Economic Value of Sport
London
2003-2008

August 2010

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

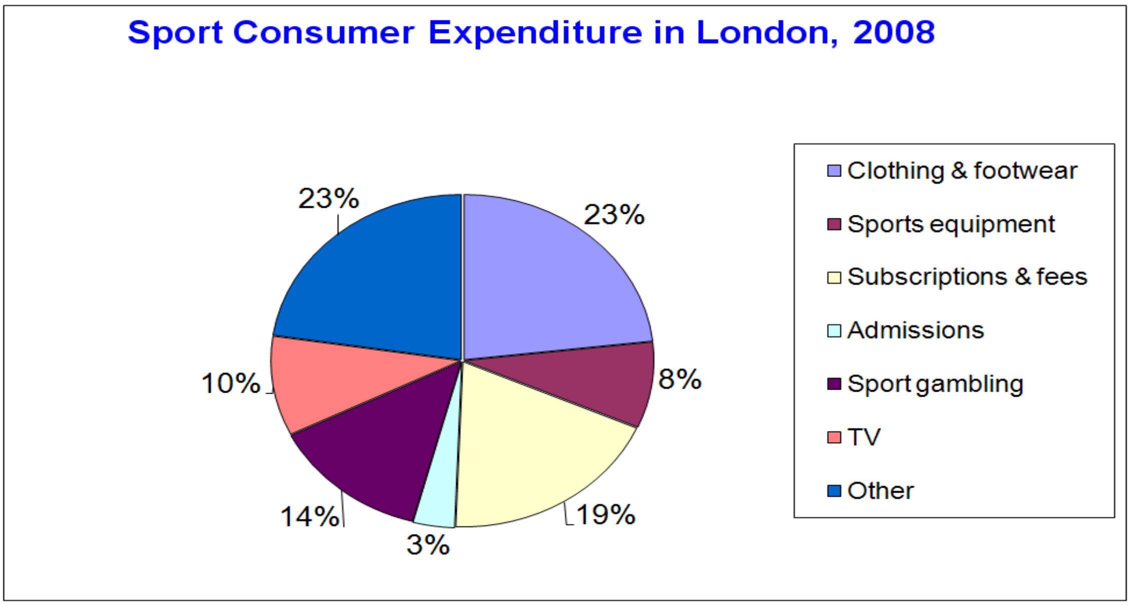
- This report is part of Sport England's ongoing commitment to build the evidence of the economic value of sport. The research has been carried out by The Sport Industry Research Centre (SIRC) as a follow up of the 2005 economic reports.

- 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 London region in 2008, providing comparisons with estimates from 2005, 2003 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.

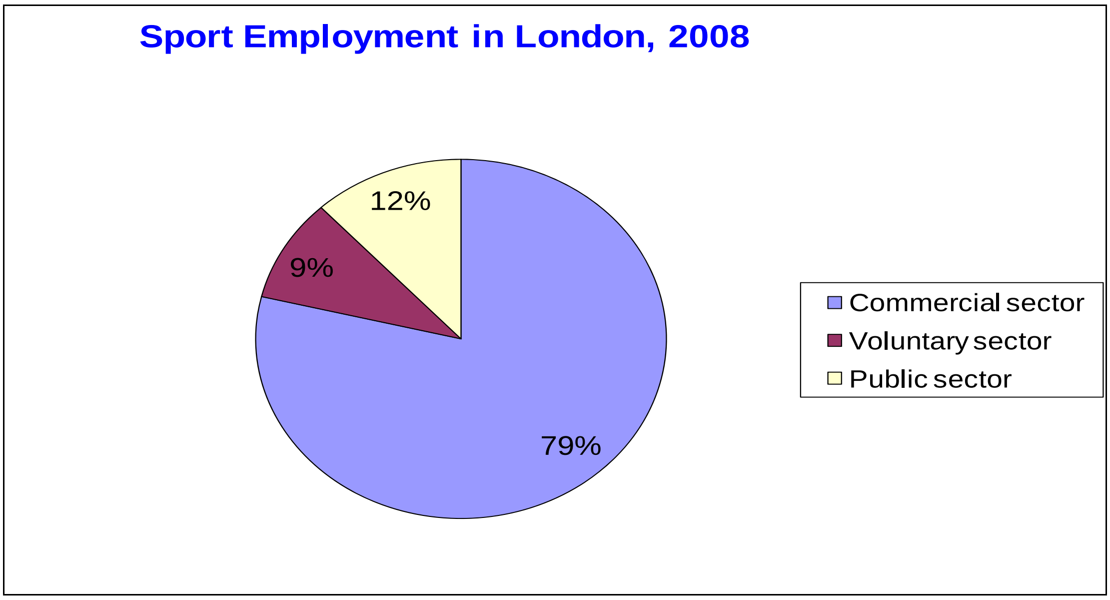
- In 2005 and 2008 consumers spent £2,554m and £2,729m on sport respectively. Consumer expenditure on sport as a percentage of total expenditure (2008):
- London: 2.1%
- England: 2.3%



- There has been a 9% increase in consumer spending (current prices) on participation subscriptions and fees over the period 2003-2008.

- Sport related economic activity generated £2,405m and £2,591m in 2005 and 2008 correspondingly, representing an increase of 8%. London lags behind relatively to the average proportion of value added by sport in England as a whole (1% compared to 1.5% respectively). This reflects the higher earnings and prices in London and a distinctive regional economy with a larger financial sector than the other regions.

- 52,800 people are employed in sport related employment corresponding to 1.4% 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 London is driven by sport participation more than most regions in England. Together with the South East, it has the largest participation (subscription and fees) sector among the English regions, accounting for 19% of total sport-related consumer spending (2008). The economy is driven by the commercial and public sector in sport.

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 London. It builds on similar research carried out by Cambridge Econometrics in 2000[2] 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 London economy. This report informs of the direct economic contribution of sport. 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.

[2] 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 2008 and 2005, 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 percentage of the total regional product is usually the most important statistic to consider.

The methodology used here does not account for indirect economic benefits of sport, through better health, better workplace productivity and well being, and the additional impacts of major sport events through multipliers. Each of the aforementioned factors can be approached individually on the basis of case studies and they are separate projects in their own right. The present study therefore is a prudent 'at least' indicator of the direct economic impact of sport in the economy.

1.3 Regional characteristics

Table 1.1 is a snapshot of the economic and social background of London. 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).

According to Table 1.1, London has a significantly greater unemployment rate (7.8%) compared with the UK as a whole (6.0%).

Gross value added per head in London is £34,342, which is 62% higher than the English level. This is much greater than the difference recorded in 2005. Similarly, average weekly earnings in London are 42% higher than the UK average. Given that London is the centre of government and the financial services, the regional economy is non-comparable in structure to the rest of the UK.

The demographic composition of London is unlike any other English region. Its non-white groups correspond to 31% of the population. The percentage of working age population is 67% compared to a UK average of 62%.

1.4 Sport in the Region

Some of the key features of sport in London, in terms of the region's sporting infrastructure and representation, are illustrated in Table 1.2 below. Concentration of wealth in the capital implies that London is disproportionately represented in terms of premiership football teams and sport infrastructure.

Table 1.1 London - regional profile, 2008

Resident population '000s	
Males	3,773
Females	3,847
All	7,620
Percentage of non-white groups	
Region	31.0%
Gross Value Added per head (£)	
Region	34,342
England	21,183
Gross Value Added (£m)	
Region	261,685
England	1,089,799
Percentage of working age population	
Region	66.9%
UK	62.1%
Unemployment % rate on working age population (Jun-Aug 2008 / Seasonally Adj.)	
Region	7.8%
UK	6.0%
Ec. active % rate of working age people (Jun-Aug 2008 / Seasonally Adj.)	
Region	77.1%
England	79.4%
People in employment aged 16 to 59/64 '000s, (Jun-Aug 2008 / Seasonally Adj.)	
Region	3,596
England	23,631
Average weekly paid working hours	
Male Full Time, Region	39.8
Male Full Time, UK	40.7
Female Full Time, Region	37.5
Female Full Time, UK	37.6
All Full Time & Part time, Region	34.9
All Full Time & Part time, UK	33.9
Average gross weekly earnings (£)	
Male Full Time, Region	876.4
Male Full Time, UK	634.0
Female Full Time, Region	624.7
Female Full Time, UK	484.4
All Full Time & Part time, Region	669.9
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 London Region*

Premiership Football:	Arsenal Chelsea Fulham Tottenham Hotspur West Ham
Championship Football:	Crystal Palace Queens Park Rangers
League 1 Football:	Brentford Charlton Millwall Leyton Orient
League 2 Football:	Barnet; Dagenham and Redbridge
Rugby Union, Premiership:	Saracens Harlequins
Rugby Union, League 1:	London Welsh
Rugby Super League:	Harlequins RL
Cricket:	Middlesex
Basketball:	London Capital
Ice Hockey	Romford Raiders
Greyhound racing:	Romford; Wimbledon
Renowned spectator clubs / venues:	Wembley Lords cricket ground Oval cricket ground Twickenham rugby stadium All England Lawn Tennis and Croquet Club Queen's Tennis Club Crystal Palace athletics stadium
Other major venues / events:	Lee Valley Athletics Centre London Marathon Six Nation's Rugby FA Cup Final University Boat Race

* At the time of writing

2. The Sport Economy in London

2.1 Summary of key indicators

Table 2.1 summarises the most important sport-related indicators for London, 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, following the 2008 recession, the regional sport economy as percentage of the total economy has returned to the 2000 level. This is expected to be a temporal economic phenomenon, with the sport economy resuming its position in 2010.

According to Table 2.1, £2,729 million was spent on sport-related goods and services in London in 2008, representing an increase of 7% on 2005. Consumer expenditure on sport accounts for 2.1% of the total expenditure in the region, which is below the national average for England (2.3%).

Table 2.1: Main sport-related indicators for London

	2000	2003	2005	2008
Consumer expenditure on sport (£million)	1,923.0	2,509.1	2,554.2	2,729.1
percentage of London total	2.1	2.5	2.3	2.1
national average (England)	2.2	2.5	2.6	2.3
Gross Value Added by sport (£million)	1,743.0	2,312.7	2,405.2	2,590.5
percentage of London total	1.3	1.4	1.3	1.0
national average (England)	1.5	1.6	1.7	1.5
Sport related employment (thousands)	47.3	49.7	50.1	52.8
percentage of London total	1.6	1.5	1.4	1.4
national average (England)	1.7	1.7	1.8	1.8

The former equals the level of the regional sport economy in 2001, and it is a direct consequence of the 2008 recession.

In 2008, sport-related economic activity added £2,591 million in the London economy, representing an increase of 8% over the year 2005. The proportional contribution to GVA by sport in the region, reflecting the 2008 recession, is at 1%.

Sport-related employment in London grew from 50,100 in the year 2005 to 52,800 in 2008, representing an increase of 5%. As a percentage of total employment, it remained at the 2005 level of 1.4%. This is in accordance to the situation in England as a whole where sport employment as a percentage of total employment remained also unchanged at 1.8%.

2.2 Consumer spending

Table 2.2 summarises the value of sport-related consumer spending in the region. The estimates are consistent with the total spending reported in the ONS publication Consumer Trends[3].

Table 2.2: Sport-related consumer spending in London

	2000 £m	2003 £m	2005 £m	2008 £m
Sport clothing and footwear	479	593	600	633
Sports goods	100	113	115	229
Participation subscriptions and fees	481	621	576	519
Admissions to events	107	133	116	96
Sport-related gambling	232	284	341	369
TV/video rental, cable and satellite subscriptions		218	234	265
Other sport-related spending	524	547	572	617
Total	1,923	2,509	2,554	2,729

The summary table above shows that the total value of sport-related consumer spending was £2,729 million in 2008, representing increases of 9% and 7% over the years 2003 and

[3] *Consumer Trends, Quarter 1 2009 (ONS)*

2005 respectively. 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 £2,138 million or more than three-quarters of the sport-related expenditure in the region in 2008. Spending associated with sport clothing and footwear increased by 6% since 2005, while spending associated with participation, subscriptions and fees, declined by 10% over the same period. According to 'Family Spending' statistics, the most important change in expenditure was in sports goods which almost doubled in the period 2005-08, reaching £229m. Spending on sport-related gambling grew from £341 million in 2005 to £369 million in 2008, representing an increase of 8%. The previously strong growth in sport-related gambling expenditure during the period 2000-05 can be explained by the abolition of gaming tax. 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 video rental, cable and satellite subscriptions' - accounting for 10% of the market. The latter grew over the period 2005-08 by 13%. Other spending categories, include publications, sport-related BBC licence fee, and sport travel.

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 London.

Table 2.3: Sport-related Value Added in London

	2000 £m	2003 £m	2005 £m	2008 £m
Commercial sport	670	629	683	740
of which:				
Spectator sports	102	129	163	179
Retailing	155	227	240	282
Commercial non-sport	722	1,119	1,158	1,295
Voluntary sector	209	402	372	333
Public sector	142	164	186	222
Total	1,743	2,313	2,405	2,591

According to the table, sport-related economic activity increased from £2,405 million in 2005 to £2,591 million in 2008. Half of this economic activity (£1,295 million, 50%) is generated by the commercial non-sport sector. The next largest sector is commercial sport (£740 million, 29%); approximately 62% of the valued added in this sector is attributable to spectator clubs and retailing. The latter includes sport-related clothing and footwear, equipment and publications. The voluntary and public sectors account for the remainder (£555 million, 21%) of the sport-related economic activity in the region.

Within the commercial sport sector, spectator sports increased its GVA contribution by 10% during the period 2005 to 2008, reaching £179 million in value. In the aforementioned period, the contribution of retailing increased by 18% reaching £282 million in value. This reflects increasing trends for sports wear to be used as fashion wear.

2.4 Sport-related employment

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

Sport and associated industries are estimated to employ nearly 52,800 people in London, accounting for 1.4% of all employment in the region in 2008. This represents an increase of 6% since the year 2003. The stability in the sport employment growth indicates that it was mainly the profit margins that suffered from the recession in 2008.

Among the broad categories, commercial sport is the largest sector in employment terms, providing 20,900 (40%) of London's sport-related jobs. The commercial non-sport, public and voluntary sectors support 39%, 12% and 9% of the region's sport-related jobs respectively.

Jobs in sport retailing increased during the period 2005-2008 from 7,100 to 8,600 representing an increase of 21%. Similarly, employment linked to spectator sports increased significantly by 31% over the period 2005-2008, reaching a level of 5,500.

Table 2.4: Sport-related employment in London	2000 ('000)	2003 ('000)	2005 ('000)	2008 ('000)
Commercial sport	19.5	17.4	18.0	20.9
of which:				
Spectator sports	3.2	3.3	4.2	5.5
Retailing	5.9	7.4	7.1	8.6
Commercial non-sport	19.7	21.5	21.1	20.7
Voluntary sector	4.1	5.8	5.3	4.9
Public sector	4.0	5.0	5.5	6.3
Total	47.3	49.7	50.1	52.8

2.5 Summary of income and expenditure flows

Table 2.5 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 £1,702 million. This is followed by the commercial sport sector (£1,661 million). Within the commercial sport sector, 57% of generated income comes from retailing. This consists mainly of sport equipment, clothing and footwear and sales of sport related books, magazines, newspapers and DVDs. On the expenditure side, by far the most important category is the consumer sector accounting for £2,729 million of expenditure. This is followed by the commercial non-sport (£1,682 million) and commercial sport (£1,681 million) sectors. Over half of the expenditure within the commercial sport sector relates to current factor spending, such as wages, in the retailing sub-sector.

Table 2.5: Sport-related income and expenditure flows, 2008	Income £m	Expenditure £m
Consumer	1,231	2,729
Commercial sport	1,661	1,681
of which:		
Spectator sports	149	259*
Participation sports	152	145*
Retailing	943	944*
Voluntary	530	370
Commercial non-sport	1,702	1,682
Central government	1,248	210
Local government	319	414
Outside the area	733	235

* 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 London has the largest 'absolute' sport-related consumer spending among the nine English regions. This reflects the size of its total consumer spending in relation to the rest of the regions. In terms of per capita spending on sport, London (£358) ranks third amongst the English regions. The proportion of total consumer expenditure made on sport in London is just below the English average at 2.1%. This picture reflects the gap that exists in earnings and price levels between London and the rest of England as well as the economic migration directed towards the capital. The sport economy in London is inflated in value because of much higher than average earnings and prices. As it was noted earlier, average weekly earnings and value added in London are 42% and 62% higher than the UK average respectively.

A similar trend can be observed in Tables 3.6 and 3.9. The sport-related output in London (£2,591 million) is the second largest of any of the regions, but this output is the smallest as a proportion of the regional GVA (1.0%). This was negatively affected because of the recession. Similarly, although sport-related employment in London (52,800) is ranked fifth in the nine regions, its importance to the overall regional employment ranks last at 1.4%. The sport economy in London, despite its significant size, is the smallest as a percentage of total value added because of the specific characteristics of London. The financial sector in particular is much more important in comparison to other regions. From this point of view the sport-related proportion of value added cannot be compared fairly to the other English regions. Nevertheless, it is important to emphasise that the 2008 recession did not affect greatly sport related employment. The latter increased over the examined period and remained static as a percentage of total regional employment.

3.2 Importance of sport in London

The sport economy in London is broadly just below the average for England as a whole, with the exception that London has the lowest sport value added as a proportion of total value added. This is mainly because of the size of the financial sector in the region. Sport gambling forms an important component of the sport budget following the abolition of gaming tax. Important components that influence growth also include spending on sports wear and sports equipment. Despite a smaller than average size in percentage terms of the regional economy, the sports sector has not stopped growing. It is mainly driven through the commercial sport sector and the public sector.

Factors that influence the growth of sport in the London region are as follows:

The 2012 Olympics will boost the economy in terms of construction projects and sport-related tourism. It is expected that the size of sport as percentage of the regional economy will double compared to today's level. In absolute terms, both sports related value added and employment will increase significantly and probably more than double compared to 2003. More than 30,000 jobs are expected to be generated from sports related construction projects. International inward tourism is likely to be 50% above its trend in the years before and after the Olympics. This implies a potential 6 million extra visitors during this period, equivalent to a financial bonus in the range of £2b -3bn.

Another factor for sport related growth is the presence of five Premiership football clubs with strong followings. London together with the North West region forms the backbone of professional football in England. At the time of writing, eight out of the top ten football teams in the Premiership were from the London and North West regions. This is a major factor for the growing importance of commercial and non-commercial sport in the regional economy.

Finally, there is a strong commercial presence of health clubs in the region. There are more than 700 operational health and fitness suites. As a result sport participation helps maintaining the current level of the sports economy. For example, London has the greatest spending among the regions in sport clothing and footwear and sport goods.

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

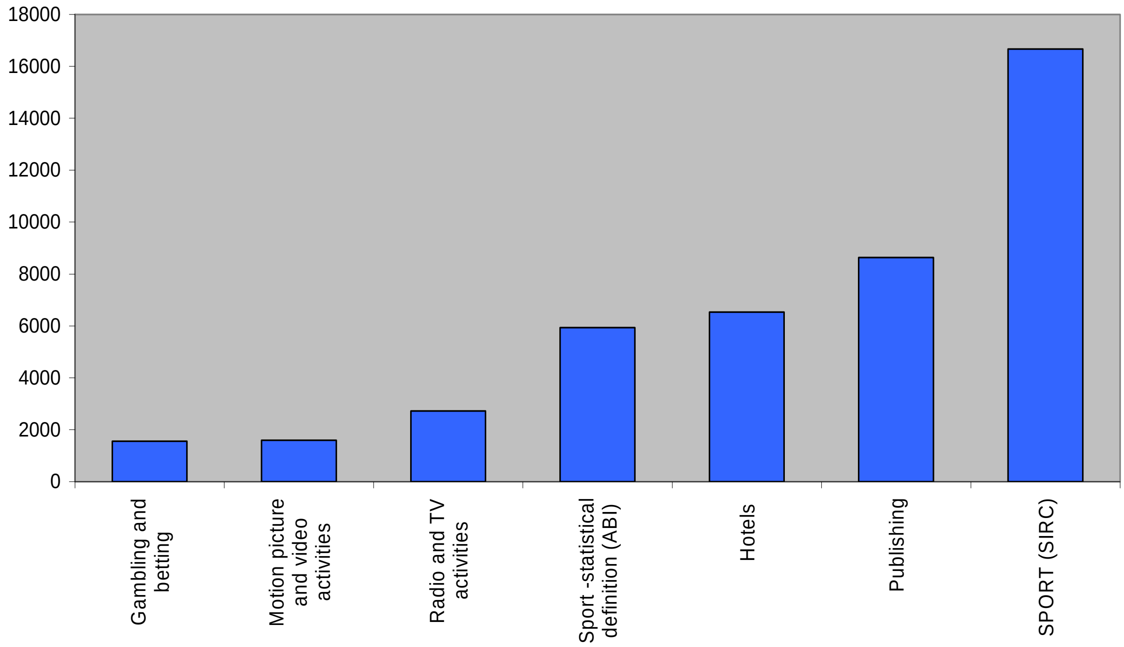
	East ('000)	East Midlands ('000)	London ('000)	North East ('000)	North West ('000)	South East ('000)	South West ('000)	West Midlands ('000)	Yorkshire & Humber ('000)	England ('000)
Commercial sport	25.2	12.5	20.9	7.2	18.8	25.5	12.7	18.1	9.8	150.7
of which:										
Spectator sports	*3.9*	*2.9*	*5.5*	*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.

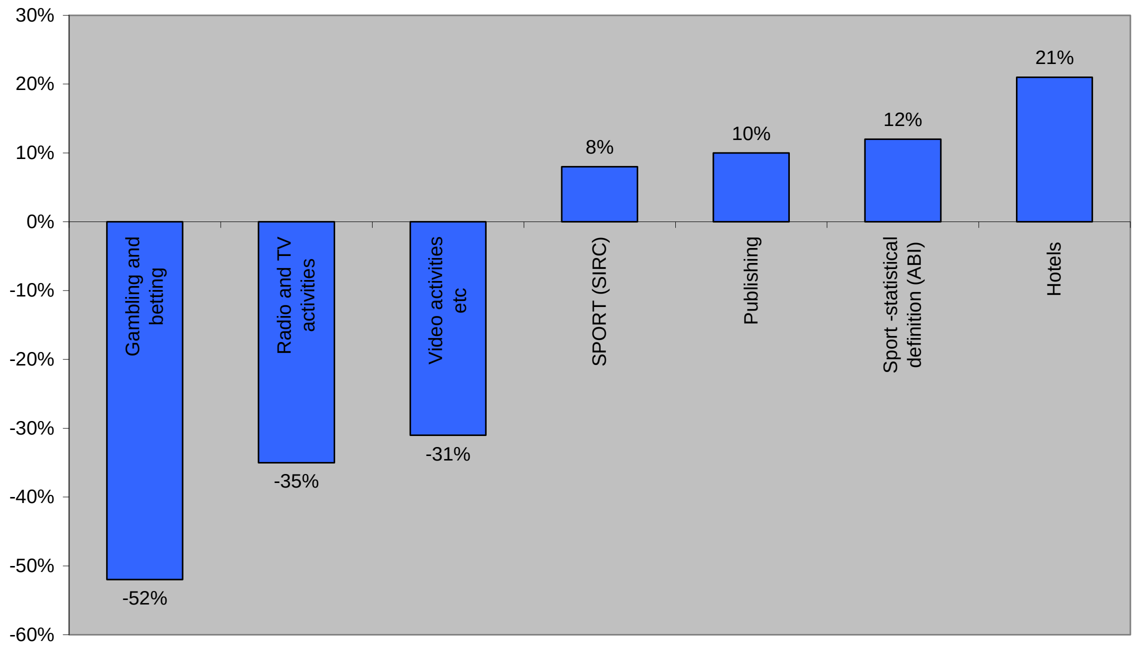
Figure 4.2 illustrates the GVA growth rates of the selected leisure sectors over the period 2005-2008. We consider this short period in order to focus more on the impact of the recession. The sector 'Hotels' has the largest growth over the examined period. This is partly because of the reversal of a 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
- Annual Survey of Hours and Earnings (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	96.1
Sports goods	229.2
Bicycles	4.0
Boats	175.1
Participants sports subscriptions & fees	518.8
Clothing sales	403.8
Footwear sales	229.2
Repairs and laundry	7.5
Travel	130.0
Books and magazines	23.8
Newspapers	39.7
Video: purchase and rental	2.2
BBC licence	45.9
TV and video rental, cable & satellite subscriptions	265.2
Internet subscriptions	0.9
Skiing holidays	144.7
Public schools	43.7
Gambling: Football pools	5.5
Horse Racing	329.3
Raffles and gaming	34.6
Total	2,729.1

Commercial sport income, 2008	
	£ million
Spectator Clubs:	
Admissions	90.8
Sponsorship & advertising	24.0
Corporate entertainment	21.4
Horserace Betting Levy	11.4
Cost of the rights to top league matches	113.4
Participation clubs:	
Subscriptions & fees	152.4
Retailers (net of Vat):	
Equipment	316.6
Clothing and footwear	561.0
Books, newspapers and magazines & videos	65.3
Exports and manufacturers' sales of	
clothing, footwear & equipment	197.8
TV and radio:	
BBC	45.9
Commercial	41.9
Exports	3.4
Internet subscriptions	0.8
Lottery awards	1.5
Lottery partnerships	0.5
Total Income	1,648.0

Commercial sport expenditure, 2008	
	£ million
Current factor expenditure	
Spectator clubs:	
Wages	173.2
Other inputs	85.6
Participation:	
Wages	114.3
Other inputs	30.5
Retailers:	
Wages	242.7
Other inputs	700.9
Manufactures:	
Wages	36.4
Other inputs	122.3
TV and radio:	
Wages	79.1
Total Factor Expenditure	
Total wages	645.8
Total other inputs	928.1
Total factor surplus	93.7
Total value added	739.5
Current transfers	
Corporation tax	13.4
Rates	22.2
Capital expenditure	
Investment	71.0
Total Expenditure Leaving Sector	1,680.5

Voluntary sector income, 2008	
	£ million
Factor income (monetary)	
Players' subscriptions and match fees	290.5
Equipment	2.0
Sponsorship and advertising	16.3
Raffles and gaming machines	34.6
Bar receipts	343.5
Subtotal (factor income)	687.0
Other monetary income	
Grants	30.6
Foundation for Sport and Arts	2.2
Employers' subsidies	26.9
Interest	12.2
Lottery awards via Sport England	6.1
Lottery partnerships	5.4
Total Monetary Income (excluding bar receipts)	426.8

Voluntary sector expenditure, 2008	
	£million
Factor expenditure	
Wages	174.5
Ground hire and rents	10.1
Equipment	2.3
Other	105.0
(Bar purchases)	240.4
Subtotal (factor expenditure)	532.4
Rates	19.3
Interest	4.5
Investment	54.5
Total Monetary Expenditure (excluding bar purchases)	370.2

Commercial non-sport income, 2008	
	£million
Receipts net of tax from consumer spending:	
Travel	55.1
Gambling	296.8
Skiing	65.7
Public schools	36.0
TV rental, cable & satellite subscriptions	218.8
Sales of current inputs to:	
Central government	12.6
Local government	43.6
Commercial sport	686.2
Voluntary sector	91.7
Interest from voluntary sector	4.5
Sales of capital inputs to:	
Local government	101.8
Commercial sport	44.0
Voluntary	44.9
Promotion expenditure for sponsorship (intra-sectoral flow)	56.3
Total income	1,701.7

Commercial non-sport expenditure, 2008	
	£million
Producers of inputs to sport:	
wages	830.9
imports	424.4
(factor surplus)	463.9
(value added)	1,294.8
Corporation tax	66.3
Rates	38.8
Purchases of inputs from sport:	
Sponsorship and advertising	69.1
ITV and radio advertising	41.9
Corporate entertainment at sports events	21.4
Employees' sports subsidies	14.3
Horserace Betting Levy	11.4
Interest payments to voluntary sector	12.2
Promotion expenditure for sponsorship: (to elsewhere in CNS sector)	56.3
Cost of the rights to top league matches	113.4
Lottery awards via Sport England	17.3
Lottery partnerships	20.5
Total expenditure leaving sector	1,681.8

Central Government income, 2008	
	£ million
Taxes :	
on expenditure	477.0
on incomes generated in:	
commercial sport	249.5
voluntary sector	64.1
commercial non-sport	381.4
local government	75.3
Total income	1,247.9
Lottery awards	2.6
Lottery partnerships	1.6

Central Government expenditure, 2008	
	£ million
Transfer Payments	
Grants via Sport England	18.0
Grant support for local government expenditure on:	
Sport (net spending)	65.5
Education	86.2
Foundation for Sport and Arts	3.0
Factor Expenditure	
Sport England: wages and other inputs	16.5
Prison service, MOD, royal parks: wages and other inputs	7.4
Total	209.6

Local Government income, 2008	
	£ million
Local authority sports facilities:	
fees and charges	35.9
sales of equipment	20.4
ground hire	5.0
Grants from central government:	
to fund net expenditure on sport	65.5
sport education	86.2
via Sport England	2.7
via FSA	0.7
Rates:	
voluntary sector	19.3
commercial sport	22.2
commercial non-sport	38.8
Payments for policing	1.9
Lottery awards	7.2
Lottery partnerships	13.0
Total income	**318.8**

Local Government expenditure, 2008	
	£ million
Current expenditure	
Direct gross expenditure:	
Wages	81.8
Other current expenditure	69.7
Education:	
Wages	107.0
Research	0.8
Local transport and policing:	
Wages and other inputs	16.4
Grants to voluntary clubs	15.3
Capital expenditure	
Investment	123.4
Total expenditure	414.4

Outside the area income, 2008	
	£ million
Sports, clothing, footwear and equipment	174.8
Import content of skiing	53.7
Prize income	37.5
Import content of UK production of:	
Sport related goods and services	45.1
Commercial non-sport sector output	424.4
Total income	732.8

Outside the area expenditure, 2008	
	£ million
Sports, clothing, footwear and equipment	180.0
Admissions to sports events	14.0
TV exports	3.4
Prize income	37.5
Total expenditure	234.9

Value Added by sport related economic activity, 2008

	£million	Index
Commercial sport:		
Wages	645.8	
Surplus	93.7	
Lottery projects	0.8	
Total	740.3	28.6
Voluntary sector:		
Wages	174.5	
Surplus	154.6	
Lottery projects	4.2	
Total	333.4	12.9
Commercial non-sport:		
Wages	830.9	
Surplus	463.9	
Total	1,294.8	50.0
Central Government:		
Wages	7.9	
Lottery projects	1.6	
Total	9.4	0.4
Local Government:		
Wages (education)	107.0	
Wages (sports facilities)	81.8	
Wages (transport and policing)	16.4	
Lottery projects	7.4	
Total	212.6	8.2
Total Value Added	2,590.5	100.0

Employment, 2008	
	Employment ('000s)
Sector	
Commercial Sport:	
Spectator clubs	5.5
Participation clubs	3.6
Retailers	8.6
Manufacturing	1.5
TV and Radio	1.7
Subtotal	20.9
Voluntary sport	4.9
Commercial non-sport	20.7
Central Government:	
Administration	0.2
Subtotal	0.2
Local Government:	
Sports facilities	2.6
Education	3.1
Transport/police	0.4
Subtotal	6.1
Total	52.8

The expenditure flows matrix, 2008 (£m)

Flows from:	Flows to: CON	CS	VOL	CNS	CG	LG	OV
Consumer sector	0.0	1219.3	327.2	672.4	399.3	56.3	53.7
Commercial sport	408.7	0.0	0.0	730.2	262.9	24.1	254.7
Voluntary sector	110.5	1.9	0.0	141.1	92.4	24.3	0.0
Commercial non-sport	536.0	226.9	54.2	0.0	381.4	59.0	424.4
Central government	7.9	3.9	30.1	12.6	0.0	155.1	0.0
Local government	130.3	13.9	15.3	145.4	109.4	0.0	0.0
Overseas	37.5	194.9	0.0	0.0	2.4	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).