



**Economic Value of Sport
Yorkshire and the Humber
2003-2008**

Summary Report

August 2010

Sport Industry Research Centre

Sheffield Hallam University

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 Yorkshire and the Humber region. It builds on similar research carried out by Cambridge Econometrics in 2000¹ 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. It also captures in percentage terms the effect of the 2008 recession.

Methodology

The methodology employed in this report is based on national income accounting² 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.

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

² 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.

- **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

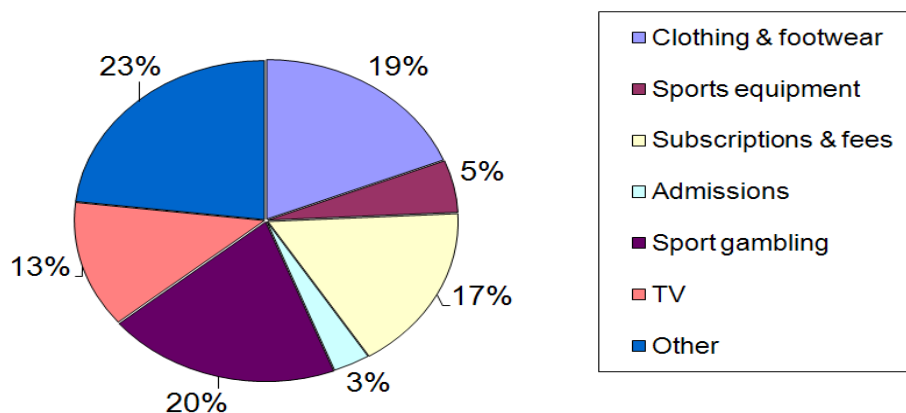
Results

| | 2000 | 2003 | 2005 | 2008 |
|---|---------------|----------------|----------------|----------------|
| Consumer expenditure on sport (£million) | 1156.0 | 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 |

Table 1 presents estimates for the economic importance of sport in the Yorkshire and Humber region. It indicates that:

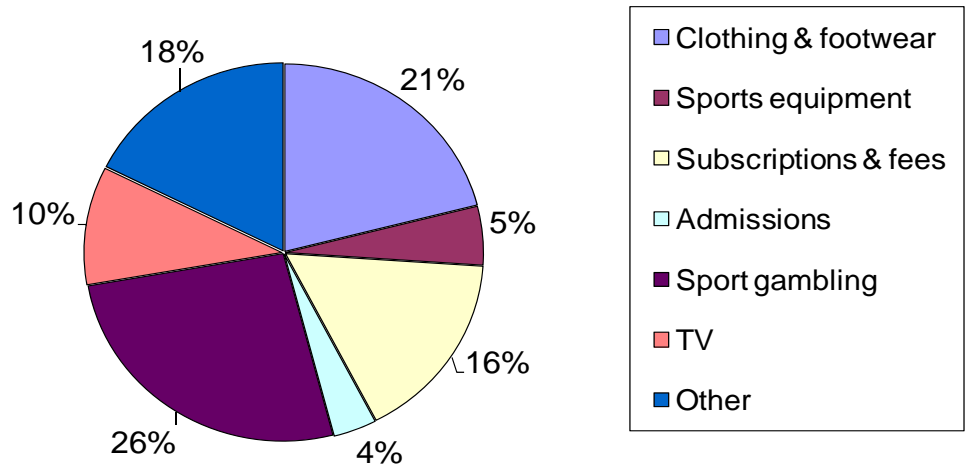
- According to Table 1, over £1.5 billion was spent on sport-related goods and services in Yorkshire and the Humber in 2008. In the same year, consumer expenditure on sport accounted for 2.2% of their total expenditure in the region, marginally below the national average for England. Compared with 2005, sport-related consumption fell by 11% in 2008. This was the result of the 2008 recession.

Sport Consumer Expenditure in Yorkshire and the Humber, 2008



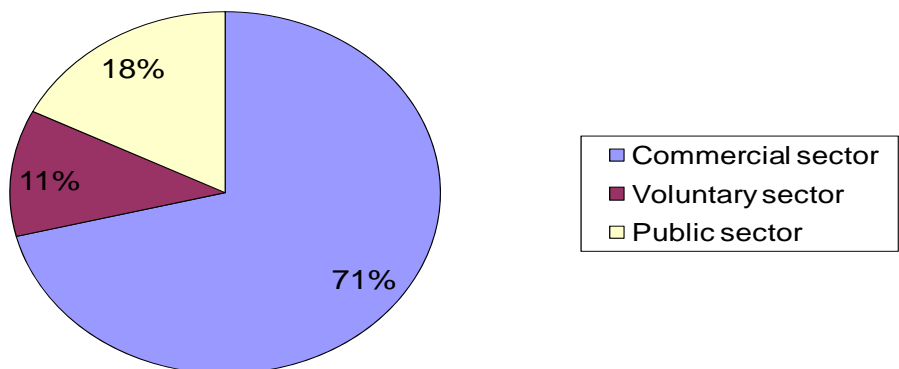
- Gambling represents the largest area of consumer spending on sport (£304 million, 20%). This is somewhat aided by the presence of several racecourses across the region, notably in North Yorkshire; however the vast majority of horse race betting expenditure occurs off-course. After gambling, the major 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.
- 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. 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. 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%. 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 Consumer Expenditure in Yorkshire and the Humber , 2003



- 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. It should be noted that employment in sport retailing increased by 14% during the 2005-08 period, bucking the negative recession trend.

Sport Employment in Yorkshire and the Humber, 2008



- 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.
- Table 2 presents the sport-related income and expenditure flows for 2008. A large part of income within sport is generated by the commercial non-sport sector, accounting for £1,015 million. This is followed by the commercial sport sector (£739 million) and consumer sector (£692 million). On the expenditure side, by far the most important category is the consumer sector accounting for £1,535 million of expenditure.

Table 2: 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) | | |