

The economic importance of sport in the North East, 2000-2005



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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). Assume that the total output in a factory producing football shoes 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.

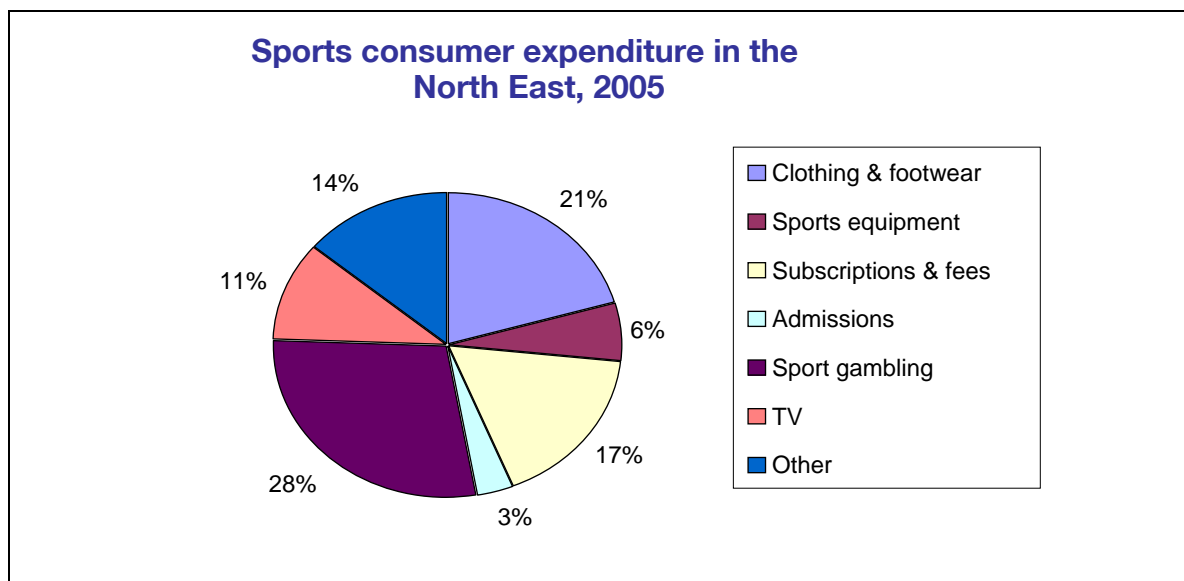
4. Employment

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

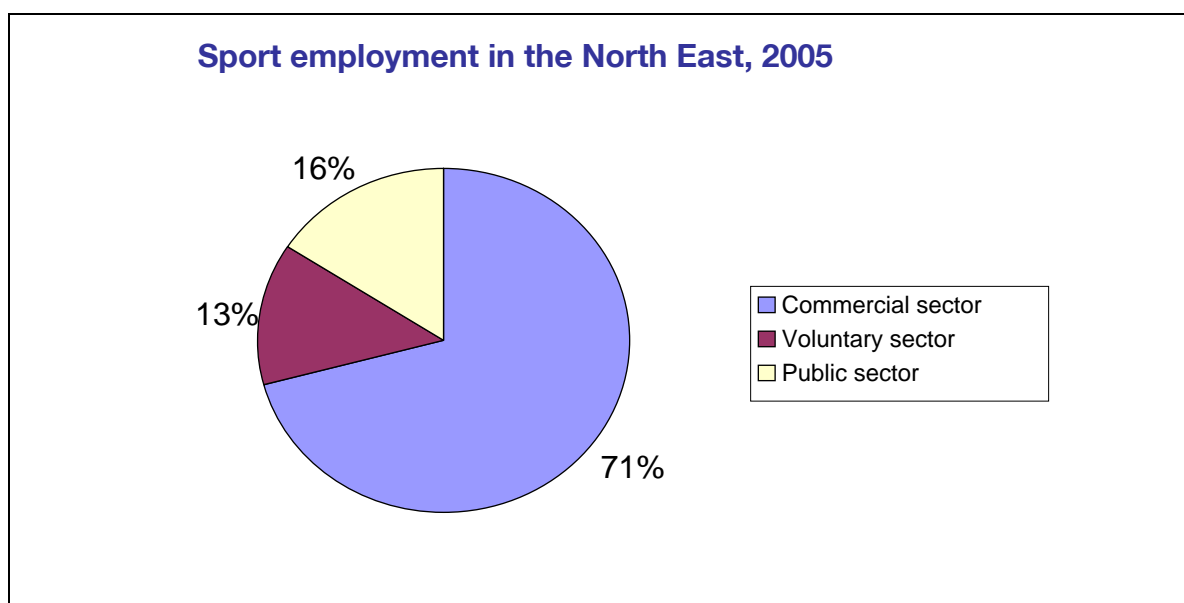
¹ *Sport Market Forecasts 2007-2011*, Sport Industry Research Centre (SIRC), 2007

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) at Sheffield Hallam University, which has been established as the Sport and the Economy Collaborating Centre for 2005-8.
- The economic value of sport has been assessed across England as a whole and separately for each region
- This report focuses on the economic importance of sport to the North East region in 2004 and 2005, providing comparisons with estimates from 2003, 2000 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 2004 and 2005 consumers spent **£752m** and **£774m** on sport respectively. Consumer expenditure on sport as a percentage of total expenditure (2005):
North East: **2.9%**
England: **2.6%**



- There has been a **14%** increase in consumer spending (current prices) on participation subscriptions and fees over the period 2003-2005.
- Sport related economic activity generated **£721m** and **£726m** in 2004 and 2005 correspondingly. This is equivalent to **2.0%** of total value added in the region (2005).
- **24,300** people are employed in sport related employment corresponding to **2.2%** of total employment in the region (2005).



- During the period 2000-05, England's gross value added from sport increased by almost 60%, both in terms of this methodology and 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 increasing by 45%.
- The sport economy in the North East is driven by consumer expenditure more than any other English region. Despite being the most deprived area in England in terms of average earnings, the popularity of sport has resulted in sport-related expenditure at 2.9% of total spending, the highest in England.

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 North East region. It builds on similar research carried out by Cambridge Econometrics in 2000¹ and SIRC in 2003 that measured the value of the sport economy in the nine English regions. We modified the model to enhance the use of ABI supply related statistics. Selected comparisons have been made with the 2003 and 2000 studies to illustrate the change in the importance of sport to the North East economy. To achieve consistency, past results have been re-estimated. This report informs about the direct economic contribution of sport to the regional economy and, in doing so, it enhances the monitoring of progress under the Regional Sports Plan.

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

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

advertising revenue received by the club, represents a flow from the commercial non-sport to the commercial sport sector.

- **Voluntary** including non-profit making sport organisations such as amateur clubs run by their participants. Professional football clubs are not included in this category even if they are managed on a non-profit basis.
- **Local Government** including income from local government sport facilities, sport related grants from the Central Government and rates from the commercial and voluntary sector. The sector has expenses such as wages for labour (a flow towards consumers) and grants to the voluntary sector.
- **Central Government** including taxes, grants and wages on sport related activities. For example a person buying a ticket for a football match, records two flows: one towards the Government sector as VAT and another towards the Commercial sport sector for the remainder of the price.
- **Outside the area sector.** This includes all transactions with economies outside the region.

We record income and expenditure flows between the seven sectors above. As a result we can draw up a set of income and expenditure accounts for each sector. The 'double entry' accounting principle is applied, so every expenditure flow from sector A to sector B is also an income flow in the sector B accounts. The income and expenditure accounts are then used to derive estimates for the following economic impact indicators of the sport economy.

- Sport-related consumer expenditure
- Sport-related employment
- Sport-related value added

Sport-related value added is the most comprehensive statistic of economic value as it corresponds to the gross value added (GVA) in the economy as a whole. It shows the contribution of the sport industry to the regional economy. We measure it as the sum of wages and profit surplus in the sector, adjusted for the inclusion of value contributed from National Lottery projects.

Inflation adjustment has not been used for comparisons between the years 2005 and 2003, 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 North East region. It includes statistics such as the number of households and total consumer spending which have been used to estimate the economic impact of sport in the region. Note that the consumer spending estimate used here is a SIRC estimate, consistent with the corresponding ONS statistic as reported in Consumer Trends¹ (code: ABPB).

According to Table 1.1, the North East has a significantly greater unemployment rate (6.9%) compared with the UK as a whole (4.7%).

Gross value added per head in the North East is £14,050, representing 78% of the UK level. Similarly average gross weekly earnings in the North East approximate 87% of the UK average.

1.4 Sport in the Region

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

The Regional Plan for Sport promotes increasing participation, improving health and wellbeing, stronger and safer community, improving levels of performance and benefits to the economy as a whole¹. It focuses on the following policy priorities:

¹ The North East Regional Plan for Sport and Physical Activity 2004-2008

- Raising participation by 1% annually till the year 2020.
- Widen access to sport independently of race, sex, disability and social status.
- Use sport to promote economic development, education, health and social inclusion.
- Create sporting hubs to promote success of athletes in the region.
- Promote volunteering and focus on the training and skills of sport volunteers.
- Increase the number of coaches in the region and develop their skills.
- Work in partnership with local authorities and the private sector to ensure adequate and modern sports facilities provision.
- Develop sport science facilities to support the work of coaches and keep top athletes in the region.
- Work in partnership with the universities of the region to develop high performance sport and evaluate sport initiatives.
- Work in partnership with public health trusts to raise the level of sports participation.
- In school promote two hours of sport activity per week beyond the curriculum.

Table 1.1 North East - regional profile, 2005

Resident Population '000s	
Males	1,241
Females	1,317
All	2,558
Percentage of non-white groups	
Region	3.5%
Gross Value Added per head (£)	
Region	14,050
UK	18,051
Gross Value Added (£m)	
Region	35,940
UK	1,086,859
Percentage of working age population	
Region	62.0%
UK	62.0%
Unemployment % rate (May to July 2005 / Seasonally Adjusted)	
Region	6.9%
UK	4.7%
Economically active % rate of working age people (May to July 2005 / Seasonally Adjusted)	
Region	75.0%
UK	78.6%
People in employment '000s (May to July 2005 / Seasonally Adjusted)	
Region	1,121
UK	28,730
Average weekly paid working hours	
Male Full Time, Region	40.6
Male Full Time, UK	40.6
Female Full Time, Region	37.1
Female Full Time, UK	37.4
All Full Time & Part time, Region	33.7
All Full Time & Part time, UK	33.8
Average gross weekly earnings	
Male Full Time, Region	494.8
Male Full Time, UK	568.0
Female Full Time, Region	389.0
Female Full Time, UK	435.6
All Full Time & Part time, Region	368.1
All Full Time & Part time, UK	422.8
Value Sport England Lottery Awards 2005-06 £'000s	
Regional	4,079
National	85,291
Total Awards Across England	128,529

Sources: ONS, Region in Figures, Sport England, SIRC

Table 1.2 Sport profile of the North East Region*

Premiership football:	Newcastle United Middlesbrough Sunderland
League 1 football:	Hartlepool United
League 2 football:	Darlington
Rugby Union Premiership:	Newcastle Falcons
Cricket:	Durham County Cricket Club
Basketball:	Newcastle Eagles
Speedway:	Berwick Newcastle
Greyhound racing:	Brough Park (Newcastle) Regal Sunderland Stadium
Horse racing:	Hexham Newcastle Sedgefield Redcar
International athletics stadium:	Gateshead (EIS and indoor athletics facilities)
Other:	Canoeing course (Tees Barrage) Silksworth Ski Slope (Sunderland) Gymnastic facilities (Durham, Newcastle, Sedgefield) C2C cycling route (National Cycle Network) Long distance walking routes 'Great North Run', the half marathon (largest participation in the world) 50m Aquatics centre in Sunderland opening Spring 2008.

* At the time of writing.

2. The Sport Economy in the North East

2.1 Summary of key indicators

Table 2.1 summarises the most important sport-related indicators for North East, namely consumer expenditure, gross value added and employment for the years 2000, 2003, 2004 and 2005. 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.

According to Table 2.1, £774 million was spent on sport-related goods and services in the North East in 2005. Consumer expenditure on sport accounts for 2.9% of their total expenditure in the region, which compares favourably with the national average for England (2.6%). Compared to 2000, there is an increase of 32% in sport-related consumption in current prices.

Table 2.1: Main sport-related indicators for the North East

	2000	2003	2004	2005
Consumer expenditure on sport (£million)	587.0	752.9	751.5	773.9
percentage of North East total	2.7	3.0	2.9	2.9
national average (England)	2.2	2.5	2.5	2.6
Gross Value Added by sport (£million)	489.0	676.2	721.0	725.9
percentage of North East total	1.7	2.1	2.1	2.0
national average (England)	1.5	1.6	1.7	1.7
Sport related employment (thousands)	19.6	22.5	22.7	24.3
percentage of North East total	2.0	2.1	2.0	2.2
national average (England)	1.7	1.7	1.8	1.8

The proportion of total consumer spending on sport has slightly increased from 2.7% to 2.9% in the period 2000-2005. In 2005, sport-related economic activity added £726 million to the North East economy, which represented an increase of 7% over the year 2003. The contribution to GVA by sport in the region has increased from 1.7% in 2000 to 2.0% in 2005.

Sport-related employment in the North East grew from 19,600 in the year 2000 to 24,300 in 2005. As a percentage of total employment, it increased from 2.0% to 2.2% in the same period. This compares favourably with the situation in England as a whole, where sport employment as a percentage of total employment was between 1.7% and 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 publication Consumer Trends.¹

	2000 £m	2003 £m	2004 £m	2005 £m
Sport clothing and footwear	129	144.7	151.8	159.6
Sports goods	24	67.9	34.2	45.9
Participation subscriptions and fees	89	116.5	112.1	133.1
Admissions to events	20	24.9	25.0	26.8
Sport-related gambling	138	195.5	231.2	218.9
TV/video rental, cable and satellite subscriptions		78.2	83.9	81.8
Other sport-related spending	187	125.2	113.3	107.8
Total	587	752.9	751.5	773.9

The summary table above shows that the total value of sport-related consumer spending was £774 million in 2005, representing an increase of 32% over the year 2000. Gambling is the single largest category of consumer spending on sport, accounting for £219 million or 28% of the market in 2005. The considerable increase (59%) in sport-related gambling expenditure during the period 2000-05 can be explained by the abolition of gaming tax.

¹ *Consumer Trends, Quarter 1 2007 (ONS)*

After gambling, the major categories of expenditure are sport clothing and footwear (£160 million) and participation (subscriptions and fees) at £133 million. Together, these two participation-related sectors account for 38% of the market. The spending associated with these two categories increased by 12% since 2003. Expenditure on sport equipment increased from £24 million in 2000 to £46 million in 2005. However a decrease has been recorded since the peak of 2003. According to Family Spending¹, average weekly household expenditure on 'sports and camping equipment' declined from £1.2 to £0.8 in the North East over the period 2003-2005. 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 11% 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 North East. According to the table, sport-related economic activity increased from £489 million in 2000 to £726 million in 2005.

	2000 £m	2003 £m	2004 £m	2005 £m
Commercial sport	106	122.9	134.4	136.1
of which:				
Spectator sports	31	32.5	48.7	46.6
Retailing	45	53.5	45.3	46.0
Commercial non-sport	276	401.4	415.0	409.4
Voluntary sector	60	80.1	85.9	96.2
Public sector	47	71.8	85.6	84.1
Total	489.0	676.2	721.0	725.9

¹ Family Spending, a report on the Expenditure and Food Survey

The majority of this economic activity (£409 million, 56%) is generated by the commercial non-sport sector. The next largest sector is commercial sport (£136 million, 19%); over two thirds 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 (£180 million, 25%) of the sport-related economic activity in the region.

2.4 Sport-related employment

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

Sport and associated industries are estimated to employ in excess of 24,000 people in the North East, accounting for 2.2% of total employment in the region in 2005. This represents an increase of 8% since the year 2003.

	2000 ('000)	2003 ('000)	2004 ('000)	2005 ('000)
Commercial sport	4.1	4.5	5.0	5.7
of which:				
Spectator sports	1.8	1.4	2.2	2.7
Retailing	1.6	1.6	1.3	1.3
Commercial non-sport	11.0	12.4	12.0	11.5
Voluntary sector	2.1	2.4	2.4	3.2
Public sector	2.4	3.2	3.3	3.9
Total	19.6	22.5	22.7	24.3

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 11,500 jobs or 47% of all sport-related employment in the North East. The commercial sport, public and voluntary sectors support 23%, 16% and 13% of the region's sport-related jobs respectively.

Jobs in the sport retailing decreased during the 2000-2005 period. Employment linked to spectator sports increased sharply by 50% over the period 2000-2005. This is in line with the UK rise in 'spectator sport admission charges' reported in Family Spending (23% rise over the 2003-05 period).

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 2005. The majority of income is generated in the commercial non-sport sector, accounting for £541 million. This is followed by the consumer sector (£371 million) and the commercial sport sector (£380 million).

Within the commercial sport sector, 53% 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 £774 million of expenditure. This is followed by the commercial non sport (£552 million) and commercial sport (£354 million) sectors. Almost 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, 2005

	Income £m	Expenditure £m
Consumer	371	774
Commercial sport	380	354
of which:		
Spectator sports	78	74*
Participation sports	29	28*
Retailing	200	174*
Voluntary	156	111
Commercial non-sport	541	552
Central Government	298	70
Local Government	121	137
Outside the area	214	56

* Current factor expenditure (wages, other inputs)

3. The Sport Economy in Context

3.1 Spending, output and employment

Tables 3.1, 3.2 and 3.3 compare the nine English regions in terms of sport-related consumer spending, value added and employment.

From Table 3.1 it can be seen that the North East has the smallest 'absolute' sport-related consumer spending among the nine English regions. This reflects the size of the North East economy. However, in terms of per capita spending on sport the North East (£286) ranks third amongst the English regions, after London (£316) and the South East (£308). Moreover, the proportion of total consumer expenditure made on sport in the region is the highest across England at 2.9%.

A similar trend can be observed in Tables 3.2 and 3.3. The sport-related output in the North East (£687 million) is smaller than any other region, but this output is the greatest as a proportion of the regional GVA (2.1%). Similarly, although sport-related employment in the region (24,200) is less than half of that supported in the South East, North West and London, its importance to the overall regional employment (2.3%) is much greater than any other region in England.

3.2 Importance of sport in the North East

The sport economy in the North East is boosted by a very strong consumer sector. Nearly 3% of total consumer expenditure in the region is sport-related, suggesting a genuine enthusiasm for sport in the region. 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. Among the nine English regions, the North East has historically enjoyed the highest average household spending on gambling. This was also the case in 2003 (jointly with Yorkshire) according to data from Family Spending.

It should be noted that the North East economy, on the whole, is underperforming in terms of the UK average. The average earnings for men and women in the North East are 84% and 88% of the national average respectively. This has attracted manufacturing in the region. For example, the production of vintage sport shirts for 'The Old Fashioned Football

Company' is done near Newcastle. Northumberland is the home of the House of Hardy, a quintessential sport heritage brand producing fishing tackle and exporting 40% of its products. However global competition threatens jobs as many manufacturers will be forced to allocate some production lines abroad to reduce costs even further.

A further factor for sport-related growth in the region is the presence of three Premiership football clubs. In the six months to January 2005, Newcastle United reported a turnover of £49.5 million, generating £5.1 million in profit. In the recent past, Sunderland built the 'Stadium of Light' on the basis of their stock market flotation. There is also evidence of strong public investment on sport in the North East. Examples are the £15 million grassroots sport facility in Gateshead, now open, and a £12.5 million fifty-metre swimming pool in Sunderland (opening in Spring 2008, at a construction cost of £19.8 million).

The North East as a whole has comparatively low sports participation rate. This is the result of low average disposable income (compared to the other regions) and of underdevelopment in the private health and fitness sector outside the big cities.

Key sports events such as the Great North Run have played a strategic role in the development of sport in the region. They include the Tyne Tour in Hexham, the East Coast Sailing Week along the Northumbrian coast and the European Dragonboat Championships in Stockton.

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

	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & Humber	England
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 2004

	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & Humber	England
Sport clothing and footwear (£m)	344.1	226.2	581.5	151.8	462.8	520.0	277.3	341.7	313.2	3,218.6
Sports goods (£m)	119.8	159.0	97.1	34.2	150.5	227.7	146.0	103.2	121.4	1,158.9
Participation subscriptions and fees (£m)	356.9	222.0	588.3	112.1	387.6	521.7	289.2	237.5	217.3	2,932.6
Admissions to events (£m)	79.7	49.6	131.4	25.0	86.6	116.5	64.6	53.0	48.5	654.9
Sport-related gambling (£m)	326.6	254.5	355.9	231.2	496.3	375.1	249.7	317.2	457.9	3,064.4
Other sport-related spending (£m)	534.6	430.3	818.9	197.2	649.5	858.2	503.0	422.1	428.6	4,842.4
Total expenditure on sport (£m)	1,761.7	1,341.6	2,573.1	751.5	2,233.3	2,619.3	1,529.8	1,474.7	1,586.8	15,871.8
Per capita sport spending (£)	320.8	313.5	346.4	295.3	327.1	323.0	303.7	276.5	314.9	316.8
Proportion (%) of total consumer expenditure	2.4%	2.7%	2.5%	2.9%	2.8%	2.4%	2.4%	2.4%	2.7%	2.5%

Table 3.3: Summary of sport-related consumer spending in the English Regions in 2005

	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & Humber	England
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 3.4: Summary of sport-related output in the English Regions in 2003

	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)
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 2004

	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)
Commercial sport	528.0	329.1	718.1	134.4	470.4	749.7	307.8	377.8	251.5	3,866.8
of which:										
Spectator sports	87.1	50.1	186.5	48.7	151.7	133.4	63.8	88.9	51.7	861.9
Participation sports	52.0	28.1	152.7	12.5	60.0	82.9	41.0	36.4	21.8	487.4
Retailing	135.5	125.2	243.1	45.3	172.0	240.3	137.1	118.8	115.0	1,332.3
Manufacturing	36.6	29.1	51.1	10.1	41.0	62.0	32.5	27.2	30.1	319.7
TV and Radio	35.2	27.5	84.0	16.7	44.2	51.5	33.0	33.7	32.4	358.2
Commercial non-sport	860.9	670.1	1,172.0	415.0	1,149.9	1,256.1	742.7	779.5	842.8	7,889.0
Voluntary sector	234.4	142.9	386.9	85.9	268.2	328.6	181.7	148.3	156.1	1,933.0
Public sector	139.7	116.0	173.7	85.6	178.8	183.5	115.9	111.8	150.5	1,255.5
Total sport-related economic activity	1,763.0	1,258.1	2,450.7	721.0	2,067.3	2,517.9	1,348.2	1,417.4	1,400.8	14,944.4
Sport GVA as % of total GVA	1.7%	1.9%	1.4%	2.1%	2.0%	1.6%	1.7%	1.7%	1.9%	1.7%

Table 3.6: Summary of sport-related output in the English Regions in 2005

	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)
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 3.7: Summary of sport-related employment in the English Regions in 2003

	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & 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 2004

	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & Humber	England
	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)	('000)
Commercial sport	20.1	12.5	19.5	5.0	15.8	25.7	10.9	14.7	9.1	133.3
of which:										
Spectator sports	3.5	2.5	4.9	2.2	5.8	4.8	3.1	4.2	2.7	33.7
Participation sports	2.1	1.4	4.0	0.6	2.3	3.0	2.0	1.7	1.1	18.2
Retailers	3.9	3.6	7.5	1.3	4.9	6.9	4.0	3.4	3.3	38.8
Manufacturing	0.9	0.8	1.0	0.3	1.2	1.6	0.8	0.7	0.8	8.1
TV and Radio	0.9	1.0	2.0	0.6	1.6	1.4	1.0	1.1	1.2	10.8
Commercial non-sport	21.8	19.0	22.1	12.0	31.3	29.9	20.4	21.6	23.6	201.7
Voluntary sport	5.5	4.5	5.6	2.4	6.1	7.1	5.5	4.8	5.2	46.7
Public sector	5.5	5.1	4.9	3.3	6.6	6.8	4.9	4.7	6.9	48.7
Total jobs in sport	52.9	41.2	52.3	22.7	59.8	69.5	41.8	45.6	44.8	430.6
Proportion (%) of total employment in sport	1.9%	2.0%	1.5%	2.0%	1.9%	1.7%	1.7%	1.8%	1.9%	1.8%

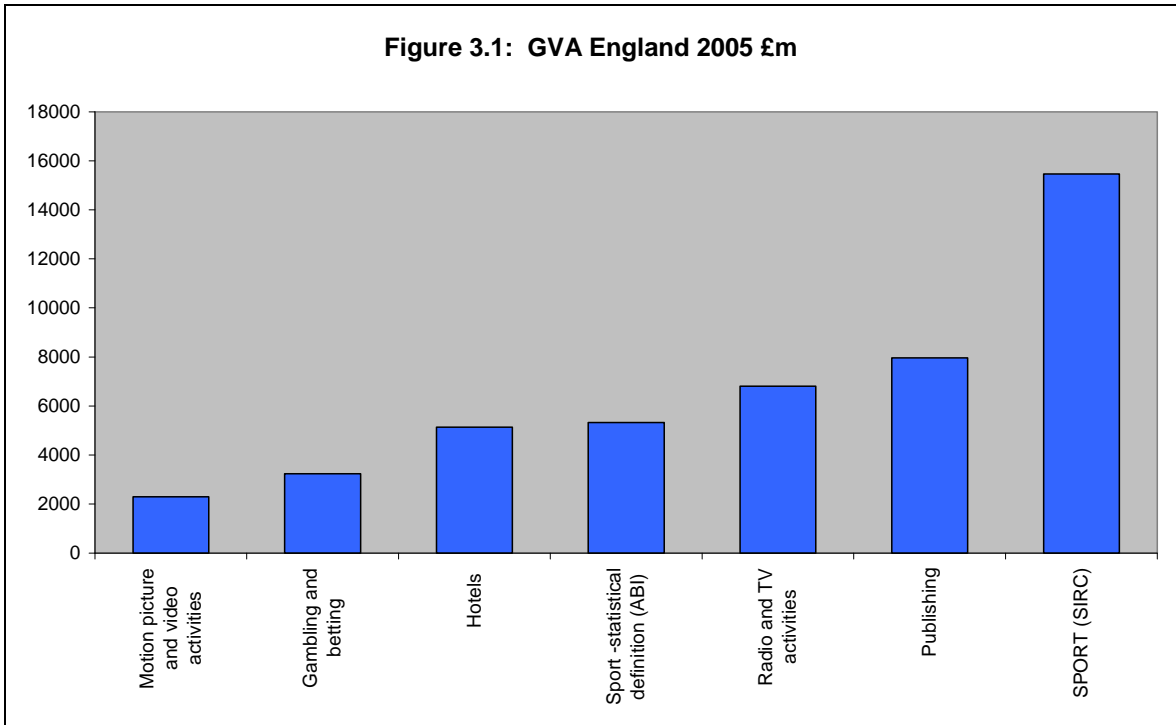
Table 3.9: Summary of Sport-related employment in the English Regions in 2005

	East	East Midlands	London	North East	North West	South East	South West	West Midlands	Yorkshire & 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	90.0
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%

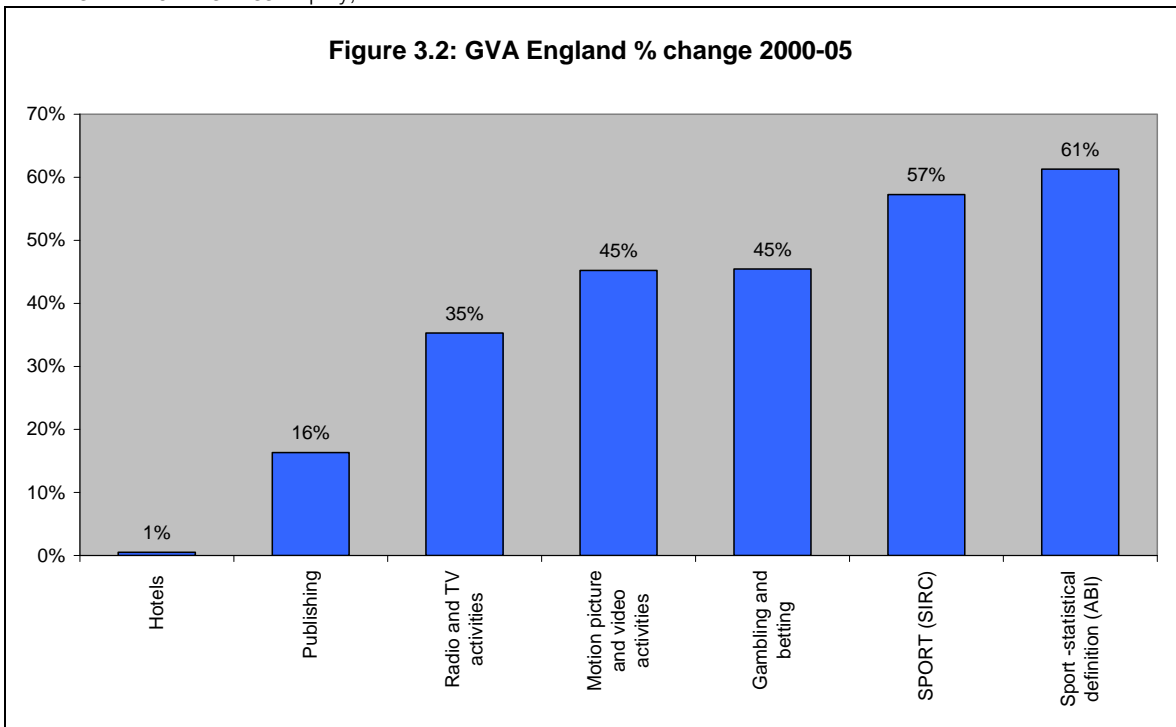
3.3 Sport and the leisure industries

Figure 3.1 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. 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 used 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, and manufacture of sport goods. The ABI derived sport GVA equals £6.3 billion in 2005, equivalent to 41% of the total sport GVA estimated at £15.5 billion. Sport has greater economic importance than the sum of 'Motion picture & video activities', 'Radio and TV activities', and 'Gambling and betting'. Further, the sport sector is approximately equivalent to the sum of 'Hotels' and 'Publishing' sectors. Even in its limited statistical definition sport is comparable to all the aforementioned categories.

Figure 3.2 illustrates the GVA growth rates of the selected leisure sectors over the period 2000-2005. The sector 'Hotels' has the smallest growth, at 1% over this period. This is followed by 'Publishing' at 16% and 'Radio and TV activities' at 35%. The sectors 'Gambling' and 'Motion picture and video activities' showed very high growth rates (45%) mainly because of favourable taxation in the case of gambling and technological evolution in the case of video. So it is important that compared to these sectors the Sport sector has grown by a much greater rate: 57% in the case of SIRC estimates and 61% in the case of the ABI statistical definition.



Sources: Annual Business Inquiry, SIRC



Sources: Annual Business Inquiry, SIRC

Appendices

LIST OF TABLES

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A2: Model Output

Consumer expenditure on sport related goods and services, 2005

Commercial sport income, 2005

Commercial sport expenditure, 2005

Voluntary sector income, 2005

Voluntary sector expenditure 2005

Commercial non sport income 2005

Commercial non sport expenditure 2005

Central Government income, 2005

Central Government expenditure, 2005

Local Government income, 2005

Local Government expenditure, 2005

Outside the area income, 2005

Outside the area expenditure, 2005

Value added by sport related economic activity, 2005

Employment, 2005

Expenditure flows matrix, 2005

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
- New Earnings Survey
- 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, 2005	
	£million
Admissions	26.8
Sports goods	45.9
Bicycles	0.5
Boats	7.2
Participants sports subscriptions & fees	133.1
Clothing sales	103.7
Footwear sales	55.9
Repairs and laundry	0.6
Travel	25.3
Books and magazines	6.6
Newspapers	18.1
Video: purchase and rental	1.2
BBC license	13.9
TV and video rental, cable & satellite subscriptions	81.8
Internet subscriptions	0.3
Skiing holidays	31.0
Public schools	3.0
Gambling: Football pools	4.4
Horse Racing	194.2
Raffles and gaming	20.4
Total	773.9

Commercial sport income, 2005

£ million

Spectator Clubs:

Admissions	25.6
Sponsorship & advertising	8.3
Corporate entertainment	6.0
Horserace Betting Levy	3.9
Cost of the rights to top league matches	34.1

Participation clubs:

Subscriptions & fees	29.3
Retailers (net of Vat):	
Equipment	33.5
Clothing and footwear	140.4
Books, newspapers and magazines & videos	25.7
Exports and manufacturers' sales of clothing, footwear & equipment	40.5

TV and radio:

BBC	13.9
Commercial	12.7
Exports	1.0
Internet subscriptions	0.3
Lottery awards	1.1
Lottery partnerships	0.4

Total Income	376.6
---------------------	--------------

Commercial sport expenditure, 2005

	£ million
Current factor expenditure	
Spectator clubs:	
Wages	42.0
Other inputs	31.8
Participation:	
Wages	14.7
Other inputs	13.2
Retailers:	
Wages	20.6
Other inputs	153.5
Manufactures:	
Wages	7.6
Other inputs	28.5
TV and radio:	
Wages	14.1
Other inputs	6.6
Total Factor Expenditure	
Total wages	98.9
Total other inputs	233.6
Total factor surplus	36.6
Total value added	135.5
Current transfers	
Corporation tax	4.6
Rates	4.1
Capital expenditure	
Investment	13.1
Total Expenditure Leaving Sector	354.3

Voluntary sector income, 2005

£ million

Factor income (monetary)

Players' subscriptions and match fees	74.5
Equipment	0.3
Sponsorship and advertising	5.7
Raffles and gaming machines	20.4
Bar receipts	100.9
Subtotal (factor income)	201.7

Other monetary income

Grants	5.5
Foundation for Sport and Arts	0.8
Employers' subsidies	7.9
Interest	3.2
Lottery awards via Sport England	4.2
Lottery partnerships	3.8
Total Monetary Income (excluding bar receipts)	126.2

Voluntary sector expenditure, 2005

	£million
Factor expenditure	
Wages	50.4
Ground hire and rents	5.3
Equipment	0.2
Other	32.8
(Bar purchases)	70.6
Subtotal (factor expenditure)	159.4
Rates	3.6
Interest	1.5
Investment	17.7
Total Monetary Expenditure (excluding bar purchases)	111.5

Commercial non-sport income, 2005

£million

Receipts net of tax from consumer spending:

Travel	9.3
Gambling	171.7
Skiing	14.0
Public schools	2.5
TV rental, cable & satellite subscriptions	67.5

Sales of current inputs to:

Central Government	3.5
Local Government	21.3
Commercial sport	170.8
Voluntary sector	29.8
Interest from voluntary sector	1.5

Sales of capital inputs to:

Local government	26.5
Commercial sport	8.1
Voluntary	14.6
Promotion expenditure for sponsorship (intra-sectoral flow)	19.5

Total income **541.0**

Commercial non-sport expenditure, 2005

	£million
Producers of inputs to sport:	
wages	270.8
imports	138.0
(factor surplus)	138.6
(value added)	409.4
Corporation tax	17.5
Rates	12.3
Purchases of inputs from sport:	
Sponsorship and advertising	23.3
ITV and radio advertising	12.7
Corporate entertainment at sports events	6.0
Employees' sports subsidies	3.8
Horserace Betting Levy	3.9
Interest payments to voluntary sector	3.2
Promotion expenditure for sponsorship: (to elsewhere in CNS sector)	19.5
Cost of the rights to top league matches	34.1
Lottery awards via Sport England	12.1
Lottery partnerships	14.3
Total expenditure leaving sector	552.0

Central Government income, 2005

	£ million
Taxes :	
on expenditure	127.2
on incomes generated in:	
commercial sport	33.4
voluntary sector	14.6
commercial non-sport	100.6
local government	21.7
Total income	297.6
Lottery awards	1.8
Lottery partnerships	1.1

Central Government expenditure, 2005

	£ million
Transfer Payments	
Grants via Sport England	5.9
Grant support for local government expenditure on:	
sport (net spending)	26.5
education	26.2
Foundation for Sport and Arts	1.0
Factor Expenditure	
Sport England: wages and other inputs	4.6
Prison service, MOD, royal parks:	
wages and other inputs	1.5
Total	70.1

Local Government income, 2005

	£ million
Local authority sports facilities:	
fees and charges	19.0
sales of equipment	10.6
ground hire	2.7
Grants from Central Government:	
to fund net expenditure on sport	26.5
sport education	26.2
via Sport England	0.9
via FSA	0.3
Rates:	
voluntary sector	3.6
commercial sport	4.1
commercial non-sport	12.3
Payments for policing	0.6
Lottery awards	5.0
Lottery partnerships	9.1
Total income	120.8

Local Government expenditure, 2005	
	£ million
Current expenditure	
Direct gross expenditure:	
Wages	34.3
Other current expenditure	29.2
Education:	
Wages	33.6
Research	0.3
Local transport and policing:	
Wages and other inputs	6.9
Grants to voluntary clubs	0.4
Capital expenditure	
Investment	32.2
Total expenditure	136.9

Outside the area income, 2005	
	£ million
Sports, clothing, footwear and equipment	39.2
Import content of skiing	11.5
TV imports	1.7
Prize income	14.0
Import content of UK production of:	
Sport related goods and services	10.0
Commercial non-sport sector output	138.0
Total income	214.3

Outside the area expenditure, 2005

	£ million
Sports, clothing, footwear and equipment	36.9
Admissions to sports events	4.2
TV exports	1.0
Prize income	14.0
Total expenditure	56.1

Value Added by sport related economic activity, 2005

	£million	Index
Commercial sport:		
Wages	98.9	
Surplus	36.6	
Lottery projects	0.6	
Total	136.1	18.8
Voluntary sector:		
Wages	50.4	
Surplus	42.3	
Lottery projects	3.5	
Total	96.2	13.3
Commercial non-sport:		
Wages	270.8	
Surplus	138.6	
Total	409.4	56.4
Central Government:		
Wages	1.9	
Lottery projects	1.3	
Total	3.2	0.4
Local Government:		
Wages (education)	33.6	
Wages (sports facilities)	34.3	
Wages (transport and policing)	6.9	
Lottery projects	6.1	
Total	80.9	11.1
Total Value Added	725.9	100.0

Employment, 2005

Employment ('000s)

Sector:**Commercial sport**

Spectator clubs	2.7
Participation clubs	0.9
Retailers	1.3
Manufacturing (exports)	0.4
TV and Radio	0.5
Subtotal	5.7
Voluntary sport	3.2
Commercial non-sport	11.5

Central Government

Administration	0.1
Subtotal	0.1

Local Government

Sports facilities	2.2
Education	1.3
Transport/police	0.3
Subtotal	3.8

Total	24.3
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The expenditure flows matrix, 2005 (£m)

Flows from:	Flows to:						
	CON	CS	VOL	CNS	CG	LG	OV
Consumer sector	0.0	265.0	95.2	264.9	104.7	29.6	11.5
Commercial sport	70.2	0.0	0.0	179.0	35.6	4.7	64.8
Voluntary sector	35.8	0.2	0.0	45.8	23.5	6.2	0.0
Commercial non-sport	196.2	70.2	20.6	0.0	100.6	26.4	138.0
Central Government	1.9	0.8	10.0	3.5	0.0	53.9	0.0
Local Government	53.3	2.8	0.4	47.8	32.5	0.0	0.0
Overseas	14.0	41.3	0.0	0.0	0.7	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 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 license 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).