Economic Value of Sport
South West
2003-2008

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Sport Industry Research Centre

Sheffield Hallam University

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

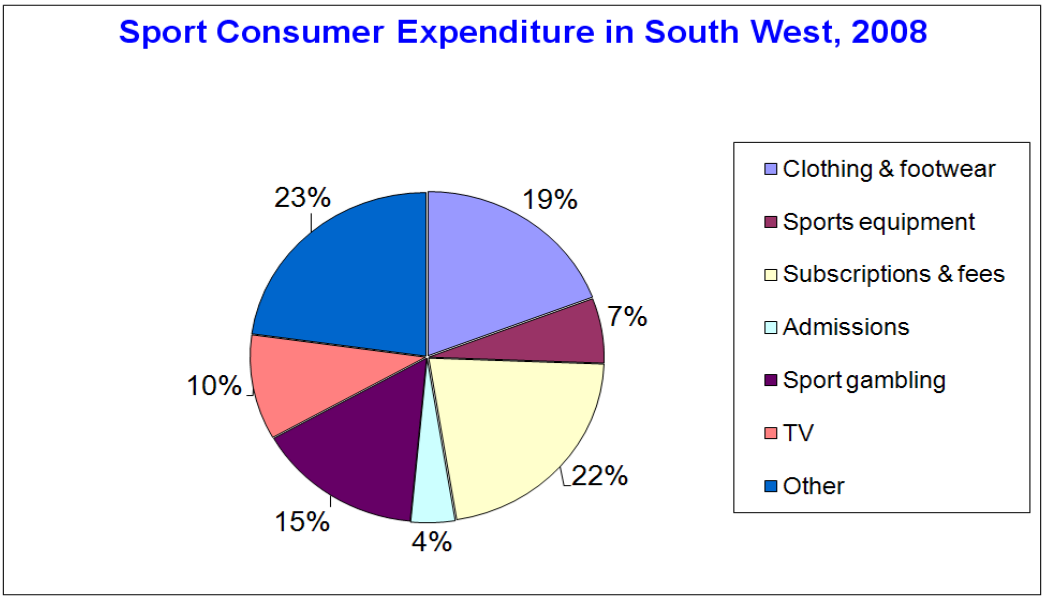
- This report is part of Sport England's ongoing commitment to build the evidence of the economic value of sport. The research has been carried out by The Sport Industry Research Centre (SIRC) as a follow up of the 2005 economic reports.

- 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 South West 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.

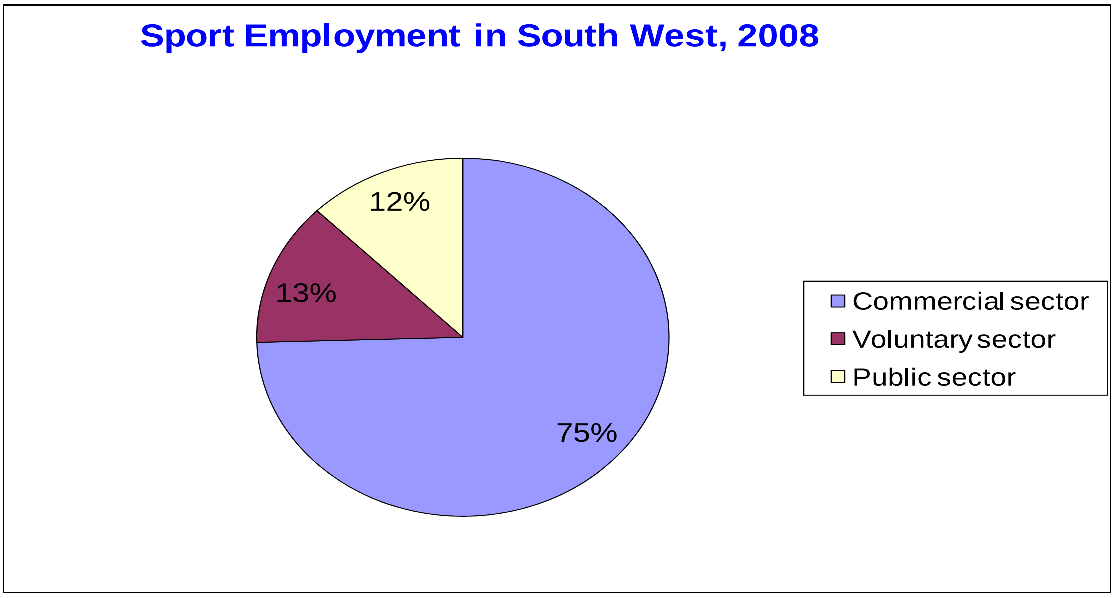
- In 2005 and 2008 consumers spent £1,552m and £1,812m on sport respectively. Consumer expenditure on sport as a percentage of total expenditure (2008):
- South West: 2.3%
- England: 2.3%



- There has been a 17% increase in sport related consumer spending (current prices) over the period 2005-2008. The regional sport economy has avoided the decline associated with economic recession.

- Sport related economic activity generated £1,606m and £1,364m in 2008 and 2005 correspondingly. This is equivalent to 1.6% of total value added in the region (2008).

- 44,000 people are employed in sport related employment corresponding to 1.7% 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 development and popularity of watersports around Newquay is the most important selling points of the region. Sport tourism in the South West area has been boosted following the extension of the airport terminal in Newquay in April 2006 and the existing daily flights between Newquay and Stansted.

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 South West 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 South West 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 srea 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 the South West 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).

According to Table 1.1, the South West has a lower unemployment rate (4.1%) compared with the UK as a whole (6.0%).

Gross value added per head in the South West is £18,814, representing 89% of the UK level. Similarly, average gross weekly earnings in the South West approximate 91% of the UK average.

1.4 Sport in the region

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

Table 1.1 South West - regional profile, 2008

Resident population '000s		
	Males	2,554
	Females	2,655
	All	5,209
Percentage of non-white groups		
	Region	4.7%
Gross Value Added per head (£)		
	Region	18,814
	England	21,183
Gross Value Added (£m)		
	Region	98,002
	England	1,089,799
Percentage of working age population		
	Region	59.8%
	UK	62.1%
Unemployment % rate on working age population (Jun-Aug 2008 / Seasonally Adj.)		
	Region	4.1%
	UK	6.0%
Ec. active % rate of working age people (Jun-Aug 2008 / Seasonally Adj.)		
	Region	82.2%
	England	79.4%
People in employment aged 16 to 59/64 '000s, (Jun-Aug 2008 / Seasonally Adj.)		
	Region	2,421
	England	23,631
Average weekly paid working hours		
	Male Full Time, Region	40.9
	Male Full Time, UK	40.7
	Female Full Time, Region	37.8
	Female Full Time, UK	37.6
	All Full Time & Part time, Region	33.4
	All Full Time & Part time, UK	33.9
Average gross weekly earnings (£)		
	Male Full Time, Region	577.4
	Male Full Time, UK	634.0
	Female Full Time, Region	446.8
	Female Full Time, UK	484.4
	All Full Time & Part time, Region	428.9
	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 South West Region*

Championship football:	Bristol City Plymouth
League 1 football:	Bristol Rovers Exeter Swindon Yeovil
League 2 football:	Bournemouth; Cheltenham; Torquay
Rugby union, premiership:	Bath Gloucester
Cricket:	Gloucestershire Somerset
Speedway:	Bournemouth Plymouth Poole Somerset Swindon Weymouth
Greyhound racing:	Poole; Swindon
Horse race tracks:	Bath Cheltenham Exeter Newton Abbot Salisbury Taunton Wincanton
Motor racing:	Castle Combe
National parks:	Dartmoor; Exmoor
Other:	National Surfing Centre in Newquay Badminton Horse Trials, an annual equestrian event Weymouth and Portland Sailing Academy

* At the time of writing.

2. The Sport Economy in the South West

2.1 Summary of key indicators

Table 2.1 summarises the most important sport-related indicators for the South West, 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 not a setback for the region.

According to Table 2.1, £1.8 billion was spent on sport-related goods and services in the South West in 2008. In the same year, consumer expenditure on sport accounts for 2.3% of the total expenditure in the region, which is exactly at the level of the English average. Compared with 2005, there was an increase of almost 17% in sport-related consumption. In 2008, the recession did not impact upon the major trends in the region.

Table 2.1: Main sport-related indicators for the South West

	2000	2003	2005	2008
Consumer expenditure on sport (£million)	1,022.0	1,398.8	1,552.3	1,811.6
percentage of South West total	2.1	2.4	2.4	2.3
national average (England)	2.2	2.5	2.6	2.3
Gross Value Added by sport (£million)	962.0	1,236.6	1,363.8	1,606.0
percentage of South West total	1.5	1.6	1.6	1.6
national average (England)	1.5	1.6	1.7	1.5
Sport related employment (thousands)	35.2	39.1	39.9	44.4
percentage of South West total	1.5	1.6	1.6	1.7
national average (England)	1.7	1.7	1.8	1.8

The proportion of total consumer spending on sport has decreased from 2.4% to 2.3% during the period 2003-2008. In 2008, sport-related economic activity added close to £1.6 billion to the South West economy, which represents an increase of 18% over the year 2005.

The contribution to GVA by sport in the region has remained stable at 1.6% during the aforementioned period.

Sport-related employment in the South West grew from 39,900 in the year 2005 to 44,400 in 2008. As a percentage of total employment, it was equal to 1.7% in 2008. This is a lower figure than that of England as a whole where sport employment as a percentage of total employment is 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 reported in the ONS Consumer Trends publication.

Table 2.2: Sport-related consumer spending in the South West

	2000 £m	2003 £m	2005 £m	2008 £m
Sport clothing and footwear	215	258	270	348
Sports goods	100	133	148	116
Participation subscriptions and fees	217	286	331	396
Admissions to events	48	61	67	73
Sport-related gambling	134	206	230	278
TV/video rental, cable and satellite subscriptions		133	156	187
Other sport-related spending	308	322	349	413
Total	1,022	1,399	1,551	1,812

The summary table above shows that the total value of sport-related consumer spending was £1,812 million in 2008, representing an increase of 17% over the year 2005. Participation subscriptions and fees is the single largest category of consumer spending on sport, accounting for £396 million or 22% of the market in 2008. The combined participation-related sectors of sport clothing and footwear (£348 million) and subscriptions and fees (£396 million) account for 41% of the market. The spending associated with the two aforesaid participation-related categories increased by 24% since 2005, while the expenditure on sport equipment was the only one that declined from £148 million in 2005 to £116 million in 2008. Gambling accounted for £278 million or 15% of the market 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 and video rental, cable and satellite subscriptions', accounting for nearly 10% of the market. 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 the South West. According to the table, sport-related economic activity increased from £1,364 million in 2005 to £1,606 million in 2008. The majority of this economic activity (£858 million, 53%) is generated by the commercial non-sport sector. The next sector in size is commercial sport (£344 million, 21%). 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.

Table 2.3: Sport-related value added in the South West

	2000 £m	2003 £m	2005 £m	2008 £m
Commercial sport	261	274	309	344
of which:				
Spectator sports	48	53	61	76
Retailing	92	124	131	136
Commercial non-sport	498	681	723	858
Voluntary sector	128	176	209	261
Public sector	75	106	124	143
Total	962	1,237	1,364	1,606

The voluntary and public sectors account for the remainder (£404 million, 25%) of the sport-related economic activity in the region. Within the commercial sport sector, retailing increased from £131 million in 2005 to £136 million in 2008. This possibly reflects a trend of sports wear to be used as fashion-wear. Overall, the South West starting from a lower position in terms of its sport economic indicators, found it easier to buck the trend of decline during the recession. The region is now performing above the national average in terms of the sport share in the regional GVA.

2.4 Sport-related employment

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

Sport and associated industries are estimated to employ 44,000 people in the South West, accounting for 1.7% of all employment in the region in 2008.

This represents an increase of 10% over the year 2005. The relative share of employment generated within each sector is broadly consistent with their share of value added to the region's economy. As with value added, the largest sector is commercial non-sport, supporting 20,100 jobs or 46% of all sport-related employment in the South West. The commercial sport, voluntary and public sectors support 29%, 13% and 12.5% of the region's sport-related jobs respectively.

During the period 2005-08, the number of jobs in retailing and spectator sports increased by 11% and 42% respectively. The latter reflected the reported regional rise in average weekly household expenditure from £5.0 to £6.0 (Family Spending)[1]. The rates of rise in sport related employment and GVA (10% compared to 18%) indicate the strength of underlying growth in the region. This is not a process restricted to sport. The first conclusion is that despite the recession the profit margins were not affected. It is a direct result of sport policy in the region, with sport used as a tool of economic growth. This policy, in relation to a relatively low denominator of economic activity, made possible for the South West to buck a negative trend associated with the 2008 recession. According to Table 2.4 employment increased in all reported sectors of the sport economy.

[1] *Family Spending: A report on the Expenditure and Food Survey (ONS)*

Table 2.4: Sport-related employment in the South West	2000 ('000)	2003 ('000)	2005 ('000)	2008 ('000)
Commercial sport	8.9	9.9	10.3	12.7
of which:				
Spectator sports	2.9	2.5	2.6	3.7
Retailing	3.0	3.7	3.7	4.1
Commercial non-sport	18.5	19.2	19.5	20.1
Voluntary sector	4.3	5.4	5.2	5.7
Public sector	3.5	4.6	4.8	5.5
Total	35.2	39.1	39.9	44.0

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. A large part of income is generated in the commercial non-sport sector, accounting for £1,128 million. This is followed by the commercial sport sector (£936 million) and the consumer sector (£737 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 £1,812 million of expenditure. This is followed by the commercial non sport (£1,053 million) and commercial sport (£881 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	737	1,812
Commercial sport	936	881
of which:		
Spectator sports	111	110*
Participation sports	110	104*
Retailing	533	475
Voluntary	389	260
Commercial non-sport	1,128	1,053
Central government	724	136
Local government	219	260
Outside the area	464	126

* 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 consumer spending on sport-related goods and services for the South West ranks sixth among the English regions. In terms of per capita spending on sport the South West (£348) ranks fourth amongst the English regions, reflecting the size of the South West economy in terms of total consumer expenditure. The proportion of total consumer expenditure made on sport in the region ranks fifth, at the national average level of 2.3%.

According to Table 3.6, the sport-related output in the South West (£1,606 million) ranks sixth among the English regions. Similarly this level of output as a proportion of the regional GVA (1.6%) is just above the England average (a reversal of the 2005 position). According to Table 3.9, sports-related employment in the region (44,000) is ranked sixth across the nine regions, while its importance to the overall regional employment (1.7%) is just below the English average (1.8%).

3.2 Importance of sport in the South West

We cannot say any more that the regional South West sport economy performs below the national average (in percentage terms). While it is true that the region is underperforming in terms of sport-related employment, it has reached, or exceeded, the average position in sport related GVA and consumer spending. For example, 1.6% of total output in the region is sport-related (compared with 1.5% in England overall). It should be noted that the South West economy, generally is underperforming in comparison with the UK average. The average earnings for men and women in the South West are 91% and 92% of the national average respectively. Economic performance in the South West region is uneven. Its eastern part contributes more to economic growth while its western part (Cornwall and Devon) is lagging behind.

The South West has a well established industry surrounding watersports. Employment in this sector has been increasing because of the focus on manufacture and repair of leisure craft. Cornwall’s popularity as a sport holiday destination was a factor behind major developments like the Eden Project.

The surfing industry implies that the South West has higher spending per household than the UK average in categories such as: ‘equipment for sport, camping and open air recreation’. According to Family Spending [1] the average weekly household expenditure on the aforementioned category is £0.98 in the South West in 2008, compared with £0.90 for the UK as a whole.

Sport gambling forms a very important component of the sport budget in the region following the abolition of gaming tax. During the period 2005-2008, spending on sport-gambling in the South West increased by 21%. The Cheltenham Festival is the highlight of the jump racing calendar.

Finally, the regional economy has benefited from a major extension to the airport terminal in Newquay which was completed at the end of April 2006. The £2.8 million project increased the terminal area by 20%. This followed Ryanair's decision in 2002 to have daily flights between Newquay and Stansted, with instant benefits for the region. It benefits tourism in general but more specifically sports tourism.

[1] *Family Spending: A report on the Expenditure and Food Survey (ONS)*

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

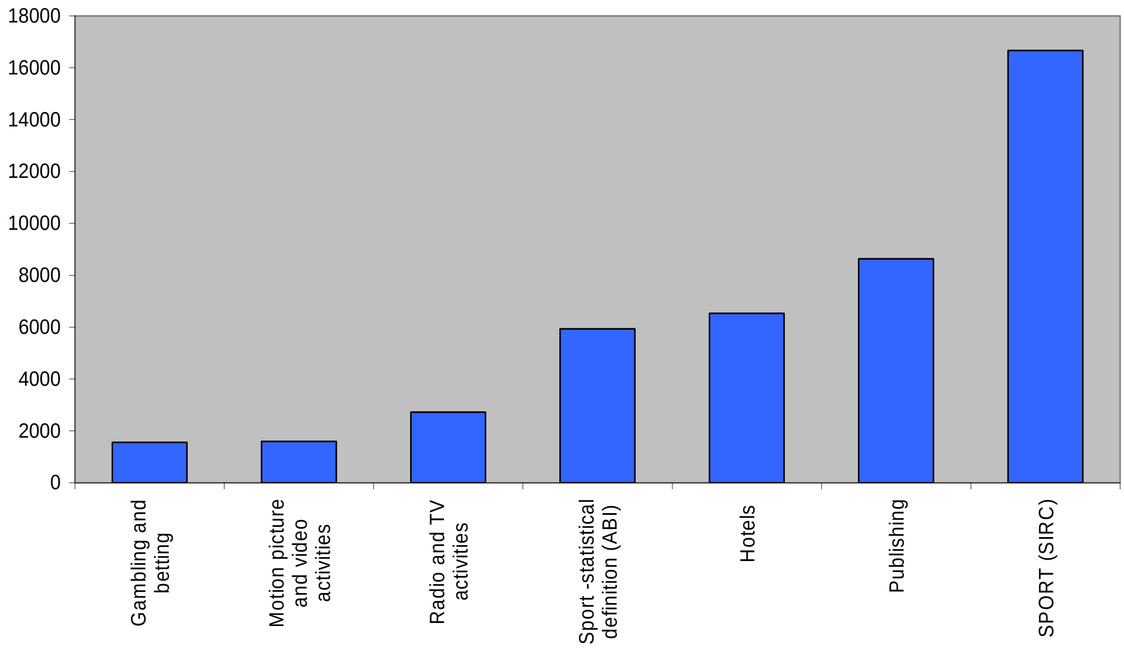
	East ('000)	East Midlands ('000)	London ('000)	North East ('000)	North West ('000)	South East ('000)	South West ('000)	West Midlands ('000)	Yorkshire & Humber ('000)	England ('000)
Commercial sport	25.2	12.5	20.9	7.2	18.8	25.5	12.7	18.1	9.8	150.7
of which:										
Spectator sports	*3.9*	*2.9*	*5.5*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

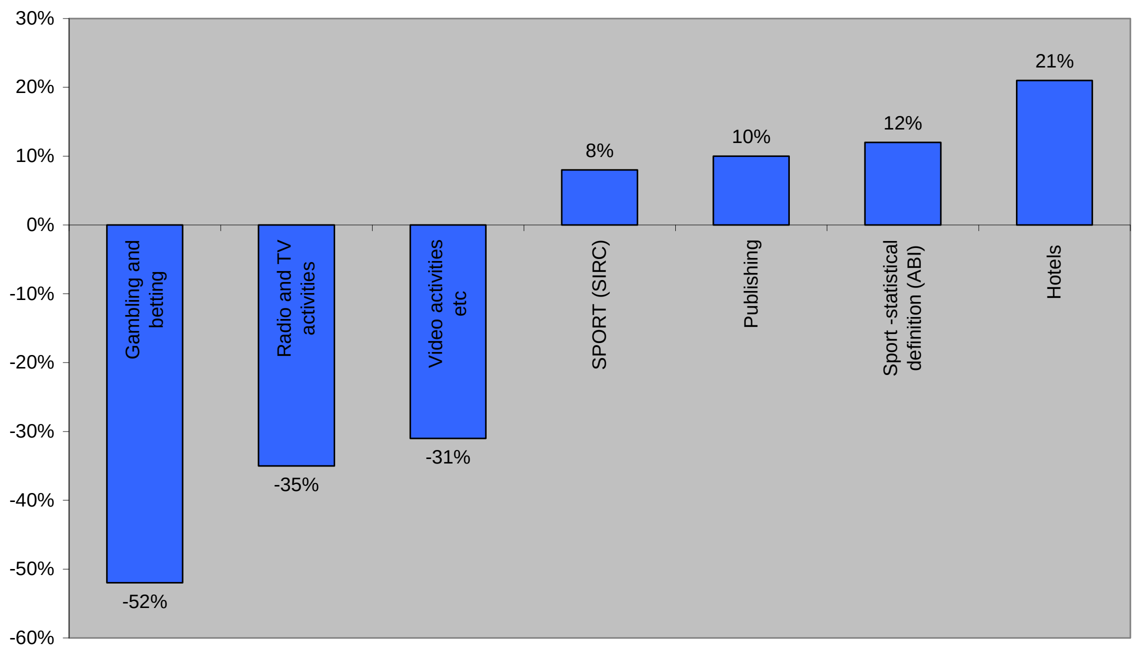
Figure 4.2 illustrates the GVA growth rates of the selected leisure sectors over the period 2005-2008. We consider this short period in order to focus more on the impact of the recession. The sector 'Hotels' has the largest growth over the examined period. This is partly because of the reversal of a 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	73.4
Sports goods	115.7
Bicycles	2.4
Boats	105.2
Participants sports subscriptions & fees	396.2
Clothing sales	234.5
Footwear sales	113.1
Repairs and laundry	2.5
Travel	85.1
Books and magazines	19.2
Newspapers	36.8
Video: purchase and rental	2.7
BBC licence	32.1
TV and video rental, cable & satellite subscriptions	187.2
Internet subscriptions	0.6
Skiing holidays	107.2
Public schools	19.4
Gambling: football pools	4.2
Horse racing	247.8
Raffles and gaming	26.0
Total	1,811.6

Commercial sport income, 2008

	£ million
Spectator Clubs:	
Admissions	68.4
Sponsorship & advertising	16.8
Corporate entertainment	16.3
Horserace Betting Levy	7.8
Participation clubs:	
Subscriptions & fees	109.9
Retailers (net of Vat):	
Equipment	167.9
Clothing and footwear	306.7
Books, newspapers and magazines & videos	58.3
Exports and manufacturers' sales of	
clothing, footwear & equipment	108.5
TV and radio:	
BBC	32.1
Commercial	29.3
Exports	2.4
Internet subscriptions	0.5
Lottery awards	1.3
Lottery partnerships	0.5
Total Income	926.7

Commercial sport expenditure, 2008

	£ million
Current factor expenditure	
Spectator clubs:	
Wages	73.3
Other inputs	36.7
Participation:	
Wages	54.9
Other inputs	49.4
Retailers:	
Wages	77.9
Other inputs	397.0
Manufacturers:	
Wages	17.9
Other inputs	69.0
TV and radio:	
Wages	30.8
Other inputs	16.9
Total Factor Expenditure	
Total wages	254.9
Total other inputs	569.1
Total factor surplus	88.7
Total value added	343.6
Current transfers	
Corporation tax	12.7
Rates	10.3
Capital expenditure	
Investment	33.5
Total Expenditure Leaving Sector	880.5

Voluntary sector income, 2008	
	£ million
Factor income (monetary)	
Players' subscriptions and match fees	221.9
Equipment	1.1
Sponsorship and advertising	11.4
Raffles and gaming machines	26.0
Bar receipts	260.5
Subtotal (factor income)	520.9
Other monetary income	
Grants	13.4
Foundation for Sport and Arts	1.5
Employers' subsidies	17.4
Interest	7.5
Lottery awards via Sport England	5.3
Lottery partnerships	4.7
Total Monetary Income (excluding bar receipts)	310.4

Voluntary sector expenditure, 2008

	£million
Factor expenditure	
Wages	129.0
Ground hire and rents	9.5
Equipment	1.2
Other	70.6
(Bar purchases)	182.3
Subtotal (factor expenditure)	392.7
Rates	9.0
Interest	3.1
Investment	37.4
Total Monetary Expenditure (excluding bar purchases)	259.9

Commercial non-sport income, 2008	
	£million
Receipts net of tax from consumer spending:	
Travel	31.2
Gambling	223.4
Skiing	48.6
Public schools	16.0
TV rental, cable & satellite subscriptions	154.4
Sales of current inputs to:	
Central government	8.7
Local government	26.2
Commercial sport	431.8
Voluntary sector	63.0
Interest from voluntary sector	3.1
Sales of capital inputs to:	
Local government	69.6
Commercial sport	20.7
Voluntary	30.9
Promotion expenditure for sponsorship (intra-sectoral flow)	39.4
Total income	1,127.8

Commercial non-sport expenditure, 2008	
	£million
Producers of inputs to sport:	
wages	550.7
imports	281.2
(factor surplus)	307.4
(value added)	858.1
Corporation tax	43.9
Rates	25.7
Purchases of inputs from sport:	
Sponsorship and advertising	48.9
ITV and radio advertising	29.3
Corporate entertainment at sports events	16.3
Employees' sports subsidies	8.8
Horserace Betting Levy	7.8
Interest payments to voluntary sector	7.5
Promotion expenditure for sponsorship: (to elsewhere in CNS sector)	39.4
Lottery awards via Sport England	15.2
Lottery partnerships	17.9
Total expenditure leaving sector	1,053.4

Central Government income, 2008	
	£ million
Taxes:	
on expenditure	302.4
on incomes generated in:	
commercial sport	97.9
voluntary sector	43.2
commercial non-sport	235.7
local government	43.8
Total income	723.7
Lottery awards	2.3
Lottery partnerships	1.4

Central Government expenditure, 2008	
	£ million
Transfer Payments	
Grants via Sport England	12.3
Grant support for local government expenditure on:	
sport (net spending)	38.5
education	58.9
Foundation for Sport and Arts	2.0
Factor Expenditure	
Sport England: wages and other inputs	11.3

Prison service, MOD, royal parks:	
wages and other inputs	4.1
Total	136.3

Local Government income, 2008	
	£ million
Local authority sports facilities:	
fees and charges	34.0
sales of equipment	16.4
ground hire	4.8
Grants from central government:	
to fund net expenditure on sport	38.5
sport education	58.9
via Sport England	1.8
via FSA	0.5
Rates:	
voluntary sector	9.0
commercial sport	10.3
commercial non-sport	25.7
Payments for policing	1.3
Lottery awards	6.3
Lottery partnerships	11.4
Total income	218.9

Local Government expenditure, 2008	
	£ million
Current expenditure	
Direct gross expenditure:	
Wages	48.1
Other current expenditure	41.0
Education:	
Wages	73.1
Research	0.5
Local transport and policing:	
Wages and other inputs	9.6
Grants to voluntary clubs	3.0
Capital expenditure	
Investment	84.4
Total expenditure	259.8

Outside the area income, 2008	
	£ million
Sports, clothing, footwear and equipment	99.0
Import content of skiing	39.8
TV imports	4.2
Prize income	15.6
Import content of UK production of:	
Sport related goods and services	24.1
Commercial non-sport sector output	281.2
Total income	464.0

Outside the area expenditure, 2008	
	£ million
Sports, clothing, footwear and equipment	98.7
Admissions to sports events	9.6
TV exports	2.4
Prize income	15.6
Total expenditure	126.2

Value added by sport related economic activity, 2008		
	£million	Index
Commercial sport:		
Wages	254.9	
Surplus	88.7	
Lottery projects	0.6	
Total	344.2	21.4
Voluntary sector:		
Wages	129.0	
Surplus	128.3	
Lottery projects	3.4	
Total	260.6	16.2
Commercial non-sport:		
Wages	550.7	
Surplus	307.4	
Total	858.1	53.4
Central Government:		
Wages	5.0	
Lottery projects	1.2	
Total	6.3	0.4

Local Government:		
Wages (education)	73.1	
Wages (sports facilities)	48.1	
Wages (transport and policing)	9.6	
Lottery projects	5.9	
Total	136.8	8.5
Total Value Added	1,606.0	100.00

Employment, 2008

Sector	Employment ('000s)
Commercial Sport	
Spectator clubs	3.7
Participation clubs	2.8
Retailers	4.1
Manufacturing (exports)	0.9
TV and Radio	0.8
Subtotal	12.3
Voluntary sport	5.7
Commercial non-sport	20.1
Central Government	
Administration	0.2
Subtotal	0.2
Local Government	
Sports facilities	2.4
Education	2.6
Transport/police	0.3
Subtotal	5.3

Total	43.6

The expenditure flows matrix, 2008 (£m)

Flows from:	Flows to: CON	CS	VOL	CNS	CG	LG	OV
Consumer sector	0.0	735.0	249.0	473.7	254.1	50.4	39.8
Commercial sport	169.6	0.0	0.0	452.5	103.9	11.6	143.0
Voluntary sector	85.8	1.0	0.0	97.0	62.3	13.7	0.0
Commercial non-sport	373.7	81.5	37.8	0.0	235.7	43.4	281.2
Central government	5.0	2.1	20.6	8.7	0.0	99.8	0.0
Local government	87.4	7.6	3.0	95.8	66.0	0.0	0.0
Overseas	15.6	109.0	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).