



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

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Sport Industry Research Centre

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Contents

	Page
Definitions	iii
Executive Summary	iv
Chapter 1: Introduction	1
1.1: Terms of Reference	1
1.2: Methodology	1
1.3: Regional Characteristics	3
1.4: Sport in the Region	3
Chapter 2: The Sport Economy in the East of England	7
2.1: Summary of key indicators	7
2.2: Consumer Spending	8
2.3: Sport-related Output	9
2.4: Sport-related Employment	10
2.5: Summary of Income and Expenditure flows	11
Chapter 3: The Sport Economy in Context	12
3.1: Spending, Output and Employment	12
3.2: Importance of Sport in the East of England	12
3.3: Sport and the Leisure Industries	23
Appendices:	
A1: Statistical Sources	27
A2: Model Output	28
A3: Sources and Methods	42

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:

$GVA = GDP - \text{taxes on products} + \text{subsidies on products}.$

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.

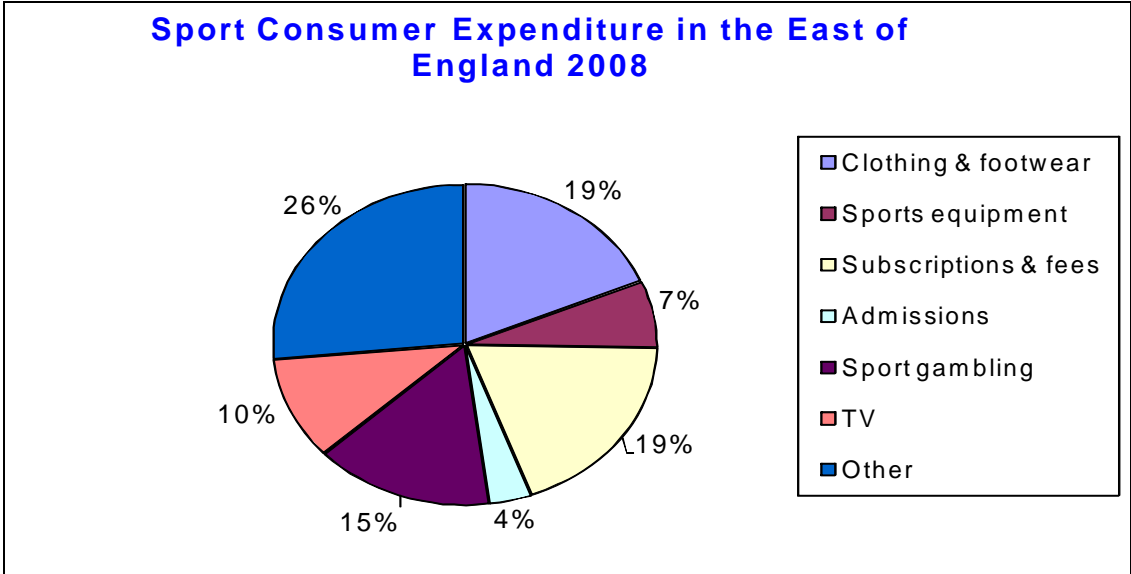
4. Employment

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

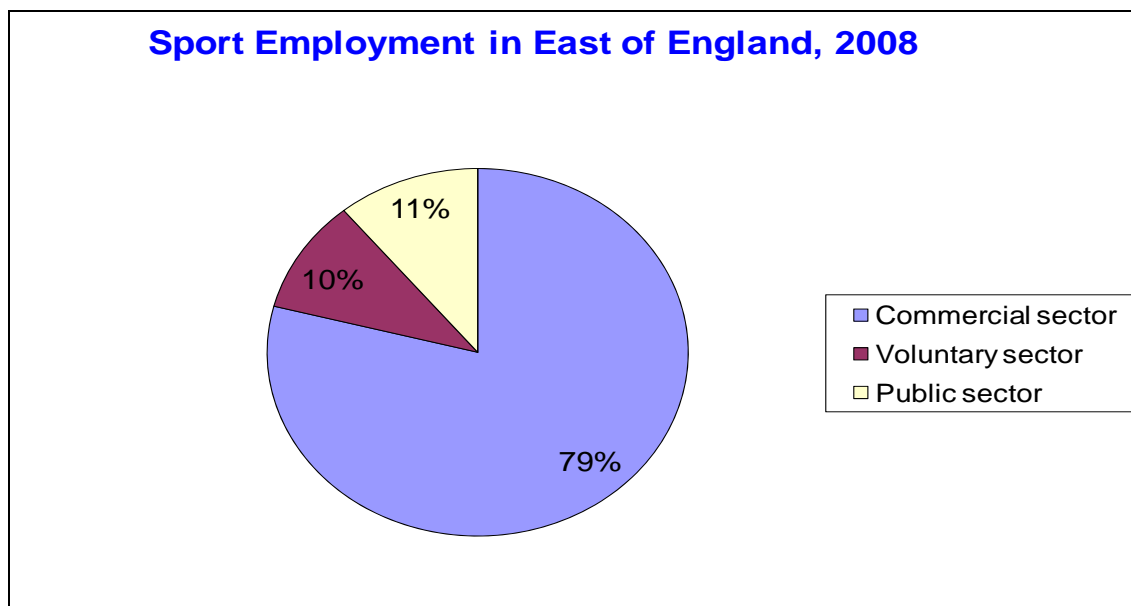
¹ *Sport Market Forecasts 2009-2013*, Sport Industry Research Centre (SIRC), 2009

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 East of England 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 **£1,946m** and **£2,316m** on sport respectively. Consumer expenditure on sport as a percentage of total expenditure (2008):
 - East of England: **2.6%**
 - England: **2.3%**



- Per capita sport spending at **£404** is the greatest among all the English regions. This is consistent with a very high proportion of sports consumer spending out of total spending (**2.6%**).
- Sport related economic activity generated **£1,894m** and **£2,241m** in 2005 and 2008 correspondingly. This is equivalent to **2.0%** of total value added in the region (2008), an improvement over 2005 (1.8%).
- **62,100** people are employed in sport related employment corresponding to **2.2%** of total employment in the region (2008).



- During the period 2003-08, England's gross value added from sport increased by 22%. During the 2005-08 period, sport related GVA increased by 8% in terms of this methodology and 12% in terms of the ABI statistical definition of sport. This compares favourably with the corresponding growth in 'gambling' and 'motion picture and video activities', both decreasing because of the recession.
- The sport economy in the East of England shows a strong presence of health and fitness clubs. There is considerable investment by both the private and public sectors. An additional source of sport-related growth is the association of the region with the motorsport industry.

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 East of England region. It builds on similar research carried out by Cambridge Econometrics in 2000² and SIRC in 2003 and 2005 that measured the value of the sport economy in the nine English regions. Selected comparisons have been made with the 2003 and 2005 studies to illustrate the change in the importance of sport to the East of England economy. This report informs of the direct economic contribution of sport. It also captures in percentage terms the effect of the 2008 recession.

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.

We have also explicitly taken the motor sport cluster into account but our approach has been prudent to avoid double counting of generated added value. Inflation adjustment has not been used for comparisons between the years 2005 and 2008, as the general inflation rate is very low and the intervening period too small to make an impact. The inflation rate also varies between regions and between sport sectors. The sport-generated product (GVA) as 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 East of England 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 East of England has a noticeably lower unemployment rate (4.8%) compared with the UK as a whole (6.0%).

Gross value added per head in the East of England is £19,472, which is 8% lower than the English level. Similarly, average gross weekly earnings in the East of England approximate 96% of the UK average.

1.4 Sport in the region

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

Table 1.1 East of England - regional profile, 2008

Resident population '000s	
Males	2,821
Females	2,908
All	5,729
Percentage of non-white groups	
Region	8.4%
Gross Value Added per head (£)	
Region	19,472
England	21,183
Gross Value Added (£m)	
Region	111,555
England	1,089,799
Percentage of working age population	
Region	60.9%
UK	62.1%
Unemployment % rate on working age population (Jun-Aug 2008 / Seasonally Adj.)	
Region	4.8%
UK	6.0%
Ec. active % rate of working age people (Jun-Aug 2008 / Seasonally Adj.)	
Region	81.5%
England	79.4%
People in employment aged 16 to 59/64 '000s, (Jun-Aug 2008 / Seasonally Adj.)	
Region	2,677
England	23,631
Average weekly paid working hours	
Male Full Time, Region	41.1
Male Full Time, UK	40.7
Female Full Time, Region	38.1
Female Full Time, UK	37.6
All Full Time & Part time, Region	33.6
All Full Time & Part time, UK	33.9
Average gross weekly earnings (£)	
Male Full Time, Region	611.4
Male Full Time, UK	634.0
Female Full Time, Region	474.5
Female Full Time, UK	484.4
All Full Time & Part time, Region	455.1
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 East of England Region*

Championship football:	Ipswich Town Peterborough United Watford
League 1 football:	Colchester United Norwich City Southend United
Rugby Union Premiership:	Saracens (Watford)
Cricket:	Essex
Basketball:	Essex Pirates
Speedway:	Arena Essex Ipswich King's Lynn Peterborough Rye House (Hertfordshire)
Greyhound racing:	Harlow Henlow Mildenhall Peterborough Yarmouth
Horse race tracks:	Fakenham Great Leighs Huntingdon Newmarket (headquarters of British horse racing) Yarmouth
Motor racing:	Cadwell Park; Snetterton
Other:	University of East Anglia: The 'Sportspark', containing facilities for 36 sports and an Olympic swimming pool. Herts University Sports Village Essex University Bedfordshire University Gosling Sports Park in Welwyn Rowing at Cambridge University

* At the time of writing.

2. The Sport Economy in the East of England

2.1 Summary of key indicators

Table 2.1 summarises the most important sport-related indicators for East of England, 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 also shows in percentage terms the effect of the 2008 economic recession.

According to Table 2.1, over £2.3 billion was spent on sport-related goods and services in the East of England in 2008. Consumer expenditure on sport accounted for 2.6% of the total expenditure in the region, which is greater than the national average for England (2.3%). Compared to 2005, there is an increase of 19% in sport-related consumption.

Table 2.1: Main sport-related indicators for the East of England Region

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

The proportion of total consumer spending on sport has increased from 2.1% in 2000; to 2.6% in 2005 and 2008. In these terms, the importance of the sport economy has not been affected by the 2008 recession. In 2008, sport-related economic activity added more than £2.2 billion (GVA) to the East of England economy, which represents an increase of 18%

since 2005. The contribution to GVA by sport in the region has increased from 1.6% in 2000 to 2.0% in 2008.

Sport-related employment in the East of England rose from 56,500 in the year 2005 to 62,100 in 2008. This represented an increase of 10% over the aforementioned period. As a percentage of total employment, it increased from 2.1% to 2.2% respectively. This compares favourably to the situation in England as a whole where, in the years 2005-2008, sport employment as a percentage of total employment remained static at 1.8%.

Overall, the East of England region bucks the English trend. Despite the adverse economic climate, the importance of sport in the region increased in 2008 compared to the previous examined years.

2.2 Consumer spending

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

The summary table shows that the total value of sport-related consumer spending was £2,315 million in 2008, increasing by 19% over the year 2005. The most significant areas of consumer spending on sport are sport clothing and footwear, participation (subscriptions and fees), sport gambling and other sport-related spending. Together these four broad categories account for £1,838 million or almost 80% of the sport-related expenditure in the region in 2008. Of these, the size of the sport participation (subscriptions and fees) sector increased by 32% over the 2003-08 period. Spending associated with sport related gambling and sport goods in the East of England region, increased by 37% and 46% correspondingly, during the period 2003-08.

With the exception of 'Admissions to sport events', all the major spending categories show an uninterrupted increasing trend since the year 2000.

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

Table 2.2: Sport-related consumer spending in the East of England Region

	2000 £m	2003 £m	2005 £m	2008 £m
Sport clothing and footwear	286	332	389	430
Sports goods	61	107	145	156
Participation subscriptions and fees	273	337	426	444
Admissions to events	61	72	86	82
Sport-related gambling	164*	255	307	350
TV/video rental, cable and satellite subscriptions		161	182	241
Other sport-related spending	386	326	410	614
Total	1,231	1,590	1,946	2,315

The role of sport in creating output and employment in the commercial non-sport sector is further illustrated by the sports-related spending on 'TV and video rental, cable and satellite subscriptions' - accounting for 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 to the East of England's economy. According to the table, sport-related economic activity increased from £1,894 million in 2005 to £2,241 million in 2008, representing an increase of 18%. The largest part of this economic activity (£1,086 million, 48%) is generated by the commercial non-sport sector. The next largest sector is commercial sport (£665 million, 30%); over 45% of the valued added in this sector is attributable to spectator sports and retailing. The latter includes sport-related clothing and footwear, equipment and publications. The voluntary and public sectors account for the remainder (£490 million, 22%) of the sport-related economic activity in the region.

Table 2.3: Sport-related value added in the East of England Region

	2000 £m	2003 £m	2005 £m	2008 £m
Commercial sport	443	474	564	665
of which:				
Spectator sports	60	61	75	84
Retailing	98	122	162	216
Commercial non-sport	495	779	892	1,086
Voluntary sector	137	213	283	303
Public sector	91	134	156	187
Total	1,166	1,600	1,894	2,241

Within the commercial sport sector, retailing increased by 33% from £162 million in 2005 to £216 million in 2008. This reflects increasing trends of sports wear being used as fashion wear.

2.4 Sport-related employment

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

Sport and associated industries are estimated to employ 62,100 people in the East of England, accounting for 2.2% of all employment in the region in 2008. This represents increases of 27% and 10% since the years 2003 and 2005 respectively.

The largest sector is commercial sport, supporting 25,200 jobs or 41% of all sport-related employment in the East of England. The commercial non-sport, public and voluntary sectors support 38%, 11% and 10% of the region's sport-related jobs respectively. During the period 2005-08, the number of jobs in sport retailing increased from 4,500 to 6,500, representing 10% of sport employment in the East of England. Similarly, employment linked to spectator sports increased by 18% over the aforementioned period. The employment trend in the East of England suggests that sport has become an important factor of economic growth, resisting even the strongest recession in recent years.

	2000 (‘000)	2003 (‘000)	2005 (‘000)	2008 (‘000)
Commercial sport	15.6	16.5	20.5	25.2
of which:				
Spectator sports	3.8	2.4	3.3	3.9
Retailing	3.0	3.6	4.5	6.5
Commercial non-sport	20.0	22.0	22.2	23.8
Voluntary sector	4.2	5.1	6.7	6.2
Public sector	4.0	5.4	6.1	6.8
Total	43.8	49.0	56.5	62.1

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 £1,427 million. This is followed by the commercial sport sector (£1,280 million) and the consumer sector (£989 million). Within the commercial sport sector, 61% of generated income comes from retailing. This consists mainly of sport equipment, clothing, 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 £2,321 million of expenditure. This is followed by the commercial non-sport (£1,336 million) and commercial sport (£1,229 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.

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

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 East of England has the third largest 'absolute' sport-related consumer spending among the nine English regions. This is greater than what is reflected by the size of the East of England economy as a whole, which ranks fourth among the English regions in terms of value added (ONS). The region also ranks first in terms of per capita spending on sport (£404). The proportion of total consumer expenditure made on sport in the region, ranks second at 2.6%, well above the English average level.

According to Table 3.6, the level of sport-related output in the East of England (£2,241 million) is the third largest of the nine regions (an improvement on the 2005 rank position). However, this level of output ranks joint first as a proportion of the regional GVA (2.0%), well above the English average.

Table 3.9 illustrates that sport-related employment in the region (62,100) is ranked second among the English Regions. However, as percentage of total regional employment it ranks joint first at 2.2%. Clearly, the sport plays a positively disproportional role in the region's development. Compared to the overall economic statistics, the East of England is fourth in terms of generated employment among the English Regions.

3.2 Importance of sport in the East of England

The East of England economy, overall, is performing broadly in line with the UK average. The average earnings for men are around 4% below the national average and women earn around 98% of the national average. The overall level of Gross Value Added per capita is 92% of the UK level. The unemployment rate at 4.8% is lower than the UK average (6.0%).

The sport economy in the East of England is performing better than the average level for England as a whole. This is true for all spending, GVA and employment indicators. It is important to emphasise that the impact of recession on the economy has not translated into a recession in the sport-related economy within the region. The Motorsport industry has significant impact in improving the value added and employment score. Sport gambling forms a very important component of the sport budget following the abolition of gaming tax. This is the case throughout England and the UK.

The region has a very strong presence in the health and fitness sector. There is strong investment from private operators such as Fitness First. In addition, there is strong investment from the public sector. According to Family Spending⁴, the strong presence of health and fitness clubs in the region is reflected in the relatively high average weekly household expenditure on sport subscription and fees (together with sports admissions and equipment hire), which at £6.1 per household per week is the greatest among all the English regions. The same pattern was identified in the 2005 study, however now it is even more underlined with spending patterns better than London and the South East. In the associated field of sports equipment, a similar trend can be observed. According to Family Spending, in 2008, the amount spent on sport equipment per household in the East of England is second only to London, and well above the English average.

The regional sport economy in 2008 was very successful in resisting the negative impact of recession. This may be attributed to the strong presence of health clubs in the region. In the short term, an increase in unemployment leads to more free time, which is a major reason behind increased sports participation. A region with strong infrastructure, such as the East of England, is in a position to capitalise from this trend.

⁴ Database from Essex Archives.

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

	East 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 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	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & Humber	England
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£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 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 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 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	East	London	North East	North	South	South	West	Yorkshire	England
	East	Midlands	London	North East	West	East	West	Midlands	& Humber	England
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('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	East	London	North East	North	South	South	West	Yorkshire	England
	East	Midlands	London	North East	West	East	West	Midlands	& Humber	England
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('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 (<i>'000</i>)	East Midlands (<i>'000</i>)	London (<i>'000</i>)	North East (<i>'000</i>)	North West (<i>'000</i>)	South East (<i>'000</i>)	South West (<i>'000</i>)	West Midlands (<i>'000</i>)	Yorkshire & Humber (<i>'000</i>)	England (<i>'000</i>)
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%

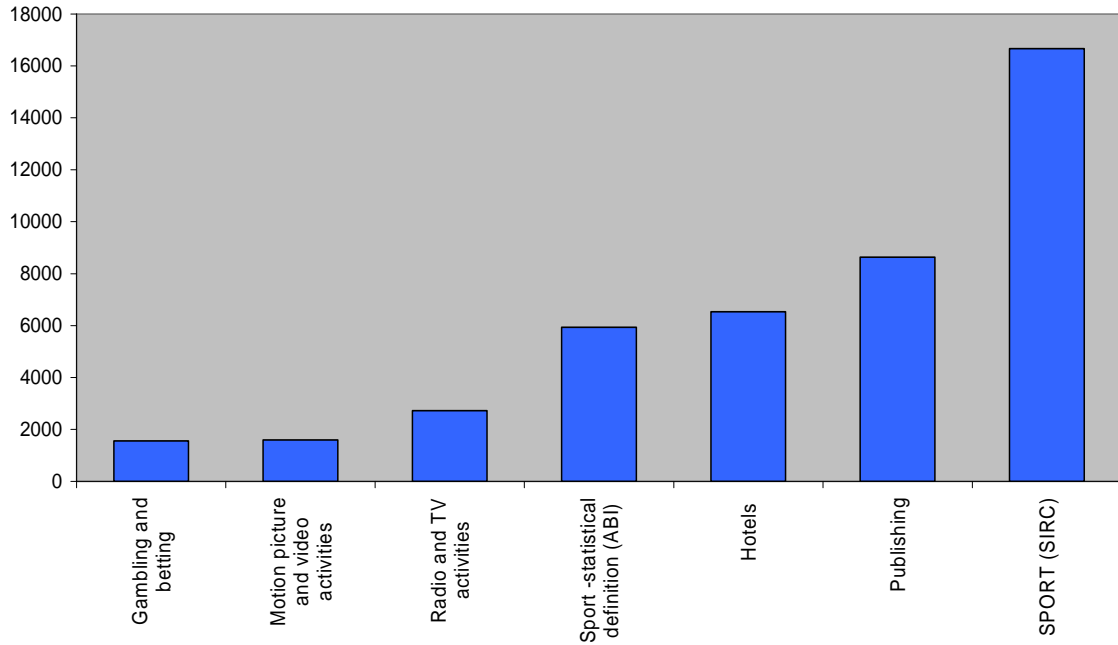
3.3 Sport and the leisure industries

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 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

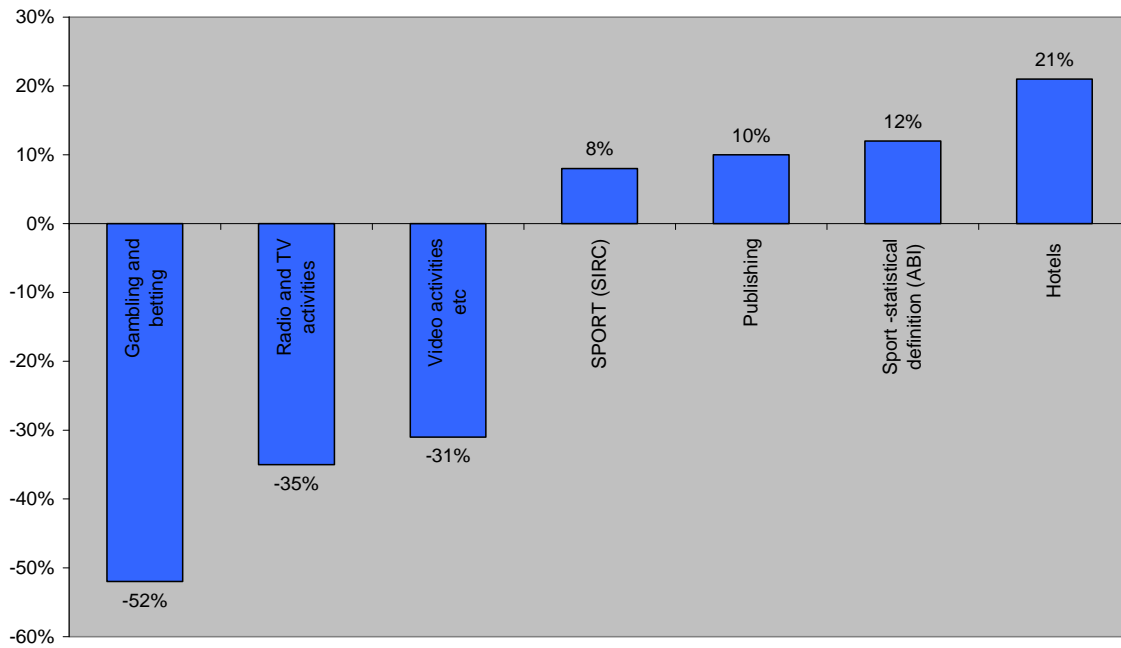
in the UK. A great proportion of the population consider sports participation as being more a basic need than a luxury.

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

A2: Model Output

Consumer expenditure on sport related goods and services, 2008

Commercial sport income, 2008

Commercial sport expenditure, 2008

Voluntary sector income, 2008

Voluntary sector expenditure 2008

Commercial non sport income 2008

Commercial non sport expenditure 2008

Central Government income, 2008

Central Government expenditure, 2008

Local Government income, 2008

Local Government expenditure, 2008

Outside the area income, 2008

Outside the area expenditure, 2008

Value added by sport related economic activity, 2008

Employment, 2008

Expenditure flows matrix, 2008

A3 Sources and Methods

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	82.1
Sports goods	155.6
Bicycles	5.9
Boats	281.5
Participants sports subscriptions & fees	443.6
Clothing sales	308.7
Footwear sales	126.5
Repairs and laundry	6.3
Travel	105.6
Books and magazines	14.9
Newspapers	36.0
Video: purchase and rental	2.3
BBC licence	34.4
TV and video rental, cable & satellite subscriptions	240.8
Internet subscriptions	0.8
Skiing holidays	113.0
Public schools	13.0
Gambling: Football pools	5.2
Horse racing	312.1
Raffles and gaming	32.8
Total	2,321.2

Commercial sport income, 2008

	£ million
Spectator Clubs:	
Admissions	76.4
Sponsorship & advertising	18.0
Corporate entertainment	18.3
Horserace Betting Levy	8.5
Participation clubs:	
Subscriptions & fees	122.5
Retailers (net of Vat):	
Equipment	346.5
Clothing and footwear	386.7
Books, newspapers and magazines & videos	52.9
Exports and manufacturers' sales of clothing, footwear & equipment	166.9
TV and radio:	
BBC	34.4
Commercial	31.4
Exports	2.5
Internet subscriptions	0.7
Lottery awards	2.6
Lottery partnerships	0.9
Total Income	1,269.2

Commercial sport expenditure, 2008

	£ million
Current factor expenditure	
Spectator clubs:	
Wages	81.4
Other inputs	40.7
Participation:	
Wages	61.2
Other inputs	55.1
Retailers:	
Wages	153.0
Other inputs	570.3
Manufacturers:	
Wages	48.2
Other inputs	89.7
TV and radio:	
Wages	33.0
Other inputs	18.1
Total Factor Expenditure	
Total wages	376.8
Total other inputs	773.9
Total factor surplus	102.0
Total value added	478.8
Current transfers	
Corporation tax	14.6
Rates	14.4
Capital expenditure	
Investment	49.3
Total Expenditure Leaving Sector	1,229.0

Voluntary sector income, 2008

	£ million
Factor income (monetary)	
Players' subscriptions and match fees	248.4
Equipment	2.2
Sponsorship and advertising	12.2
Raffles and gaming machines	32.8
Bar receipts	295.6
Subtotal (factor income)	591.3
Other monetary income	
Grants	14.4
Foundation for Sport and Arts	1.7
Employers' subsidies	20.0
Interest	9.0
Lottery awards via Sport England	10.5
Lottery partnerships	9.3
Total Monetary Income (excluding bar receipts)	360.5

Voluntary sector expenditure, 2008

	£million
Factor expenditure	
Wages	146.4
Ground hire and rents	10.8
Equipment	2.5
Other	76.4
(Bar purchases)	207.0
Subtotal (factor expenditure)	443.0
Rates	12.5
Interest	3.4
Investment	40.7
Total Monetary Expenditure (excluding bar purchases)	292.6

Commercial non-sport income, 2008

£million

Receipts net of tax from consumer spending:

Travel	39.2
Gambling	281.3
Skiing	51.3
Public schools	10.7
TV rental, cable & satellite subscriptions	198.6

Sales of current inputs to:

Central government	10.4
Local government	36.8
Commercial sport	586.1
Voluntary sector	68.4
Interest from voluntary sector	3.4

Sales of capital inputs to:

Local government	76.5
Commercial sport	30.5
Voluntary	33.5
Promotion expenditure for sponsorship (intra-sectoral flow)	42.2

Total Income 1,426.8

Commercial non-sport expenditure, 2008

	£million
Producers of inputs to sport:	
wages	696.7
imports	355.8
(factor surplus)	388.9
(value added)	1,085.6
Corporation tax	55.5
Rates	32.6
Purchases of inputs from sport:	
Sponsorship and advertising	52.8
ITV and radio advertising	31.4
Corporate entertainment at sports events	18.3
Employees' sports subsidies	10.6
Horserace betting Levy	8.5
Interest payments to voluntary sector	9.0
Promotion expenditure for sponsorship:	
(to elsewhere in CNS sector)	42.2
Lottery awards via Sport England	29.9
Lottery partnerships	35.3
Total expenditure leaving sector	1,336.5

Central Government income, 2008

	£ million
Taxes :	
on expenditure	400.2
on incomes generated in:	
commercial sport	124.8
voluntary sector	45.2
commercial non-sport	281.8
local government	50.5
Total income	905.3
Lottery awards	4.5
Lottery partnerships	2.8

Central Government expenditure, 2008

	£ million
Transfer Payments	
Grants via Sport England	13.5
Grant support for local government expenditure on:	
sport (net spending)	55.2
education	64.8
Foundation for Sport and Arts	2.2
Factor Expenditure	
Sport England: wages and other inputs	12.4
Prison service, MOD, royal parks:	
wages and other inputs	6.3

Total	166.1
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Local Government income, 2008	
	£ million
Local authority sports facilities:	
fees and charges	38.5
sales of equipment	19.2
ground hire	5.4
Grants from central government:	
to fund net expenditure on sport	55.2
sport education	64.8
via Sport England	2.0
via FSA	0.6
Rates:	
voluntary sector	12.5
commercial sport	14.4
commercial non-sport	32.6
Payments for policing	1.4
Lottery awards	12.4
Lottery partnerships	22.4
Total income	281.5

Local Government expenditure, 2008

	£ million
Current expenditure	
Direct gross expenditure:	
Wages	69.0
Other current expenditure	58.8
Education:	
Wages	80.4
Research	0.6
Local transport and policing:	
Wages and other inputs	13.8
Grants to voluntary clubs	2.9
Capital expenditure	
Investment	92.8
Total expenditure	318.3

Outside The area income, 2008	
	£ million
Sports, clothing, footwear and equipment	142.2
Import content of skiing	42.0
TV imports	4.5
Prize income	17.3
Import content of UK production of:	
Sport related goods and services	32.5
Commercial non-sport sector output	355.8
Total income	594.4

Outside the area expenditure, 2008	
	£ million
Sports, clothing, footwear and equipment	151.8
Admissions to sports events	10.5
TV exports	2.5
Prize income	17.3
Total expenditure	182.2

Value Added by sport related economic activity, 2008

	£ million	Index
Commercial sport:		
Wages	561.5	
Surplus	102.0	
Lottery projects	1.4	
Total	664.9	29.7
Voluntary sector:		
Wages	146.4	
Surplus	148.3	
Lottery projects	7.9	
Total	302.6	13.5
Commercial non-sport:		
Wages	696.7	
Surplus	388.9	
Total	1,085.6	48.5
Central Government:		
Wages	7.2	
Lottery projects	2.9	
Total	10.1	0.5
Local Government:		
	80.4	

Wages (education)		
Wages (sports facilities)	69.0	
Wages (transport and policing)	13.8	
Lottery projects	14.0	
Total	177.3	7.9
Total Value Added	2,240.5	100.0

Employment, 2008	
Sector	Employment ('000s)
Commercial Sport:	
Spectator clubs	3.9
Participation clubs	3.0
Retailers	6.5
Manufacturing	11.0
TV and Radio	0.8
Subtotal	25.2
Voluntary sport	6.2
Commercial non-sport	23.8
Central Government:	
Administration	0.2
Subtotal	0.2
Local Government:	
Sports facilities	3.3
Education	2.7
Transport/police	0.4
Subtotal	6.5
Total	62.1

The expenditure flows matrix, 2008 (£m)							
Flows from:	Flows to:						
	CON	CS	VOL	CNS	CG	LG	OV
Consumer sector	0.0	1009.3	283.4	581.2	338.7	57.8	42.0
Commercial sport	260.4	0.0	0.0	616.6	139.6	15.8	196.6
Voluntary sector	101.1	2.1	0.0	105.3	66.2	17.9	0.0
Commercial non-sport	489.7	90.3	51.5	0.0	281.8	67.3	355.8
Central government	7.2	3.3	22.6	10.4	0.0	122.6	0.0
Local government	113.2	11.7	2.9	113.3	77.2	0.0	0.0
Overseas	17.3	163.1	0.0	0.0	1.8	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 from 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).