



**Economic Value of Sport  
East of England  
2003-2008**

**Summary Report**

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Sport Industry Research Centre

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## Introduction

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 East of England region. It builds on similar research carried out by Cambridge Econometrics in 2000<sup>1</sup> 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 East of England economy. This report informs of the direct economic contribution of sport. It also captures in percentage terms the effect of the 2008 recession.

## Methodology

The methodology employed in this report is based on national income accounting<sup>2</sup> 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.

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<sup>1</sup> Cambridge Econometrics: *The Value of the Sports Economy in the Regions in 2000*

<sup>2</sup> 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 is the difference between total income (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:  $GVA = GDP - \text{taxes on products} + \text{subsidies on products}$ . GVA shows the contribution of the sports sector to the economy as a whole.

- **Central Government** – including taxes, grants and wages on sport related activities.
- **Outside the area sector** – including transactions with economies outside the region.

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

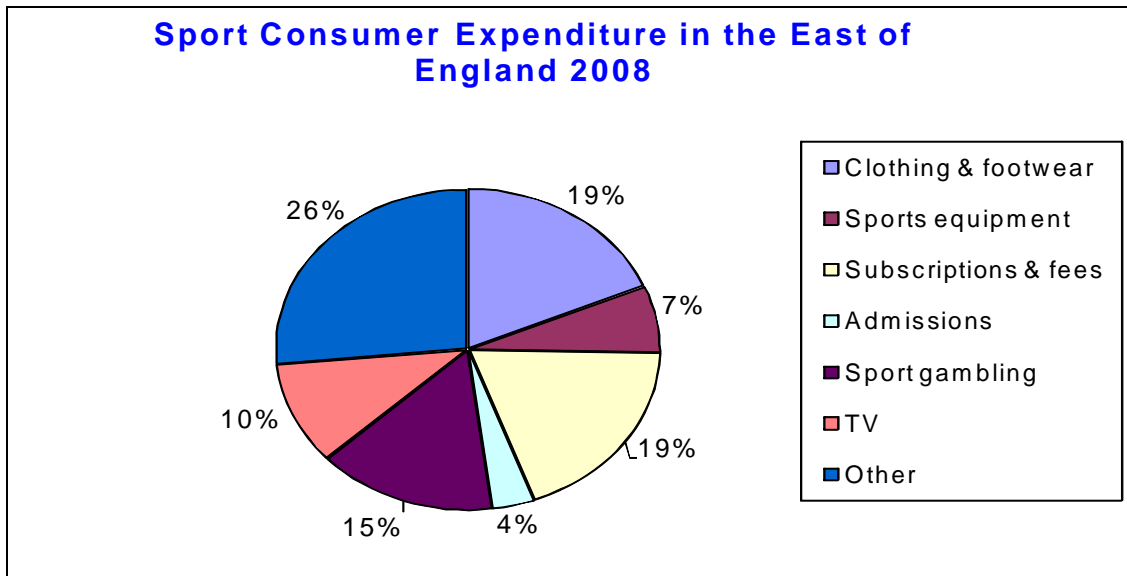
## Results

	2000	2003	2005	2008
<b>Consumer expenditure on sport (£million)</b>	<b>1,231.0</b>	<b>1,589.7</b>	<b>1,946.0</b>	<b>2,315.6</b>
percentage of East of England total	2.1	2.3	2.6	2.6
national average (England)	2.2	2.5	2.6	2.3
<b>Gross Value Added by sport (£million)</b>	<b>1,166.0</b>	<b>1,599.6</b>	<b>1,894.4</b>	<b>2,240.5</b>
percentage of East of England total	1.6	1.7	1.8	2.0
national average (England)	1.5	1.6	1.7	1.5
<b>Sport related employment (thousands)</b>	<b>43.8</b>	<b>49.0</b>	<b>56.5</b>	<b>62.1</b>
percentage of East of England total	1.6	1.8	2.1	2.2
national average (England)	1.7	1.7	1.8	1.8

Table 1 presents estimates for the economic importance of sport in the East of England region. It indicates that:

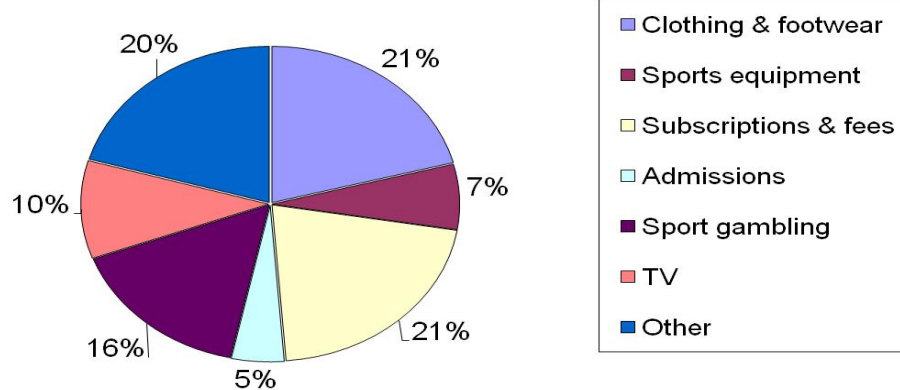
- The total value of sport-related consumer spending was £2,316 million in 2008, increasing by 19% over the year 2005. The most significant areas of consumer spending on sport are sport clothing and footwear, participation (subscriptions and

fees), sport gambling and other sport-related spending. Together these four broad categories account for £1,838 million or almost 80% of the sport-related expenditure in the region in 2008. Of these, the size of the sport participation (subscriptions and fees) sector increased by 32% over the 2003-08 period. Spending associated with sport related gambling and sport goods in the East of England region, increased by 37% and 46% correspondingly, during the period 2003-08.



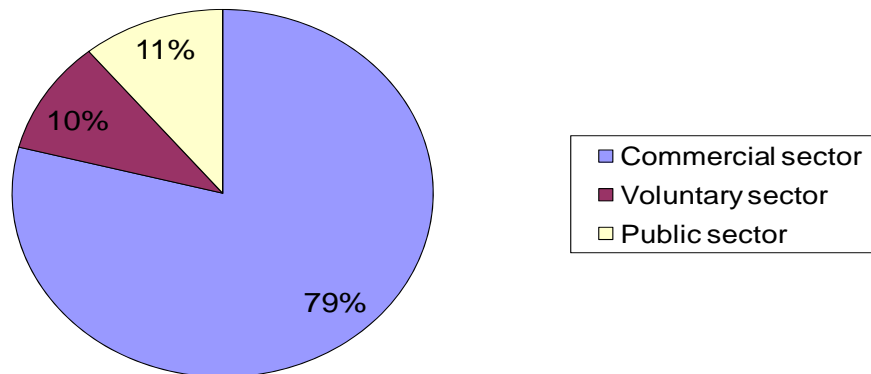
- Per capita sport spending at **£404** is the greatest among all the English regions. This is consistent with a very high proportion of sports consumer spending out of total spending (**2.6%**).
- Sport has grown in economic importance between 2003 and 2008, accounting for a higher share of consumer expenditure (+0.3%), regional product (+0.3%) and jobs (+0.4%). The proportion of sport-related value added (out of total value added) in the East of England, is greater than the national average for England. Despite the recession, sport increased as a percentage of regional GVA and employment.

### Sport Consumer Expenditure in the East of England 2003



- Sport-related economic activity increased from £1,894 million in 2005 to £2,241 million in 2008, representing an increase of 18%. The largest part of this economic activity (£1,086 million, 48%) is generated by the commercial non-sport sector. The next largest sector is commercial sport (£665 million, 30%); 45% of the valued added in this sector is attributable to spectator sports and retailing. The latter includes sport-related clothing and footwear, equipment and publications. The voluntary and public sectors account for the remainder (£490 million, 22%) of the sport-related economic activity in the region.
- Sport and associated industries are estimated to employ 62,100 people in the East of England, accounting for 2.2% of all employment in the region in 2008. This represents increases of 27% and 10% since the years 2003 and 2005 respectively.
- The largest sector is commercial sport, supporting 25,200 jobs or 41% of all sport-related employment in the East of England. The commercial non-sport, public and voluntary sectors support 38%, 11% and 10% of the region's sport-related jobs respectively. During the period 2005-08, the number of jobs in sport retailing increased from 4,500 to 6,500, representing 10% of sport employment in the East of England. Similarly, employment linked to spectator sports increased by 18% over the aforementioned period. The employment trend in the East of England suggests that sport has become an important factor of economic growth, resisting even the strongest recession in recent years.

### Sport Employment in East of England, 2008



- The sport economy in the East of England shows a strong presence of health and fitness clubs. There is considerable investment by both the private and public sectors. An additional source of sport-related growth is the association of the region with the motor sport industry.
- Table 2 below summarises the income and expenditure flows for the seven sport-related sectors in 2008. A large part of income is generated in the commercial non-sport sector, accounting for £1,427 million. This is followed by the commercial sport sector (£1,280 million) and the consumer sector (£989 million). On the expenditure side, by far the most important category is the consumer sector accounting for £2,321 million of expenditure. This is followed by the commercial non-sport (£1,336 million) and commercial sport (£1,229 million) sectors.

**Table 2 Sport-related income and expenditure flows, 2008**

	Income £m	Expenditure £m
Consumer	989	2,321
Commercial sport	1,280	1,229
of which:		
Spectator sports	123	122*
Participation sports	122	116*
Retailing	786	723*
Voluntary	449	293
Commercial non-sport	1,427	1,336
Central government	905	166
Local government	281	318
Outside the area	594	182

\* Current factor expenditure (wages, other inputs)