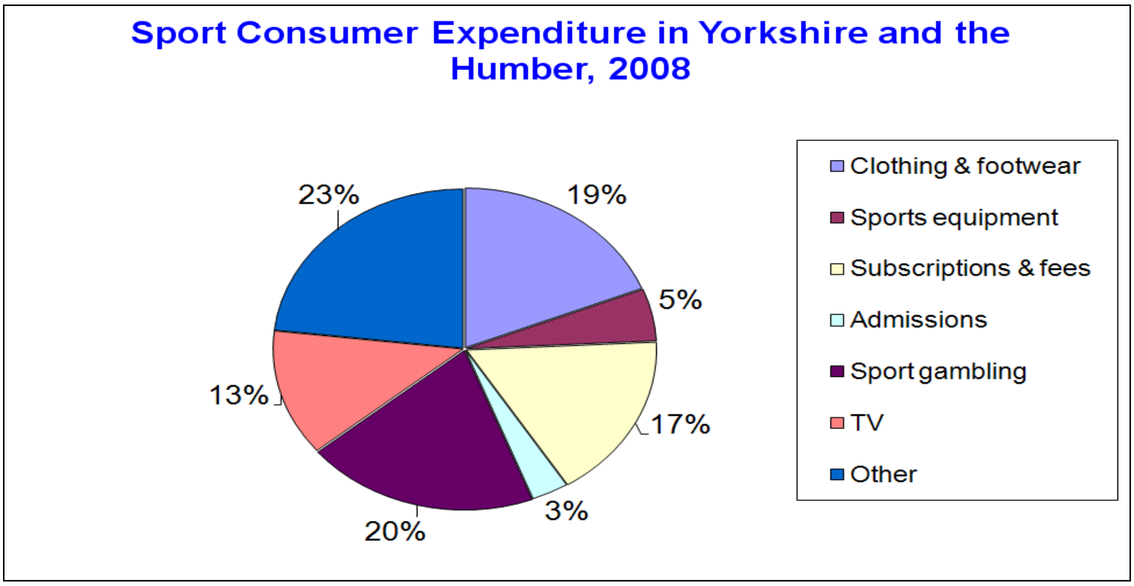
- This report is part of Sport England's ongoing commitment to build the evidence of the economic value of sport. The research has been carried out by The Sport Industry Research Centre (SIRC) as a follow up of the 2005 economic reports.

- The economic value of sport has been assessed across England as a whole and separately for each region. The 2008 economic recession has been a factor influencing the size of the sports sector nationally and within each region.

- This report focuses on the economic importance of sport to the Yorkshire region in 2008, providing comparisons with estimates from 2003, 2005 and the other English regions.

- The methodology employed in this report is based on national income accounting and the income and expenditure flows between sub-sectors of the economy. By using the latter we can derive a monetary value for the sport production (value added) which is consistent with the national statistics framework and crucially avoids the problem of double counting.

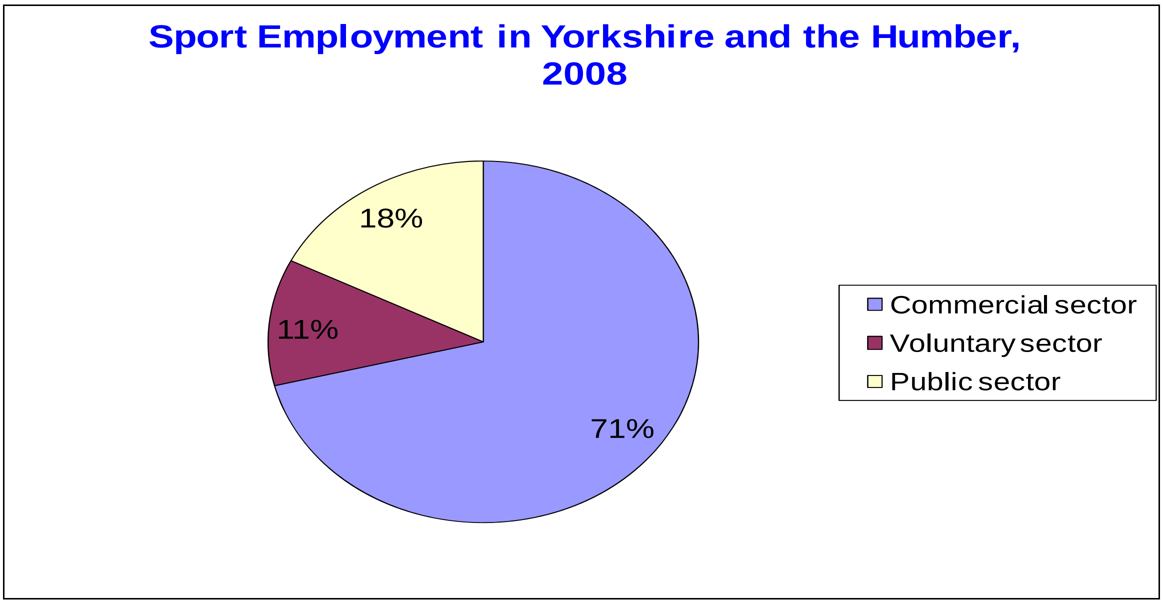
- In 2005 and 2008 consumers spent £1,726m and £1,535m on sport respectively. Consumer expenditure on sport as a percentage of total expenditure (2008):
  Yorkshire and the Humber: 2.2%
  England: 2.3%



- Despite the recession, the commercial sport and public sectors increased their sport-related output by 8% and 9% respectively over the period 2005-2008.

- Sport related economic activity generated £1,425m and £1,520m in 2008and 2005 correspondingly. This is equivalent to 1.6% of total value added in the region (2008).

- 39,800 people are employed in sport related employment corresponding to 1.6% of total employment in the region (2008).




- During the period 2003-08, England's gross value added from sport increased by 22%. During the 2005-08 period, sport related GVA increased by 8% in terms of this methodology and 12% in terms of the ABI statistical definition of sport. This compares favourably with the corresponding growth in 'gambling' and 'motion picture and video activities', both decreasing because of the recession.

- 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. Sport gambling has been a strong factor for growth and capital investment in the region.

# 1. Introduction

## 1.1 Terms of Reference

This report has been prepared by the Sport Industry Research Centre (SIRC) at Sheffield Hallam University on behalf of Sport England. The purpose of the report is to provide an estimate of the economic importance of sport in the Yorkshire and the Humber region. It builds on similar research carried out by Cambridge Econometrics in 2000[1] and SIRC in 2003 and 2005 that measured the value of the sport economy in the nine English regions. Selected comparisons have been made with the 2003 and 2005 studies to illustrate the change in the importance of sport to the Yorkshire and the Humber region economy. This report informs of the direct economic contribution of sport to the regional economy. It also captures in percentage terms the effect of the 2008 recession.

## 1.2 Methodology

The SIRC model of economic impact assessment, uses as its basic input, where possible, economic variables from official statistics. Hence, with the sole exception of the voluntary sector, there is no need for collection of primary data. National income accounting provides the framework for this model, which is consistent with the UK National Accounts. It allows for a division of the sports economy into the seven sectors below:

- Consumers, including the personal or household sector. Shows mainly sport related expenditure, e.g. spending on sports clothing and footwear.
- Commercial Sport including spectator sport clubs, sports good manufacturers and retailers. In this sector we would classify companies such as Nike, JJB and football clubs. We also include a section of the media where a sport product/ service is produced such as sport TV, sport publications etc.
- Commercial Non-Sport including suppliers for the production of sport-related goods and services. This sector includes all companies of the commercial sector that do not provide a sport product, but they assist through supply of inputs or revenue in its production. An example is a beer company sponsoring a football club. The advertising revenue received by the club, represents a flow from the commercial non-sport to the commercial sport sector.

[1] Cambridge Econometrics: *The Value of the Sports Economy in the Regions in 2000*

- **Voluntary** including non-profit making sport organisations such as amateur clubs run by their participants. Professional football clubs are not included in this category even if they are managed on a non-profit basis.
- **Local Government** including income from local government sport facilities, sport related grants from the Central government and rates from the commercial and voluntary sector. The sector has expenses such as wages for labour (a flow towards consumers) and grants to the voluntary sector.
- **Central Government** including taxes, grants and wages on sport related activities. For example a person buying a ticket for a football match, records two flows: one towards the Government sector as VAT and another towards the Commercial sport sector for the remainder of the price.
- **Outside the Area sector**. This includes all transactions with economies outside the region.

We record income and expenditure flows between the seven sectors above. As a result we can draw up a set of income and expenditure accounts for each sector. The 'double entry' accounting principle is applied, so every expenditure flow from sector A to sector B is also an income flow in the sector B accounts. The income and expenditure accounts are then used to derive estimates for the following economic impact indicators of the sport economy.

- Sport-related consumer expenditure
- Sport-related employment
- Sport-related value added

Sport-related value added is the most comprehensive statistic of economic value as it corresponds to the gross value added (GVA) in the economy as a whole. It shows the contribution of the sport industry to the regional economy. We measure it as the sum of wages and profit surplus in the sector, adjusted for the inclusion of value contributed from National Lottery projects.

Inflation adjustment has not been used for comparisons between the years 2005 and 2008, as the general inflation rate is very low and the intervening period too small to make an impact. The inflation rate also varies between regions and between sport sectors. The sport generated product (GVA) as a percentage of the total regional product is usually the most important statistic to consider.

## 1.3 Regional Characteristics

Table 1.1 provides a snapshot of the economic and social background of the Yorkshire and Humber region. It includes statistics such as the regional population and Gross Value Added, which have been used to estimate the economic impact of sport in the region in 2008. Note that the consumer spending estimate used here is a SIRC estimate, consistent with the corresponding ONS statistic as reported in Consumer Trends (code: ABPB).

On the whole, the Yorkshire and Humber economy is underperforming compared with the UK. For example, Gross Value Added per head in the region is 82% of the UK figure. The regional unemployment rate (6.4%) is greater than the UK level (6.0%). Finally, average gross weekly earnings in the Yorkshire and Humber region correspond to about 89% of the UK average. The gap between the region and the UK has widened during the period 2005-08.

## 1.4 Sport in the Region

Some of the key features of sport in Yorkshire and the Humber, in terms of the region's sporting infrastructure and representation, are illustrated in table 1.2 below.

**Table 1.1 Yorkshire and the Humber - regional profile, 2008**

| | |
|---|---|
| Resident population '000s | |
| Males | 2,568 |
| Females | 2,645 |
| All | 5,213 |
| Percentage of non-white groups | |
| Region | 9.4% |
| Gross Value Added per head (£) | |
| Region | 17,400 |
| England | 21,183 |
| Gross Value Added (£m) | |
| Region | 90,704 |
| England | 1,089,799 |
| Percentage of working age population | |
| Region | 62.3% |
| UK | 62.1% |
| Unemployment % rate on working age population (Jun-Aug 2008 / Seasonally Adj.) | |
| Region | 6.4% |
| UK | 6.0% |
| Ec. active % rate of working age people (Jun-Aug 2008 / Seasonally Adj.) | |
| Region | 78.5% |
| England | 79.4% |
| People in employment aged 16 to 59/64 '000s, (Jun-Aug 2008 / Seasonally Adj.) | |
| Region | 2,365 |
| England | 23,631 |
| Average weekly paid working hours | |
| Male Full Time, Region | 41.1 |
| Male Full Time, UK | 40.7 |
| Female Full Time, Region | 37.6 |
| Female Full Time, UK | 37.6 |
| All Full Time & Part time, Region | 34.0 |
| All Full Time & Part time, UK | 33.9 |
| Average gross weekly earnings (£) | |
| Male Full Time, Region | 560.6 |
| Male Full Time, UK | 634.0 |
| Female Full Time, Region | 440.8 |
| Female Full Time, UK | 484.4 |
| All Full Time & Part time, Region | 423.0 |
| All Full Time & Part time, UK | 473.2 |

Sources: ONS, Regional Trends, Labour Market Statistics, ASHE, Sport England, SIRC

**Table 1.2 Sport Profile of the Yorkshire and Humber Region***

| | |
|---|---|
| Premiership football: | Hull City |
| Championship football: | Barnsley |
| | Doncaster Rovers |
| | Scunthorpe United |
| | Sheffield Wednesday |
| | Sheffield United |
| League 1 football: | Huddersfield Town |
| | Leeds United |
| League 2 football: | Bradford City |
| | Grimsby Town |
| | Rotherham United |
| Rugby Union Premiership: | Leeds Carnegie |
| Rugby Super League: | Bradford Bulls |
| | Castleford Tigers |
| | Huddersfield Giants |
| | Hull FC |
| | Hull Kingston Rovers |
| | Leeds Rhinos |
| | Wakefield Trinity Wildcats |
| Cricket: | Yorkshire |
| Test match cricket ground: | Headingley (Leeds) |
| Basketball: | Sheffield Sharks |
| Speedway: | Scunthorpe |
| | Sheffield |

| | |
|---|---|
| Greyhound racing: | Doncaster<br>Kinsley<br>Sheffield |
| Horse racing: | Beverley<br>Catterick Bridge<br>Doncaster<br>Pontefract<br>Ripon<br>Thirsk<br>Wetherby<br>York |
| Motor racing: | Croft |
| Ice Hockey | Sheffield Steelers<br>Hull Stingrays |
| Other: | International athletics stadium in Sheffield (Don Valley Stadium)<br>International swimming venue in Sheffield (Ponds Forge)<br>World Snooker Championship in Sheffield (Crucible Theatre)<br>St. Leger Festival in Doncaster<br>British Universities and Colleges Sport Championship in Sheffield and Leeds<br>Sport science and sport medicine centres (Sheffield Hallam University and Sheffield University) |

* At the time of writing.

# 2. The Sport Economy in Yorkshire and the Humber

## 2.1 Summary of key indicators

Table 2.1 summarises the most important sport-related indicators for Yorkshire and the Humber, namely consumer expenditure, gross value added and employment for the years 2000, 2003, 2005 and 2008. The table also draws comparisons with England as a whole. The estimate for total regional consumption expenditure is derived using Family Spending and Consumer Trend Statistics. It is therefore consistent with the European System of Accounts 1995. The table shows that the effect of the 2008 recession was to take us back to near the 2000 levels of sport economic activity.

According to Table 2.1, over £1.5 billion was spent on sport-related goods and services in Yorkshire and the Humber in 2008. In the same year, consumer expenditure on sport accounted for 2.2% of their total expenditure in the region, marginally below the national average for England. Compared with 2005, sport-related consumption fell by 11% in 2008. This was the result of the 2008 recession.

**Table 2.1: Main Sport-Related Indicators for Yorkshire and the Humber**

| | 2000 | 2003 | 2005 | 2008 |
|---|---|---|---|---|
| Consumer expenditure on sport (£million) | 1,156.0 | 1,308.2 | 1,726.4 | 1,535.2 |
| percentage of Yorkshire and the Humber total | 2.3 | 2.4 | 2.9 | 2.2 |
| national average (England) | 2.3 | 2.5 | 2.6 | 2.3 |
| Gross Value Added by sport (£million) | 950 | 1,178.8 | 1,519.9 | 1,424.5 |
| percentage of Yorkshire and the Humber total | 1.6 | 1.7 | 1.9 | 1.6 |
| national average (England) | 1.5 | 1.6 | 1.7 | 1.5 |
| Sport related employment (thousands) | 36.1 | 39.2 | 47.2 | 39.8 |
| percentage of Yorkshire and the Humber total | 1.6 | 1.7 | 2.0 | 1.6 |
| national average (England) | 1.7 | 1.7 | 1.8 | 1.8 |

Sport-related economic activity in 2008 adds more than £1.4 billion to the Yorkshire and Humber economy, representing a decline of 6% for the period 2005-08. Following the recession, the contribution to GVA by sport in the region has returned to the 2000 level of 1.6%. This is still above the national English level of 1.5%.

Sport-related employment in Yorkshire and the Humber increased from 39,200 in the year 2003 to 39,800 in 2008. As a percentage of total employment, it declined from 1.7% in 2003 to 1.6%. However compared to 2005, there was a decline in sport related employment of more than 15%. In the Yorkshire and the Humber region, the decline in consumer expenditure following the 2008 recession, brought about a greater reduction in employment, and hence wages, than output.

## 2.2 Consumer Spending

Table 2.2 summarises the value of sport-related consumer spending in the region. The new estimate is consistent with the total reported in the ONS publication Consumer Trends.

Table 2.2 shows that the total value of sport-related consumer spending was £1,535 million in 2008, representing a decline of 11% over the year 2005. Gambling represents the largest area of consumer spending on sport (£304 million, 20%). This is somewhat aided by the presence of several racecourses across the region, notably in North Yorkshire; however the vast majority of horse race betting expenditure occurs off-course.

**Table 2.2: Sport-Related Consumer Spending in Yorkshire and the Humber**

| | 2000 £m | 2003 £m | 2005 £m | 2008 £m |
|---|---|---|---|---|
| Sport clothing and footwear | 244 | 275 | 307 | 291 |
| Sports goods | 56 | 66 | 145 | 81 |
| Participation subscriptions and fees | 292 | 214 | 306 | 259 |
| Admissions to events | 65 | 46 | 62 | 48 |
| Sport-related gambling | 186* | 344 | 442 | 304 |
| TV/video rental, cable and satellite subscriptions | | 133 | 156 | 197 |
| Other sport-related spending | 313 | 230 | 309 | 356 |
| Total | 1,156 | 1,308 | 1,726 | 1,535 |

Following the recession, sport related gambling declined by 31%, from £442 million in 2005 to £304 in 2008. After gambling, the major categories of expenditure are sport clothing and footwear (£291 million, 19%) and participation subscriptions and fees (£259 million, 17%). Both of them have declined following the recession. Admissions to events fell by 23%, from £62 million in 2005 to £48 million in 2008.

The role of sport in creating output and employment in the commercial non-sport sector is illustrated by the sports-related spending on 'TV / video rental, cable and satellite subscriptions', accounting for 13% of the sport market. Other spending categories include publications, sport-related BBC licence fee, and sport travel. Sport-related TV is the only major spending category that has shown growth during the 2005-08 period.

## 2.3 Sport-related Output

Estimates of sport-related output are based on value added by the sport sector. Value added is calculated as the sum of wages and profits generated in the sector. Table 2.3 summarises the value added by sport in Yorkshire and the Humber. According to the table, sport-related economic activity reached £1,425 million in 2008, representing an increase of 21% over the year 2003 and a decrease of 6% over the year 2005. Over half (£773) of this economic activity is generated by the commercial non-sport sector.

**Table 2.3: Sport-Related Value Added in the Yorkshire and Humber**

| | 2000 £m | 2003 £m | 2005 £m | 2008 £m |
|---|---|---|---|---|
| Commercial sport | 186 | 192 | 287 | 310 |
| of which: | | | | |
| Spectator sports | 53 | 48 | 57 | 56 |
| Retailing | 69 | 79 | 124 | 137 |
| Commercial non-sport | 547 | 703 | 854 | 773 |
| Voluntary sector | 107 | 141 | 218 | 167 |
| Public sector | 110 | 143 | 161 | 176 |
| Total | 950 | 1,179 | 1,520 | 1,425 |

The next sector in size is commercial sport (£310 million, 22%); almost 60% of the valued added in this sector is attributable to manufacturing 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 (12%) and public (12%) sectors.

The 2008 recession did not imply reductions of output across all sectors of the sport economy. The Commercial sport and public sectors bucked the trend, increasing by 8% and 9% respectively over the period 2005-08. Within the commercial sport sector the driving force was retailing. The latter, over the 2005-08 period, increased by 10% reaching £137 million in value.

## 2.4 Sport-related Employment

Table 2.4 provides estimates for sport-related employment in Yorkshire and the Humber. The employment estimates are derived from calculations based on wage payments and average salaries per sector.

Sport and associated industries are estimated to employ 39,800 people in Yorkshire and the Humber, accounting for 1.6% of all employment in the region in 2008. This represents an increase of 2% since the year 2003, yet a significant decline since the boom of 2005.

Table 2.4 indicates that in 2008, the largest sector of sport-related jobs (18,500, 46%) is supported by the commercial non-sport sector. This is followed by the commercial sport (25%), public (18%) and voluntary (11%) sectors respectively. It should be noted that employment in sport retailing increased by 14% during the 2005-08 period, bucking the negative recession trend.

The 14% rise in employment is related to a 10% rise in Gross Value Added. It implies that in the first year of the recession in sport retailing, it was the profit margins that gave way, maintaining growth and increasing employment.

**Table 2.4: Sport-Related Employment in Yorkshire and the Humber**

| | 2000 ('000) | 2003 ('000) | 2005 ('000) | 2008 ('000) |
|---|---|---|---|---|
| Commercial sport | 8.1 | 7.3 | 10.4 | 9.8 |
| of which: | | | | |
| Spectator sports | 3.4 | 2.4 | 2.9 | 2.9 |
| Retailing | 2.7 | 2.4 | 3.5 | 4.0 |
| Commercial non-sport | 19.6 | 20.4 | 23.3 | 18.5 |
| Voluntary sector | 3.7 | 5.0 | 6.3 | 4.5 |
| Public sector | 4.7 | 6.6 | 7.2 | 7.0 |
| Total | 36.1 | 39.2 | 47.2 | 39.8 |

## 2.5 Summary of Income and Expenditure Flows

Table 2.5 below summarises the income and expenditure flows for the seven sport-related sectors in 2008. Of these sectors, the commercial non-sport sector generates the largest income, £1,015 million. This is followed by the commercial sport sector (£739 million) and consumer sector (£692 million). Sport retailing accounts for the majority (60%) of the commercial sector income, generated from the sale of sport equipment, clothing and footwear, books, magazines, newspapers and DVDs. On the expenditure side, by far the most important category is the consumer sector accounting for expenditure over £1.5 billion. The commercial non-sport and commercial sport also incur significant expenditures, £965 million and £661 million respectively. More than the half of the expenditure within the commercial sport sector relates to current factor spending, such as wages, predominantly in the retailing sub-sector.

**Table 2.5 Sport-Related Income and Expenditure Flows, 2008**

| | Income £m | Expenditure £m |
|---|---|---|
| Consumer | 692.2 | 1,535.2 |
| Commercial sport | 739.4 | 660.8 |
| of which: | | |
| Spectator sports | 81.8 | 81.3* |
| Participation sports | 47.8 | 45.4* |
| Retailing | 442.4 | 383.8* |
| Voluntary | 297.0 | 223.0 |
| Commercial non-sport | 1,015.3 | 964.5 |
| Central government | 609.3 | 154.2 |
| Local government | 262.4 | 312.0 |
| Outside the area | 390.2 | 108.8 |

* Current factor expenditure (wages, other inputs)

# 3. The Sport Economy in Context

## 3.1 Spending, Output and Employment

Tables 3.1 to 3.9 compare the nine English regions in terms of sport-related consumer spending, value added and employment for the years 2003, 2005 and 2008. Tables 3.1 to 3.3 refer to consumer spending, Tables 3.4 to 3.6 refer to value added, while the remaining tables present the picture of sport related employment.

From Table 3.3 it can be seen that the Yorkshire and Humber region ranks seventh amongst the English regions in terms of 'absolute' sport-related consumer spending. In 2008, spending per capita in the region was £295. The proportion of total consumer expenditure made on sport (out of total consumer expenditure) in the region ranks sixth amongst the English regions at 2.2%, marginally below the English average

A similar trend can be observed in Table 3.6. The sport-related output in the Yorkshire and Humber region ranks seventh across England, both in absolute terms (£1,425 million) and as a percentage of total regional output (1.6%). The latter is above the average for England as a whole (1.5%).

Table 3.9 shows that the output trends are reflected in employment. The sport-related employment in the Yorkshire and Humber region ranks seventh amongst the English regions, both in absolute terms (39,800) and in percentage contribution to total regional employment (1.6%). The latter is marginally below the English average (1.8%). This represents a reversal of the economic structure in the pre-recession years.

## 3.2 Importance of Sport in the Yorkshire and the Humber region

The sport economy in the Yorkshire and Humber region was affected by the 2008 recession. In 2005, the percentage of sport-related consumer spending out of total spending was the highest in England (2.9%). This has now declined to 2.2%. It shows that economic fortunes weigh heavily on sport within the region, and a quick recovery should be expected when the economy starts growing. Sport gambling forms a very important component of the sport budget following the abolition of gaming tax. This is the case throughout England and the UK.

The region is very rich in sport infrastructure. Regional sport is built around stadiums such as Headingley for rugby and cricket and Elland Road. Sheffield in particular has invested in sport to promote urban regeneration. This has impacted upon sport-related employment in the wider region, which in proportionate terms is among the highest in the country. The Yorkshire and Humber region enjoys a special advantage in terms of sports development and participation.

- IceSheffield, the ice-skating venue which opened in 2003, attracts visitors from South Yorkshire and North Midlands. The cost of the project was £15.6 million, largely paid from lottery funding. It supports the Skate UK programme, developed by the National Ice-Skating Association, aimed at increasing participation among the public regardless of age, gender and disability.

- England's oldest horse race (since 1519), is run each year at Kiplingcotes. Building on this tradition there are nine established racecourses in the county. This is an important economic factor, as capital spending on racecourses is second only to football. Yorkshire and the Humber enjoy one of the strongest traditions in horse-racing and sport gambling.

- Rotherham Metropolitan Borough council together with the developer Oak-Holdings are developing a £300 million entertainment centre, called YES! According to the submitted plans, the 320-acre leisure complex would be the largest indoor leisure and tourism destination in Europe. It would have extensive sport facilities including golf, extreme sport centre and spa. This project is estimated to generate 2,700 jobs in the area.

**Table 3.1: Summary of sport-related consumer spending in the English Regions in 2003**

| | East (£m) | East Midlands (£m) | London (£m) | North East (£m) | North West (£m) | South East (£m) | South West (£m) | West Midlands (£m) | Yorkshire & Humber (£m) | England (£m) |
|---|---|---|---|---|---|---|---|---|---|---|
| Sport clothing and footwear (£m) | 332.3 | 219.2 | 592.8 | 144.7 | 434.2 | 525.0 | 257.9 | 333.7 | 275.4 | 3115.2 |
| Sports goods (£m) | 107.0 | 120.5 | 112.6 | 67.9 | 119.6 | 226.3 | 133.3 | 91.2 | 65.6 | 1044.0 |
| Participation subscriptions and fees (£m) | 336.7 | 224.3 | 621.2 | 116.5 | 369.4 | 538.0 | 286.1 | 240.8 | 214.1 | 2947.1 |
| Admissions to events (£m) | 71.9 | 47.9 | 132.7 | 24.9 | 78.9 | 114.9 | 61.1 | 51.4 | 45.7 | 629.4 |
| Sport-related gambling (£m) | 255.4 | 210.5 | 284.4 | 195.5 | 383.6 | 333.3 | 206.2 | 263.3 | 344.3 | 2476.5 |
| Other sport-related spending (£m) | 486.4 | 381.1 | 765.4 | 203.4 | 587.2 | 812.4 | 454.1 | 389.7 | 363.0 | 4442.7 |
| Total expenditure on sport (£m) | 1589.7 | 1203.4 | 2509.1 | 752.9 | 1972.9 | 2549.8 | 1398.8 | 1370.1 | 1308.2 | 14654.9 |
| Per capita sport spending (£) | 291.0 | 283.0 | 339.6 | 296.5 | 289.9 | 315.6 | 279.8 | 257.5 | 261.2 | 294.0 |
| Proportion (%) of total consumer expenditure | 2.3% | 2.5% | 2.5% | 3.0% | 2.6% | 2.4% | 2.4% | 2.4% | 2.4% | 2.5% |

**Table 3.2: Summary of sport-related consumer spending in the English Regions in 2005**

| | East (£m) | East Midlands (£m) | London (£m) | North East (£m) | North West (£m) | South East (£m) | South West (£m) | West Midlands (£m) | Yorkshire & Humber (£m) | England (£m) |
|---|---|---|---|---|---|---|---|---|---|---|
| Sport clothing and footwear (£m) | 389.4 | 247.9 | 599.8 | 159.6 | 443.3 | 511.4 | 270.2 | 330.2 | 306.5 | 3,258.3 |
| Sports goods (£m) | 145.5 | 170.4 | 114.9 | 45.9 | 136.7 | 194.6 | 147.8 | 92.6 | 145.1 | 1,193.5 |
| Participation subscriptions and fees (£m) | 425.5 | 270.3 | 576.1 | 133.1 | 460.9 | 642.1 | 331.4 | 323.7 | 305.6 | 3,468.7 |
| Admissions to events (£m) | 85.8 | 54.5 | 116.2 | 26.8 | 93.0 | 129.5 | 66.8 | 65.3 | 61.6 | 699.5 |
| Sport-related gambling (£m) | 306.9 | 252.9 | 340.7 | 218.9 | 494.0 | 479.5 | 229.6 | 306.1 | 441.9 | 3,070.5 |
| Other sport-related spending (£m) | 592.9 | 421.6 | 806.5 | 189.5 | 661.2 | 827.3 | 506.4 | 418.6 | 465.6 | 4,889.6 |
| Total expenditure on sport (£m) | 1,946.0 | 1,417.6 | 2,554.2 | 773.9 | 2,289.0 | 2,784.4 | 1,552.3 | 1,536.5 | 1,726.4 | 16,580.1 |
| Per capita sport spending (£) | 351.1 | 329.2 | 339.7 | 302.5 | 334.4 | 341.1 | 306.3 | 286.4 | 340.9 | 328.8 |
| Proportion (%) of total consumer expenditure | 2.6% | 2.7% | 2.3% | 2.9% | 2.8% | 2.5% | 2.4% | 2.4% | 2.9% | 2.6% |

**Table 3.3: Summary of sport-related consumer spending in the English Regions in 2008**

| | East (£m) | East Midlands (£m) | London (£m) | North East (£m) | North West (£m) | South East (£m) | South West (£m) | West Midlands (£m) | Yorkshire & Humber (£m) | England (£m) |
|---|---|---|---|---|---|---|---|---|---|---|
| Sport clothing and footwear (£m) | 429.6 | 293.0 | 633.0 | 164.9 | 417.6 | 520.2 | 347.6 | 441.4 | 290.6 | 3,537.9 |
| Sports goods (£m) | 155.6 | 118.2 | 229.2 | 44.3 | 133.9 | 137.0 | 115.7 | 100.6 | 81.0 | 1,115.5 |
| Participation subscriptions and fees (£m) | 443.6 | 248.1 | 518.8 | 126.1 | 379.0 | 524.2 | 396.2 | 279.6 | 258.9 | 3,174.5 |
| Admissions to events (£m) | 82.1 | 45.9 | 96.1 | 23.4 | 70.2 | 97.1 | 73.4 | 51.8 | 47.9 | 587.9 |
| Sport-related gambling (£m) | 350.13 | 237.5 | 369.5 | 214.6 | 350.2 | 385.8 | 278.0 | 610.7 | 303.7 | 3,100.1 |
| Other sport-related spending (£m) | 854.6 | 455.6 | 882.5 | 255.2 | 710.1 | 904.2 | 600.6 | 651.9 | 553.0 | 5,867.7 |
| Total expenditure on sport (£m) | 2,315.6 | 1,398.4 | 2,729.1 | 828.5 | 2,060.9 | 2,568.4 | 1,811.6 | 2,135.9 | 1,535.2 | 17,383.6 |
| Per capita sport spending (£) | 404.2 | 315.5 | 358.1 | 321.7 | 299.7 | 306.5 | 347.8 | 394.7 | 294.5 | 337.9 |
| Proportion (%) of total consumer expenditure | 2.6% | 2.4% | 2.1% | 2.6% | 2.2% | 1.9% | 2.3% | 2.9% | 2.2% | 2.3% |

**Table 3.4: Summary of sport-related output in the English Regions in 2003**

| | East (£m) | East Midlands (£m) | London (£m) | North East (£m) | North West (£m) | South East (£m) | South West (£m) | West Midlands (£m) | Yorkshire & Humber (£m) | England (£m) |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial sport | 473.6 | 294.4 | 628.5 | 122.9 | 370.7 | 686.7 | 273.6 | 317.8 | 192.2 | 3,360.4 |
| of which: | | | | | | | | | | |
| Spectator sports | *61.1* | *47.1* | *129.1* | *32.5* | *97.7* | *105.2* | *53.1* | *61.6* | *47.8* | *635.2* |
| Participation sports | *48.5* | *31.9* | *164.1* | *14.2* | *59.4* | *79.3* | *44.3* | *34.0* | *20.7* | *496.4* |
| Retailing | *122.4* | *102.8* | *226.9* | *53.5* | *146.2* | *226.1* | *123.9* | *103.0* | *79.1* | *1,183.9* |
| Manufacturing | *33.8* | *23.9* | *50.7* | *11.0* | *36.4* | *59.2* | *29.3* | *22.7* | *21.6* | *288.6* |
| TV and Radio | *24.0* | *18.7* | *57.2* | *11.4* | *30.1* | *35.1* | *22.4* | *23.0* | *22.1* | *244.0* |
| Commercial non-sport | 779.0 | 604.3 | 1,118.8 | 401.4 | 1,017.8 | 1,210.2 | 681.1 | 722.5 | 702.7 | 7,237.8 |
| Voluntary sector | 212.7 | 139.7 | 402.0 | 80.1 | 238.4 | 336.4 | 175.8 | 144.8 | 141.3 | 1,871.2 |
| Public sector | 134.3 | 98.8 | 163.5 | 71.8 | 161.6 | 183.2 | 106.2 | 118.1 | 142.5 | 1,180.0 |
| Total sport-related economic activity | 1,599.6 | 1,137.2 | 2,312.7 | 676.2 | 1,788.4 | 2,416.5 | 1,236.6 | 1,303.1 | 1,178.8 | 13,649.1 |
| Sport GVA as % of total GVA | 1.7% | 1.8% | 1.4% | 2.1% | 1.8% | 1.6% | 1.6% | 1.7% | 1.7% | 1.6% |

**Table 3.5: Summary of sport-related output in the English Regions in 2005**

| | East (£m) | East Midlands (£m) | London (£m) | North East (£m) | North West (£m) | South East (£m) | South West (£m) | West Midlands (£m) | Yorkshire & Humber (£m) | England (£m) |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial sport | 563.7 | 341.4 | 682.6 | 136.1 | 487.5 | 730.5 | 308.6 | 385.8 | 287.4 | 3,923.6 |
| of which: | | | | | | | | | | |
| Spectator sports | *75.3* | *50.2* | *163.2* | *46.6* | *155.8* | *123.1* | *61.2* | *91.2* | *57.4* | *824.0* |
| Participation sports | *64.8* | *37.0* | *140.8* | *16.1* | *73.9* | *105.8* | *48.4* | *53.0* | *38.4* | *578.2* |
| Retailing | *161.9* | *125.0* | *240.1* | *46.0* | *164.3* | *215.8* | *130.9* | *107.3* | *123.7* | *1,315.0* |
| Manufacturing | *57.2* | *34.9* | *63.7* | *12.0* | *53.5* | *72.1* | *38.4* | *28.4* | *38.6* | *398.8* |
| TV and Radio | *31.1* | *24.3* | *74.4* | *14.7* | *39.0* | *45.4* | *29.2* | *29.7* | *28.7* | *316.5* |
| Commercial non-sport | 892.0 | 676.5 | 1,157.8 | 409.4 | 1,129.7 | 1,279.9 | 722.9 | 765.0 | 853.5 | 7,886.7 |
| Voluntary sector | 283.2 | 177.7 | 371.6 | 96.2 | 318.2 | 429.4 | 208.9 | 209.0 | 217.9 | 2,312.1 |
| Public sector | 155.5 | 125.4 | 185.6 | 84.1 | 185.0 | 200.4 | 123.5 | 120.2 | 161.1 | 1,340.8 |
| Total sport-related economic activity | 1,894.4 | 1,321.1 | 2,405.2 | 725.9 | 2,120.4 | 2,640.2 | 1,363.8 | 1,480.0 | 1,519.9 | 15,470.9 |
| Sport GVA as % of total GVA | 1.8% | 1.9% | 1.3% | 2.0% | 2.0% | 1.6% | 1.6% | 1.7% | 1.9% | 1.7% |

**Table 3.6: Summary of sport-related output in the English Regions in 2008**

| | East (£m) | East Midlands (£m) | London (£m) | North East (£m) | North West (£m) | South East (£m) | South West (£m) | West Midlands (£m) | Yorkshire & Humber (£m) | England (£m) |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial sport | 664.9 | 358.8 | 740.3 | 190.9 | 496.0 | 752.0 | 344.2 | 470.1 | 309.8 | 4,327.0 |
| of which: | | | | | | | | | | |
| Spectator sports | *83.9* | *66.8* | *178.7* | *73.7* | *187.2* | *135.5* | *75.64* | *90.0* | *55.7* | ***947.1*** |
| Participation sports | *67.4* | *31.5* | *121.9* | *15.4* | *55.9* | *80.6* | *60.43* | *43.7* | *26.3* | ***503.1*** |
| Retailing | *215.7* | *112.6* | *282.1* | *60.3* | *149.6* | *194.6* | *135.82* | *180.6* | *136.7* | ***1,468.0*** |
| Manufacturing | *77.2* | *46.2* | *75.6* | *24.7* | *58.9* | *65.8* | *39.5* | *54.9* | *58.5* | ***501.3*** |
| TV and Radio | *34.6* | *27.0* | *81.2* | *15.9* | *42.6* | *50.0* | *32.3* | *32.4* | *31.6* | ***347.6*** |
| Commercial non-sport | 1,085.6 | 705.8 | 1,294.8 | 444.7 | 1,085.5 | 1,273.4 | 858.1 | 1,115.2 | 772.5 | 8,635.6 |
| Voluntary sector | 302.6 | 160.7 | 333.4 | 91.6 | 247.7 | 332.4 | 260.6 | 214.4 | 166.5 | 2,109.9 |
| Public sector | 187.4 | 150.1 | 222.1 | 90.6 | 253.0 | 233.9 | 143.1 | 139.9 | 175.6 | 1,595.7 |
| Total sport-related economic activity | 2,240.5 | 1375.3 | 2590.5 | 817.8 | 2,082.3 | 2,591.6 | 1,606.0 | 1,939.6 | 1,424.5 | **16,668.1** |
| Sport GVA as % of total GVA | 2.0% | 1.7% | 1.0% | 2.0% | 1.7% | 1.4% | 1.6% | 2.0% | 1.6% | **1.5%** |

**Table 3.7: Summary of sport-related employment in the English Regions in 2003**

| | East ('000) | East Midlands ('000) | London ('000) | North East ('000) | North West ('000) | South East ('000) | South West ('000) | West Midlands ('000) | Yorkshire & Humber ('000) | England ('000) |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial sport | 16.5 | 11.6 | 17.4 | 4.5 | 12.4 | 23.8 | 9.9 | 12.4 | 7.3 | 115.8 |
| of which: | | | | | | | | | | |
| Spectator sports | *2.4* | *2.3* | *3.3* | *1.4* | *3.6* | *3.7* | *2.5* | *2.8* | *2.4* | *24.4* |
| Participation sports | *1.9* | *1.6* | *4.3* | *0.6* | *2.2* | *2.8* | *2.1* | *1.6* | *1.0* | *18.1* |
| Retailers | *3.6* | *3.1* | *7.4* | *1.6* | *4.3* | *6.7* | *3.7* | *3.0* | *2.4* | *35.8* |
| Manufacturing | *1.0* | *0.8* | *1.0* | *0.5* | *1.2* | *1.7* | *0.9* | *0.7* | *0.7* | *8.5* |
| TV and Radio | *0.6* | *0.7* | *1.4* | *0.4* | *1.1* | *1.0* | *0.7* | *0.8* | *0.8* | *7.5* |
| Commercial non-sport | 22.0 | 17.5 | 21.5 | 12.4 | 28.8 | 29.4 | 19.2 | 20.7 | 20.4 | 191.9 |
| Voluntary sport | 5.1 | 4.5 | 5.8 | 2.4 | 5.7 | 7.3 | 5.4 | 4.7 | 5.0 | 45.9 |
| Public sector | 5.4 | 4.4 | 5.0 | 3.2 | 6.5 | 6.9 | 4.6 | 5.2 | 6.6 | 47.8 |
| Total jobs in sport | 49.0 | 38.0 | 49.7 | 22.5 | 53.4 | 67.4 | 39.1 | 43.1 | 39.2 | 401.4 |
| Proportion (%) of total employment in sport | 1.8% | 1.9% | 1.5% | 2.1% | 1.7% | 1.7% | 1.6% | 1.8% | 1.7% | 1.7% |

**Table 3.8: Summary of sport-related employment in the English Regions in 2005**

| | East ('000) | East Midlands ('000) | London ('000) | North East ('000) | North West ('000) | South East ('000) | South West ('000) | West Midlands ('000) | Yorkshire & Humber ('000) | England ('000) |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial sport | 21.5 | 12.5 | 18.0 | 5.7 | 15.9 | 25.5 | 10.3 | 14.1 | 10.4 | 133.9 |
| of which: | | | | | | | | | | |
| Spectator sports | *3.3* | *2.3* | *4.2* | *2.7* | *5.9* | *4.6* | *2.6* | *3.7* | *2.9* | *32.2* |
| Participation sports | *2.8* | *1.7* | *3.8* | *0.9* | *2.8* | *4.0* | *2.1* | *2.2* | *2.0* | *22.3* |
| Retailers | *4.5* | *3.6* | *7.1* | *1.3* | *4.6* | *6.1* | *3.7* | *3.0* | *3.5* | *37.4* |
| Manufacturing | *1.3* | *0.9* | *1.0* | *0.4* | *1.3* | *1.7* | *0.9* | *0.7* | *1.1* | *9.3* |
| TV and Radio | *0.8* | *0.8* | *1.8* | *0.5* | *1.3* | *1.2* | *0.9* | *1.0* | *1.0* | *9.3* |
| Commercial non-sport | 22.2 | 18.4 | 21.1 | 11.5 | 30.0 | 30.2 | 19.5 | 20.5 | 23.3 | 196.7 |
| Voluntary sport | 6.7 | 4.7 | 5.3 | 3.2 | 6.6 | 8.6 | 5.2 | 5.0 | 6.3 | 51.6 |
| Public sector | 6.1 | 5.1 | 5.5 | 3.9 | 6.8 | 7.2 | 4.8 | 4.6 | 7.2 | 51.2 |
| Total jobs in sport | 56.5 | 40.7 | 50.1 | 24.3 | 59.4 | 71.6 | 39.9 | 44.2 | 47.2 | 433.9 |
| Proportion (%) of total employment in sport | 2.1% | 1.9% | 1.4% | 2.2% | 1.9% | 1.7% | 1.6% | 1.8% | 2.0% | 1.8% |

**Table 3.9: Summary of sport-related employment in the English Regions in 2008**

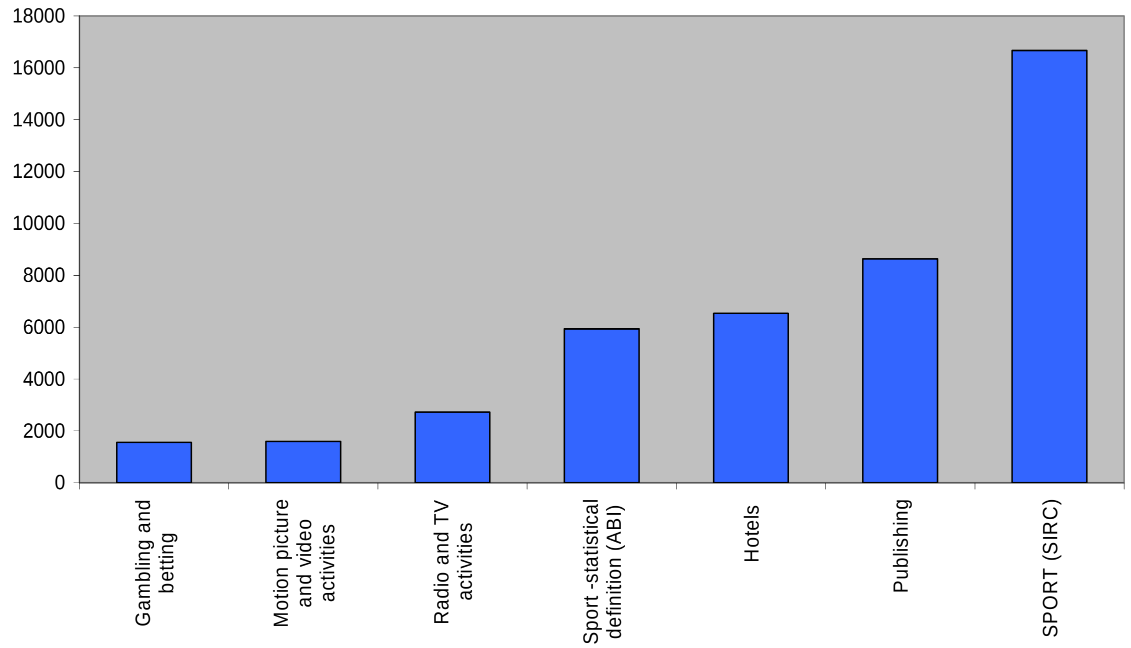
| | East ('000) | East Midlands ('000) | London ('000) | North East ('000) | North West ('000) | South East ('000) | South West ('000) | West Midlands ('000) | Yorkshire & Humber ('000) | England ('000) |
|---|---|---|---|---|---|---|---|---|---|---|
| Commercial sport | 25.2 | 12.5 | 20.9 | 7.2 | 18.8 | 25.5 | 12.7 | 18.1 | 9.8 | 150.7 |
| of which: | | | | | | | | | | |
| Spectator sports | *3.9* | *2.9* | *5.5* | *3.7* | *9.0* | *5.9* | *3.7* | *4.2* | *2.9* | *41.7* |
| Participation sports | *3.0* | *1.3* | *3.6* | *0.7* | *2.5* | *3.3* | *2.8* | *1.9* | *1.3* | *20.4* |
| Retailers | *6.5* | *3.4* | *8.6* | *1.8* | *4.5* | *5.8* | *4.1* | *5.4* | *4.0* | *44.1* |
| Manufacturing | *2.3* | *1.0* | *1.5* | *0.6* | *1.6* | *1.3* | *0.9* | *1.8* | *0.5* | *11.5* |
| TV and Radio | *0.8* | *0.8* | *1.7* | *0.5* | *1.2* | *1.2* | *1.2* | *1.2* | *1.2* | *9.9* |
| Commercial non-sport | 23.8 | 16.5 | 20.7 | 11.1 | 25.3 | 26.0 | 20.1 | 26.1 | 18.5 | 188.1 |
| Voluntary sport | 6.2 | 3.4 | 4.9 | 2.2 | 5.8 | 7.0 | 5.7 | 4.9 | 4.5 | 44.6 |
| Public sector | 6.8 | 5.4 | 6.3 | 3.4 | 9.7 | 8.1 | 5.5 | 5.1 | 7.0 | 57.3 |
| Total jobs in sport | 62.1 | 37.9 | 52.8 | 24.0 | 59.5 | 66.7 | 44.0 | 54.2 | 39.8 | 441.0 |
| Proportion (%) of total employment in sport | 2.2% | 1.8% | 1.4% | 2.1% | 1.9% | 1.6% | 1.7% | 2.2% | 1.6% | 1.8% |

### 3.3 Sport and the leisure industries

Figure 4.1 below provides a comparison between the Gross Value Added produced by Sport and the Gross Value Added produced by other Leisure related Industries in England. The statistics are taken directly from the Annual Business Inquiry (ABI). They are based on UK figures and have been adjusted by a factor of 0.85 to bring them down to an English level. Sport is represented in the diagram in two ways: Firstly, as Gross Value Added derived from SIRC for the benefit of this report, and secondly as the sum of the sport related categories identified by ABI. This is often called the statistical definition of sport. It includes the following categories: sporting activities (mainly operation of sport arenas and stadiums), physical well being activities, manufacture and retail of sport goods. The ABI derived sport GVA equals £5.9 billion in 2008, equivalent to 36% of the total sport GVA estimated at £16.7 billion. Sport (using the ABI definition) has greater economic importance than the sum of 'Motion picture & video activities', 'Radio and TV activities', and 'Gambling and betting'. Further, the sport sector (using the SIRC model estimation) is approximately equivalent to the sum of 'Hotels' and 'Publishing' sectors.

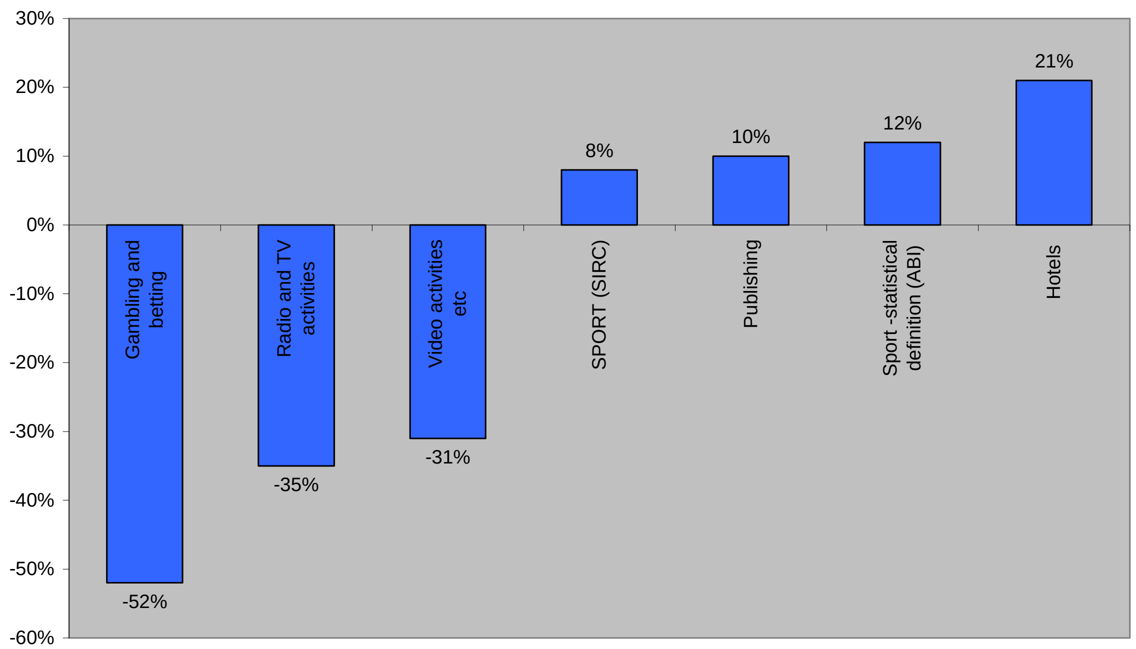
Figure 4.2 illustrates the GVA growth rates of the selected leisure sectors over the period 2005-2008. We consider this short period in order to focus more on the impact of the recession. The sector 'Hotels' has the largest growth over the examined period. This is partly because of the reversal of a very low growth pattern that accompanied the aforementioned sector during the first half of the decade. This is followed by 'Sport', as defined statistically by ABI, at 12% and 'Publishing' at 10%. Sport, as defined by SIRC in this report, during the period 2005-2008 grew by 8%. The remaining considered categories: 'Video activities', 'Radio and TV activities', and 'Gambling' all declined considerably over the examined period. 'Gambling and betting activities' lost more than 50% of its Gross Value Added over the examined period 2005-2008. Hence, despite the decline of the sport economy as a percentage of the whole economy, the sport economy did not suffer the full effect of the recession as shown in the cases of Motion pictures and video activities or Gambling. Under both definitions considered, Sport increased considerably, driven by investment directed towards the London Olympics and a long-term Sport England policy to increase sport participation. Had these policies not been in place, the negative effect on the sport sector would have been considerable. When the economy declines, the sectors that suffer before all are leisure related. Finally, the resistance of the sport sector to the recession effect reflects a greater importance of sport participation in the living standards experienced in the UK. A great proportion of the population consider sports participation as being more a basic need than a luxury.

**Figure 4.1: GVA England , 2008, £m**




Sources: Annual Business Inquiry, SIRC

**Figure 4.2: GVA England % change 2005-08**




Sources: Annual Business Inquiry, SIRC

# APPENDICES

# LIST OF TABLES

## A1: Statistical Sources

Sources of data used in the model include the following publications:

- Consumer Trends
- Travel Trends
- Family Spending
- Regional Trends
- 'Focus on...' reports
- Annual Business Inquiry
- ASHE
- Sport England Annual Report
- Regional Accounts
- Leisure and Recreation Statistics
- General Household Survey
- National Travel Survey
- Housing and Construction Statistics
- UK National Accounts
- BBC Annual Report and Accounts
- PRODCOM Annual Industry Reports
- HM Customs and Excise Report
- Monthly Digest of Statistics
- Financial Statement and Budget Report
- Horserace and Betting Levy Board Report
- Government's Expenditure Plans
- Deloitte: Annual Review of Football Finance
- BSkyB Annual Report
- Labour Trends

## A2: Model Output

| Consumer Expenditure on Sport Related Goods & Services, 2008 | |
|---|---|
| | £million |
| Admissions | 47.9 |
| Sports goods | 81.0 |
| Bicycles | 3.0 |
| Boats | 120.2 |
| Participants sports subscriptions & fees | 258.9 |
| Clothing sales | 179.8 |
| Footwear sales | 110.9 |
| Repairs and laundry | 1.6 |
| Travel | 67.3 |
| Books and magazines | 14.1 |
| Newspapers | 27.1 |
| Video: purchase and rental | 2.0 |
| BBC licence | 31.5 |
| TV and video rental, cable & satellite subscriptions | 197.1 |
| Internet subscriptions | 0.7 |
| Skiing holidays | 80.0 |
| Public schools | 8.3 |
| Gambling: Football pools | 4.6 |
| Horse Racing | 270.7 |
| Raffles and gaming | 28.4 |
| Total | 1,535.2 |

| Commercial Sport Income, 2008 | |
|---|---|
| | £ million |
| Spectator Clubs: | |
| Admissions | 47.4 |
| Sponsorship & advertising | 16.5 |
| Corporate entertainment | 10.7 |
| Horserace Betting Levy | 7.8 |
| Participation clubs: | |
| Subscriptions & fees | 47.8 |
| Retailers (net of Vat): | |
| Equipment | 143.7 |
| Clothing and footwear | 255.9 |
| Books, newspapers and magazines & videos | 42.8 |
| Exports and manufacturers' sales of clothing, footwear & equipment | 94.0 |
| TV and radio: | |
| BBC | 31.5 |
| Commercial | 28.8 |
| Exports | 2.3 |
| Internet subscriptions | 0.6 |
| Lottery awards | 1.8 |
| Lottery partnerships | 0.7 |
| Total Income | 732.3 |

| Commercial Sport Expenditure, 2008 | |
|---|---|
| | £ million |
| Current factor expenditure | |
| Spectator clubs: | |
| Wages | 54.0 |
| Other inputs | 27.4 |
| Participation: | |
| Wages | 23.9 |
| Other inputs | 21.5 |
| Retailers: | |
| Wages | 78.1 |
| Other inputs | 305.7 |
| Manufactures: | |
| Wages | 10.0 |
| Other inputs | 35.5 |
| TV and radio: | |
| Wages | 30.2 |
| Other inputs | 16.6 |
| Total Factor Expenditure | |
| Total wages | 196.2 |
| Total other inputs | 406.7 |
| Total factor surplus | 112.6 |
| Total value added | 308.8 |
| Current transfers | |
| Corporation tax | 16.1 |
| Rates | 9.3 |
| Capital expenditure | |
| Investment | 32.5 |
| Total Expenditure Leaving Sector | 660.8 |

| Voluntary Sector Income, 2008 | |
|---|---|
| | £ million |
| Factor income (monetary) | |
| Players' subscriptions and match fees | 145.0 |
| Equipment | 1.0 |
| Sponsorship and advertising | 11.2 |
| Raffles and gaming machines | 28.4 |
| Bar receipts | 185.7 |
| Subtotal (factor income) | 371.3 |
| | |
| Other monetary income | |
| Grants | 18.0 |
| Foundation for Sport and Arts | 1.5 |
| Employers' subsidies | 15.8 |
| Interest | 6.2 |
| | |
| Lottery awards via Sport England | 7.4 |
| Lottery partnerships | 6.6 |
| | |
| Total Monetary Income<br>(excluding bar receipts) | 241.3 |

| Voluntary Sector Expenditure, 2008 | |
|---|---|
| | £million |
| Factor expenditure | |
| Wages | 95.0 |
| Ground hire and rents | 12.9 |
| Equipment | 1.0 |
| Other | 66.5 |
| (Bar purchases) | 130.0 |
| Subtotal (factor expenditure) | 305.4 |
| Rates | 8.1 |
| Interest | 3.0 |
| Investment | 36.4 |
| Total Monetary Expenditure<br>(excluding bar purchases) | 223.0 |

| Commercial Non-Sport Income, 2008 | |
|---|---|
| | £million |
| Receipts net of tax from consumer spending: | |
| Travel | 24.2 |
| Gambling | 244.0 |
| Skiing | 36.3 |
| Public schools | 6.9 |
| TV rental, cable & satellite subscriptions | 162.6 |
| Sales of current inputs to: | |
| Central government | 8.7 |
| Local government | 43.5 |
| Commercial sport | 304.9 |
| Voluntary sector | 61.4 |
| Interest from voluntary sector | 3.0 |
| Sales of capital inputs to: | |
| Local government | 69.7 |
| Commercial sport | 20.1 |
| Voluntary | 30.1 |
| Promotion expenditure for sponsorship (intra-sectoral flow) | 38.7 |
| Total income | 1,015.3 |

| Commercial Non-Sport Expenditure, 2008 | |
|---|---|
| | £million |
| **Producers of inputs to sport:** | |
| wages | 495.8 |
| imports | 253.2 |
| | |
| (factor surplus) | 276.8 |
| (value added) | 772.5 |
| | |
| Corporation tax | 39.5 |
| Rates | 23.2 |
| | |
| **Purchases of inputs from sport:** | |
| Sponsorship and advertising | 45.8 |
| ITV and radio advertising | 28.8 |
| Corporate entertainment at sports events | 10.7 |
| Employees' sports subsidies | 7.2 |
| Horserace Betting Levy | 7.8 |
| Interest payments to voluntary sector | 6.2 |
| | |
| **Promotion expenditure for sponsorship:** (to elsewhere in CNS sector) | 38.7 |
| | |
| Lottery awards via Sport England | 21.2 |
| Lottery partnerships | 25.1 |
| | |
| **Total expenditure leaving sector** | **964.5** |

| Central Government Income, 2008 | |
|---|---|
| | £ million |
| Taxes: | |
| on expenditure | 264.3 |
| on incomes generated in: | |
| commercial sport | 76.4 |
| voluntary sector | 27.9 |
| commercial non-sport | 193.5 |
| local government | 46.6 |
| | |
| Total income | 609.3 |
| Lottery awards | 3.2 |
| Lottery partnerships | 2.0 |

| Central Government Expenditure, 2008 | |
|---|---|
| | £ million |
| Transfer Payments | |
| Grants via Sport England | 12.3 |
| Grant support for local government expenditure on: | |
| sport (net spending) | 57.0 |
| education | 59.0 |
| Foundation for Sport and Arts | 2.0 |
| Factor Expenditure | |
| Sport England: wages and other inputs | 8.6 |
| Prison service, MOD, royal parks: | |
| wages and other inputs | 3.5 |
| | |
| Total | 154.2 |

| Local Government Income, 2008 | |
|---|---|
| | £ million |
| **Local authority sports facilities:** | |
| fees and charges | 46.2 |
| sales of equipment | 24.9 |
| ground hire | 6.5 |
| **Grants from central government:** | |
| to fund net expenditure on sport | 57.0 |
| sport education | 59.0 |
| via Sport England | 1.8 |
| via FSA | 0.5 |
| **Rates:** | |
| voluntary sector | 8.1 |
| commercial sport | 9.3 |
| commercial non-sport | 23.2 |
| Payments for policing | 1.3 |
| Lottery awards | 8.8 |
| Lottery partnerships | 15.9 |
| **Total income** | 262.4 |

| Local Government Expenditure, 2008 | |
|---|---|
| | £ million |
| **Current expenditure** | |
| Direct gross expenditure: | |
| Wages | 71.3 |
| Other current expenditure | 60.7 |
| Education: | |
| Wages | 73.2 |
| Research | 0.5 |
| Local transport and policing: | |
| Wages and other inputs | 14.3 |
| Grants to voluntary clubs | 7.6 |
| **Capital expenditure** | |
| Investment | 84.4 |
| **Total expenditure** | 312.0 |

| Outside the Area Income, 2008 | |
|---|---|
| | £ million |
| Sports, clothing, footwear and equipment | 76.2 |
| Import content of skiing | 29.7 |
| TV imports | 4.1 |
| Prize income | 11.3 |
| Import content of UK production of: | |
| Sport related goods and services | 15.6 |
| Commercial non-sport sector output | 253.2 |
| Total income | 390.2 |

| Outside the Area Expenditure, 2008 | |
|---|---|
| | £ million |
| Sports, clothing, footwear and equipment | 85.6 |
| Admissions to sports events | 9.6 |
| TV exports | 2.3 |
| Prize income | 11.3 |
| Total expenditure | 108.8 |

| Value Added by Sport Related Economic Activity, 2008 | | |
|---|---|---|
| | £million | Index |
| Commercial sport: | | |
| Wages | 196.2 | |
| Surplus | 112.6 | |
| Lottery projects | 1.0 | |
| Total | 309.8 | 21.8 |
| Voluntary sector: | | |
| Wages | 95.0 | |
| Surplus | 65.9 | |
| Lottery projects | 5.7 | |
| Total | 166.5 | 11.7 |
| Commercial non-sport: | | |
| Wages | 495.8 | |
| Surplus | 276.8 | |
| Total | 772.5 | 54.2 |
| Central Government: | | |
| Wages | 4.7 | |
| Lottery projects | 2.1 | |
| Total | 6.8 | 0.5 |
| Local Government: | | |
| Wages (education) | 73.2 | |
| Wages (sports facilities) | 71.3 | |
| Wages (transport and policing) | 14.3 | |
| Lottery projects | 10.0 | |
| Total | 168.8 | 11.8 |
| Total Value Added | 1,424.5 | 100.0 |

| Employment, 2008 | |
|---|---|
| | Employment ('000s) |
| Sector | |
| Commercial Sport: | |
| Spectator clubs | 2.9 |
| Participation clubs | 1.3 |
| Retailers | 4.0 |
| Manufacturing (exports) | 0.5 |
| TV and Radio | 0.9 |
| Subtotal | 9.5 |
| Voluntary sport | 4.5 |
| Commercial non-sport | 18.5 |
| Central Government: | |
| Administration | 0.2 |
| Subtotal | 0.2 |
| Local Government: | |
| Sports facilities | 3.8 |
| Education | 2.6 |
| Transport/police | 0.5 |
| Subtotal | 6.9 |
| Total | 39.5 |

**The Expenditure Flows Matrix, 2008 (£m)**

| Flows from: | Flows to: CON | CS | VOL | CNS | CG | LG | OV |
|---|---|---|---|---|---|---|---|
| Consumer sector | 0.0 | 561.0 | 174.4 | 474.1 | 216.5 | 71.0 | 29.7 |
| Commercial sport | 138.6 | 0.0 | 0.0 | 325.0 | 79.4 | 10.6 | 107.2 |
| Voluntary sector | 67.1 | 0.9 | 0.0 | 94.4 | 46.1 | 14.5 | 0.0 |
| Commercial non-sport | 357.9 | 73.3 | 38.6 | 0.0 | 193.5 | 47.9 | 253.2 |
| Central government | 4.7 | 1.9 | 20.6 | 8.7 | 0.0 | 118.4 | 0.0 |
| Local government | 112.5 | 6.6 | 7.6 | 113.2 | 72.2 | 0.0 | 0.0 |
| Overseas | 11.3 | 95.8 | 0.0 | 0.0 | 1.7 | 0.0 | 0.0 |

## A3: Sources and Methods

This section attempts to explain how the estimates are derived. Many are generated through the flows in the model. The flows among the sectors in the SIRC model are based on a double entry principle between income and expenditure. Data sources mostly relate to the expenditure side, especially in the case of consumers. The Overseas sector is treated as residual in the flow system. No data exist to adequately describe the Voluntary sector; for this reason we use relationships that arise from previous studies and surveys to relate the Voluntary sector to the sport economy. The estimation of the remaining five sectors is explained below:

### Consumer expenditure

Many items of sport related consumer expenditure are located in the Family Expenditure Survey (FES) at the UK level. Only broader categories of spending exist for the Regions. The latter are used to extract the relative statistics from the UK figures in a proportionate manner.

Admissions: They are estimated from FES. Data exist for 'Spectator sports - admission charges' for the UK as a whole and for 'Sports admissions and subscriptions' for the regions. Our estimate comes from the UK figure, using the regional proportions.

Sports goods: Expenditure is estimated from FES 'Sports and camping equipment' and annual reports of major sports companies.

Bicycles: The basis of the estimate comes from Consumer Trends. This is filtered regionally according to FES and the proportion of sport related bicycle journeys form the National Travel Survey (NTS).

Boats: The estimate is derived from a SIRC model for the sector based on statistics from the British Marine Federation.

Participant sports subscriptions and fees: Expenditure is estimated using the FES categories: 'participant sports excluding subscriptions' and 'subscriptions to sports and social clubs'.

Clothing and footwear sales: The estimate is based on a SIRC model, annual reports from sports companies and statistics from Consumer Trends and FES.

Sport related travel: This is derived from a SIRC model based on NTS statistics.

Books, magazines and newspapers: Statistics are based on FES and Consumer Trends.

Video and DVDs purchase and rental: Based on statistics from FES and the British Video Association.

BBC licence: Expenditure is derived from the sport related content of the BBC licence. It is based on data from the BBC annual report, a SIRC model and the number of households.

TV rental, cable and satellite subscriptions: The basic estimate is derived from FES. Its sport related estimate is filtered by using BSkyB and BBC statistics.

Sport related gambling: The basis of the estimates is the UK figure which is derived from official HM Customs and Excise data. A model by SIRC is used to ensure that the value of the overall gambling sector corresponds to the Consumer Trends statistic. Subsequently the regional element is derived by using FES and the number of households.

## Commercial sport income

Spectator club admissions: This is a flow of income coming from the domestic consumer sector and the overseas visitors to the region. Data from FES and HM Customs and Excise have been used. Income from Tourists is estimated from Travel Trends and the Digest of Tourist Statistics.

Sponsorship: Most of this income comes from the Commercial Non Sport sector. Various sources are used from the SIRC archive. We also assume that the sponsorship market is associated with the size of the spectator sports industry.

Horserace betting levy: This statistics is calculated using data from the Horserace Betting Levy Board Annual Report and population statistics from Population Trends.

Cost of the rights to top league matches: The basic estimate is derived from BSkyB statistics.

Subscriptions and fees: This is derived from the income and expenditure flows in the model.

Retailing: Income from retailing is associated with consumer expenditure on sport related equipment, clothing, footwear, books, newspapers, magazines and DVDs. A part of this expenditure is flowing towards Local Authorities, while VAT is going to the Central Government.

Exports: Income from exports is estimated using trade assumptions based on Input-Output tables for wider (than sport) sections of the economy. These ratios are applied on the sport related consumer spending.

TV and radio: Income in the case of BBC comes directly from the licence fee. Only the sports-related part is considered.

## Commercial sport expenditure

Wages: The calculation of wages is based on the flow of income to the sector and estimated statistics (on the basis of the old Business Monitors and the Annual Business Inquiry) that relate wages to total income. This method of calculating wages is repeated in all sectors at a regional level.

Other inputs: In the case of spectator and participation clubs an estimation of profits is required. Then 'other inputs' is the residual income after profits and wages have been accounted for. In the case of retailers, 'other inputs' can be estimated directly through statistics from the Input-Output tables and the ABI at a regional level.

Investment: In a similar way investment is estimated as a ratio of the generated value added in each sub sector. We do some assumptions so that we end up with the best possible estimates given the existing information. For example the share of investment out of value added in the sport retailing sector is assumed to be the same as in the retailing sector as a whole.

### Commercial non-sport income

Income coming from consumer spending (net of tax): This is determined according to the flows of consumer expenditure. For example in the case of gambling, consumer spending is directed towards the Government as taxes and towards the Commercial Non-Sport sector as income.

Sales of current inputs to other sectors: These are determined again from the flows of the model. For example sales to the commercial sport sector are identified from a part of the commercial sport spending. The latter is directed either to the Commercial Non-Sport sector or overseas. This distribution is determined from the Input-Output tables.

Sales of capital inputs to other sectors: They are related to the capital expenditure of the Local Government, Commercial Sector and Voluntary sectors.

### Commercial non-sport expenditure

Wages: Spending on wages is calculated as a percentage of total income accruing to the sector. This income can be expressed as wages, profits, or imports (before tax and investment decisions). The part of turnover directed towards wages can be estimated from a SIRC model based on the Input-Output tables for the UK.

Imports: They are estimated using the same method as above (wages).

Corporation tax: It is derived from the profits accruing to the sector (factor surplus, estimated as above) and the tax rate, estimated from the National Accounts (Blue Book).

Rates: The estimate is based on the value added generated in the sector and a model estimating rates as a percentage of value added for the two commercial sectors.

**Sponsorship and advertising:** They are estimated using non-official statistics and a SIRC model.

**Lottery awards:** They are estimated using data from DCMS and the Lottery Fund Accounts of the Sports Council.

### Central Government income

Income accruing to the Central Government is mainly in the form of taxation. These estimates are determined from the tax rates and the flows within the SIRC model.

### Central Government expenditure

**Grants via Sports Council:** Data are provided by the Sports Council's annual accounts.

**Wages:** Estimates are provided from the Sport Council's annual accounts.

**Support for local government expenditure:** It is determined in the local government income below.

### Local Government income

**Fees and charges:** The estimates are based on the CIPFA publication Leisure and Recreation Statistics and on a SIRC model for the sector.

**Sales of equipment:** This is derived from a part of consumer spending on sport equipment above.

**Grants from Central Government:** Using the HM Treasury Budget Report, an estimate of grants from Central Government as a percentage of Local Authority receipts is derived. This is then applied to Local Government expenditure categories.

**Rates:** This is tax income received from the voluntary, commercial sport and commercial non-sport sectors. The estimates are derived from the flows of the SIRC model.

## Local Government expenditure

Total expenditure on sport services: This is derived from CIPFA's Leisure and Recreation Statistics and a SIRC model for processing the data. This is then distributed into wages and other inputs.

Education: Spending on Education is derived from the Blue Book and the Government's Expenditure Plans (DES).

Capital expenditure: This is based on statistics from the Blue Book (table 5.3.7).