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Economic Value of Sport in England 1985-2008

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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 |
| Chapter 2: The Sport Economy in England | 4 |
| 2.1: Summary of key indicators | 4 |
| 2.2: Consumer Spending | 5 |
| 2.3: Sport-related Output | 7 |
| 2.4: Sport-related Employment | 8 |
| 2.5: Summary of Income and Expenditure flows | 9 |
| Chapter 3: Comparison of English Regions | 10 |
| 3.1: Spending, Output and Employment | 10 |
| 3.2: Importance of Sport in England | 11 |
| Chapter 4: The Sports Economy 1985-2003 | 21 |
| 4.1: Growth of the Sports Economy | 22 |
| 4.2: Sport and the Leisure Industries | 24 |
| 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 income (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

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

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

Executive Summary

Introduction

- 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 in England in 2008, providing comparisons with estimates since 1985¹.

Methodology

The methodology employed in this report is based on national income accounting² and the income and expenditure flows between sub-sectors of the economy, namely:

- **Consumers** – including the personal or household sector.
- **Commercial Sport** – including spectator sport clubs, sports good manufacturers and retailers.

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

² The basic principle is that there is accounting equality between total output, total income and total expenditure. The most common definitions of total output in the economy as a whole are the Gross Domestic Product (GDP) and Gross Value Added (GVA). GDP is obtained by valuing outputs of goods and services at market prices and then aggregating. Note that all intermediate goods are excluded and no adjustment is made for indirect taxes and subsidies. GVA is the difference between total income (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.

- **Commercial Non-Sport** – including suppliers for the production of sport-related goods and services.
- **Voluntary** – including non-profit making sport organisations such as amateur clubs run by their participants.
- **Local Government** – including income from local government sport facilities, sport related grants from the Central government and rates from the commercial and voluntary sector.
- **Central Government** – including taxes, grants and wages on sport related activities.
- **Outside the Area sector** – including transactions with economies outside the region.

The 'double entry' accounting principle is applied, so every expenditure flow from say the commercial non-sport sector to the commercial sport sector has a corresponding income flow in the commercial sport sector accounts. The income and expenditure accounts are then used to derive estimates for the following economic indicators of the sport economy:

- Consumer expenditure on sport
- Gross value added by sport
- Sport related employment

Results

Sport-related economic activity

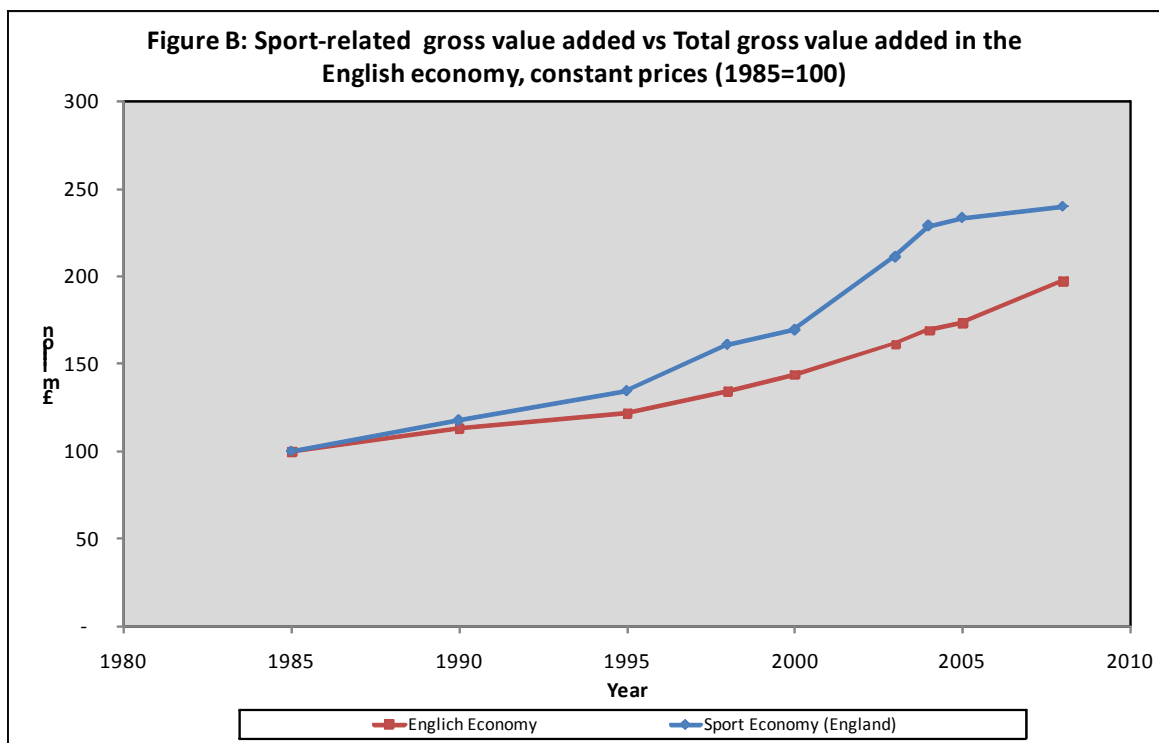
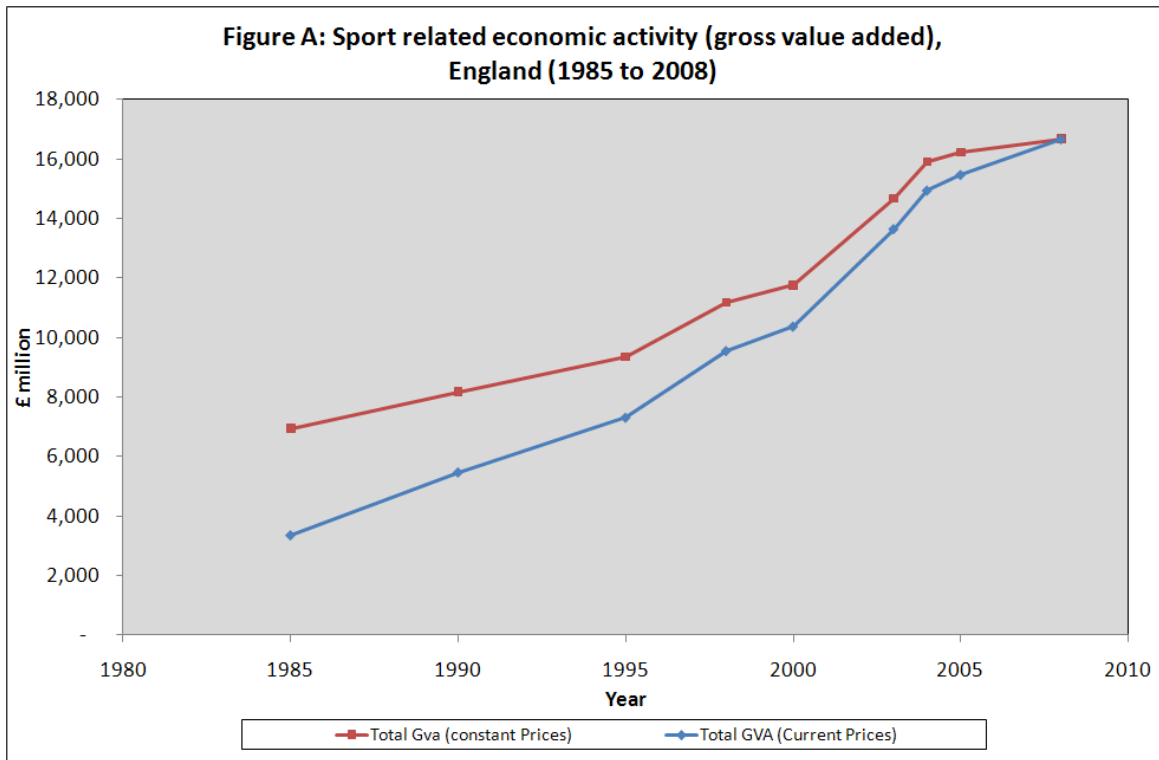
- Estimates of sport-related output are based on gross value added (GVA)¹ by the sport sector. Gross value added is calculated as the sum of wages and profits generated in the sector. Figure A shows that sport-related economic activity increased from £3,358 million in 1985 to £13,649 million in 2003 and £16,668 million in 2008 (based on current prices). This represents a real increase of 140% over the period 1985 to 2008 (based on constant prices).

¹ GVA is the difference between total income (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:

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

GVA shows the contribution of the sports sector to the economy as a whole.

- In the same period (1985 to 2008) the English economy (gross value added) grew by 97% in real terms. This highlights that the growth of the sport economy has outstripped that of the English economy as a whole (Figure B).



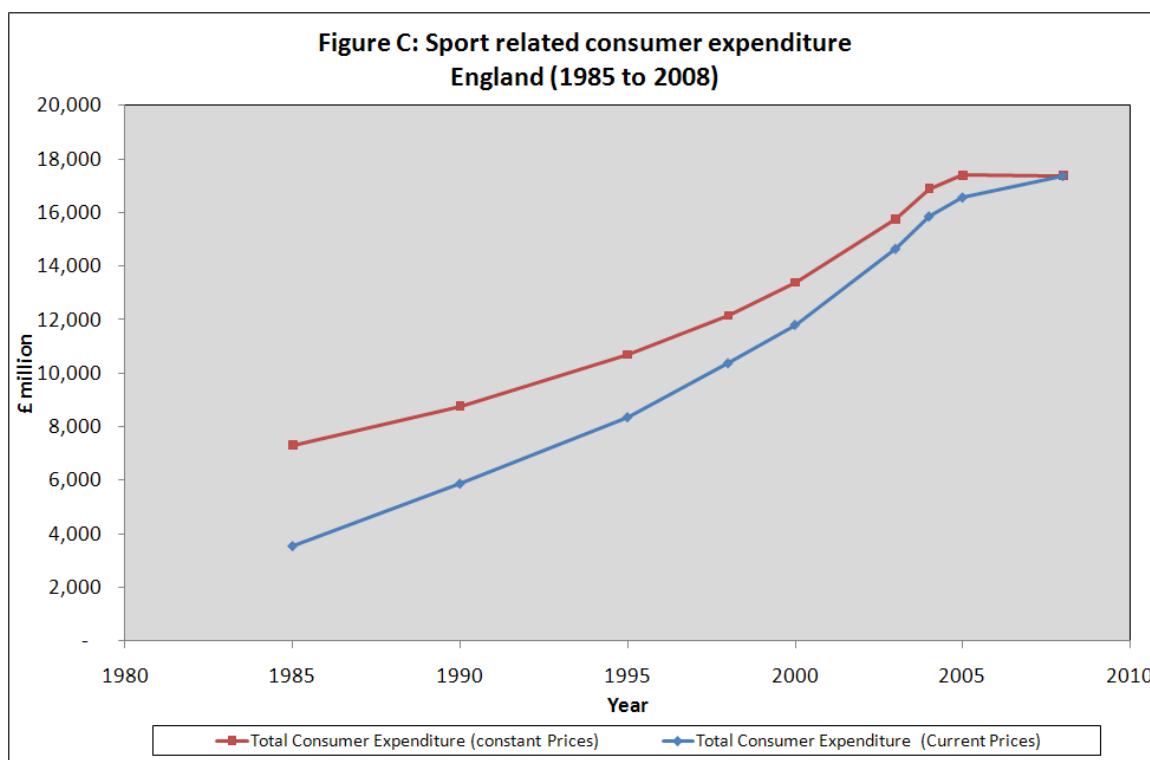
Source: Sports Industry Research Centre, Sheffield Hallam, and UK National Accounts

* Indexing is based on constant prices from the UK National Accounts. It is constructed assuming that both sport GVA and total UK GVA are 100 for the year 1985

- 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.

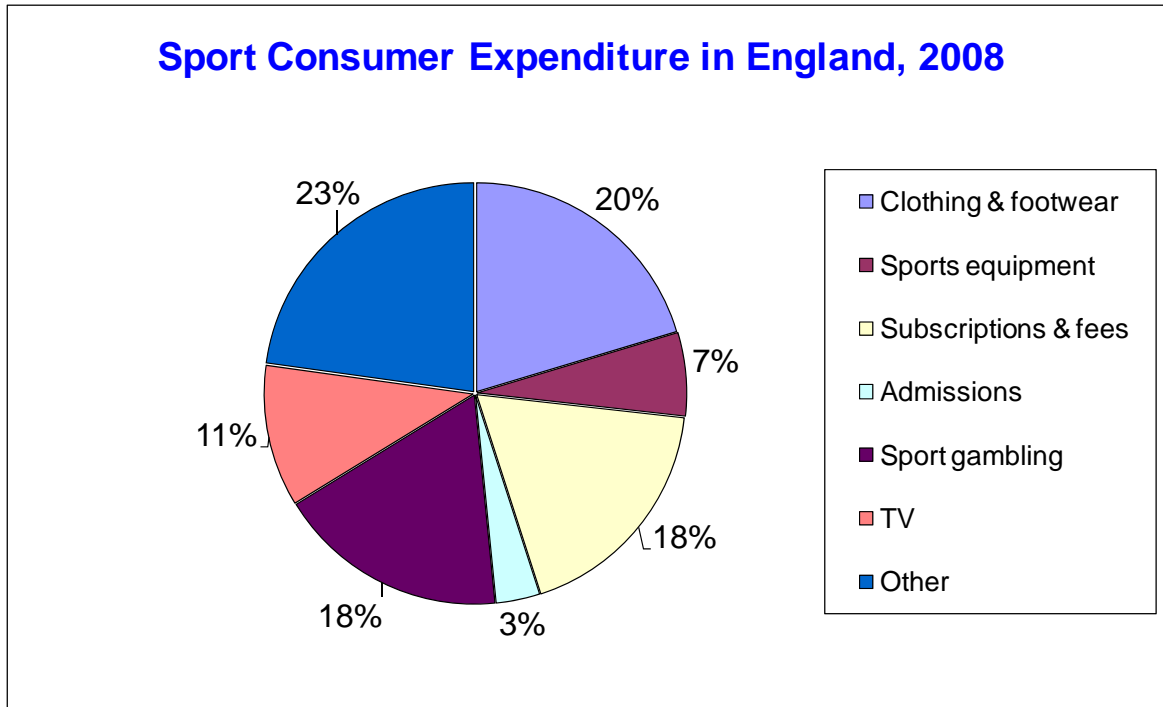
Sport-related consumer expenditure

- Figure C shows consumer expenditure on sport in England was £17,384 million in 2008, an increase from £3,536 in 1985 (based on current prices). This represents a real increase of 138% over the period 1985 to 2008 (based on constant prices). Consumer expenditure in constant prices in 2008 is almost equal to that of 2005. In 2008, the recession stopped the growth of the sport economy; however the latter resisted the strong economic downturn. This is also true in terms of GVA and employment.



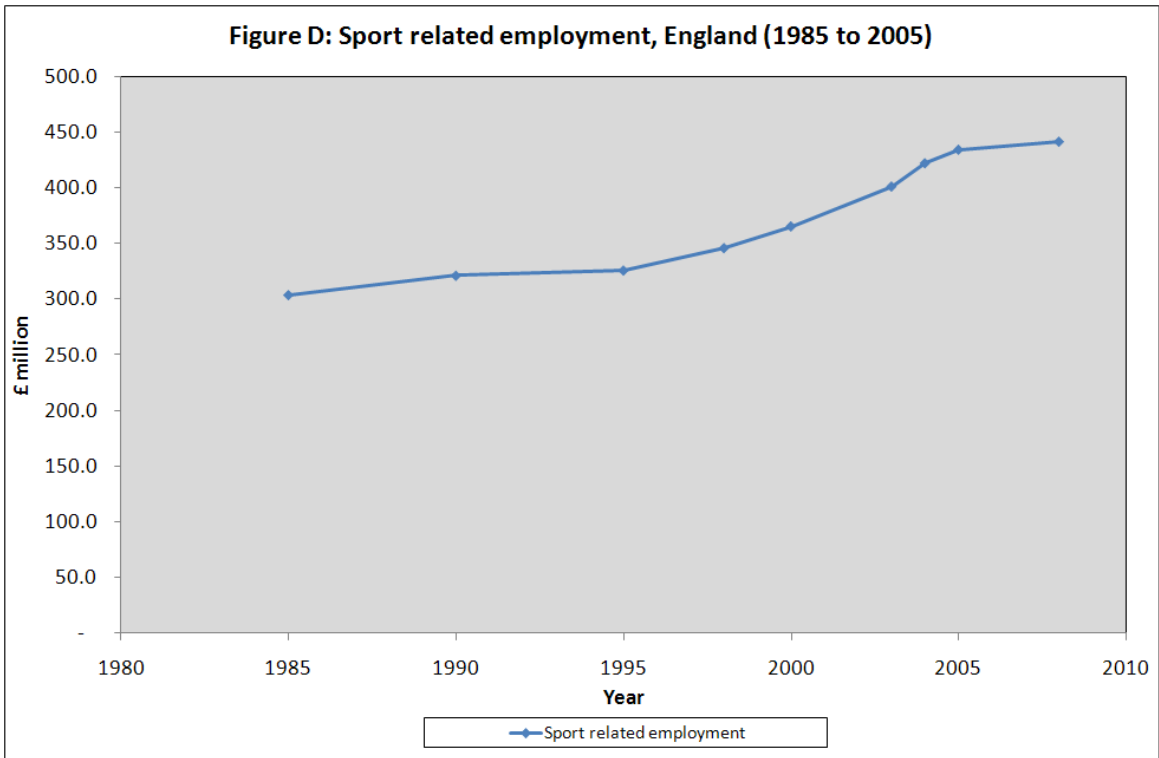
- There has been a 6.9% increase in consumer spending on sports equipment over the period 2003-2008 (constant prices).
- The abolition of direct tax on gambling had a significant effect on the sport economy: It considerably expanded the size of gambling within the sport market. In 2008,

expenditure on sport gambling was £3,100 million, or 17.8% of total spending on sport. Moreover, it increased profits for sport gambling companies, hence increasing value added in the commercial sector.

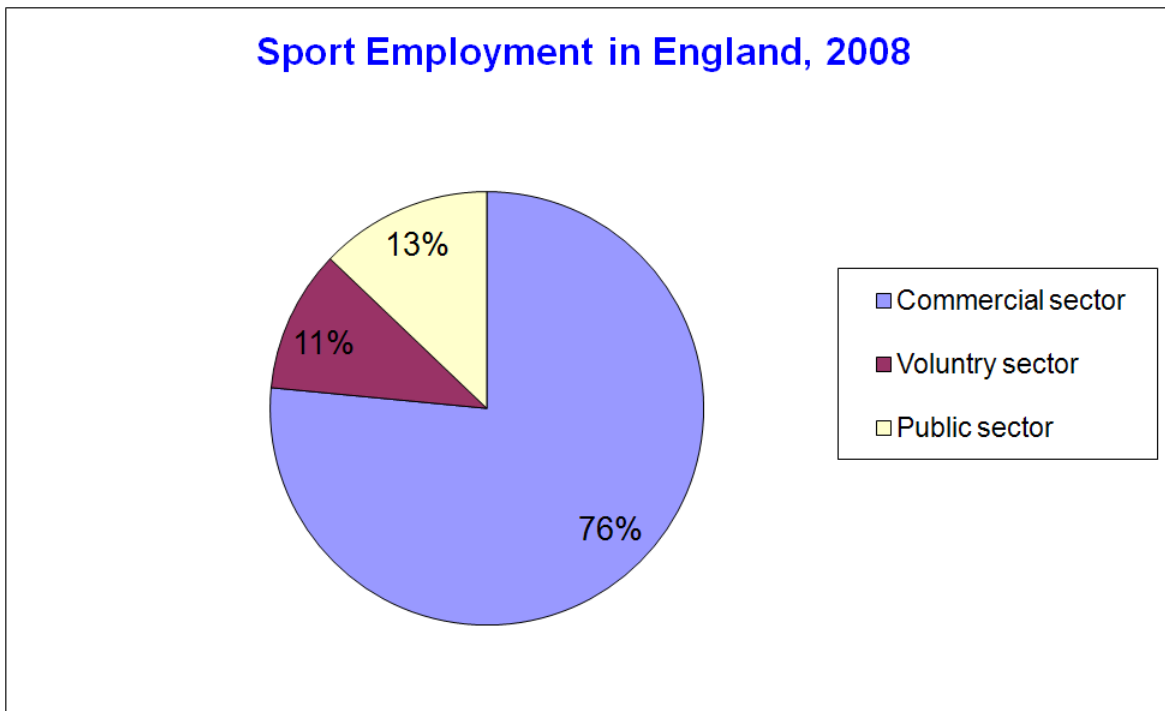


Sport-related employment

- Sport-related employment in England is estimated at 441,000 in 2008, accounting for 1.8% of all employment in England.
- Sport-related employment has increased from 304,000 in 1985 to 441,000 in 2008, a 45.1% increase (see Figure D).
- In the eight years between 2000 and 2008, employment in sport increased by 20.7%.
- Sport related employment bucked the declining trend of the UK economy. During the period 2005-2008, sport related employment increased by 2%.



- The majority of these jobs are supported by the commercial sectors - accounting for 339,000 jobs or 76% of the total sport-related employment 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 England. It builds on similar research carried out by Cambridge Econometrics in 2000¹ and SIRC in 2003 and 2005 that measured the value of the sport economy in the nine English regions. ABI provides information such as gross value added, wage bill, and number of enterprises for each industry under consideration. Selected comparisons have been made with the 2003 and 2005 studies to illustrate the change in the importance of sport to the national 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

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

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 sector to the commercial sport sector.

- **Voluntary Sector** – 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 England.

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 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.

Data to enable comparisons with the estimates of the economic impact of sport for the year 2000 are based on the Cambridge Econometrics reports¹. Adjustments have been made to take into account changes in methodology. The most important one is the change in the original estimates of the consumer expenditure on sport-related gambling, which we believe was overvalued in the 2000 study. The method used is consistent with the Office for National Statistics (ONS) estimate, as reported in the publication *Consumer Trends*². Economic analysis has been carried out using both current and constant prices³. The sport-generated product (GVA) as a percentage of the total regional product is usually the most important statistic to consider.

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

² *Consumer Trends, Quarter 1, 2009 (ONS)*

³ The base year for constant prices is 2003

2. The Sport Economy in England

2.1 Summary of key indicators

Table 2.1 summarises the most important 2008 indicators of the sport economy in England, namely sport-related consumer expenditure, gross value added and employment. The table also draws comparisons with indicators for the years 2005, 2003, 2000¹, 1998, 1995, 1990 and 1985. The relative proportions of sport-related expenditure and employment (out of total expenditure and employment) have been adjusted to make them consistent with the methodology employed in this report. The estimate for total consumption expenditure is derived using Family Spending and Consumer Trends Statistics. Hence, the estimate for consumption expenditure is consistent with the European System of Accounts 1995.

According to Table 2.1, £17,384 million was spent on sport-related goods and services in England in 2008. Compared to 2003, there was an increase of 19% in sport-related consumption. The proportion of total consumer spending on sport increased from 2.0% in 1985 to 2.3% in 2000, reaching a peak of 2.6% in 2005; following the recession, it fell back to 2.3% in 2008.

In 2008, sport-related economic activity added almost £16,700 million to the English economy, which represents increases of 22% and 8% over the year 2003 and 2005 respectively. There is a corresponding growth in the contribution made to gross value added by sport in England - from 1.2% in 1985 to 1.5% in 2000 and 1.7% in 2005. Following the 2008 recession, this statistic decreased to 1.5%.

Sport-related employment in England is estimated at 441,000 in 2008, up from around 401,000 in 2003 and 304,000 in 1985. A higher share of jobs can be attributed to sport in England in 2008 and 2005 (1.8%) than in 2000 (1.6%) and in 1985 (1.3%).

It can be seen from Table 2.1 that, over the period 2005-08, sport-related employment maintained its share in the economy (1.8%), while the share of sport-related Gross Value Added declined to 1.5%. Value added corresponds to the sum of wages and profits.

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

Table 2.1: Main sport-related indicators for England

| | 1985 | 1990 | 1995 | 1998 | 2000 | 2003 | 2005 | 2008 |
|--|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Consumer expend. on sport (£million) | 3,536 | 5,873 | 8,361 | 10,379 | 11,815 | 14,655 | 16,580 | 17,384 |
| percentage of total expenditure | 2.0 | 2.1 | 2.2 | 2.2 | 2.3 | 2.5 | 2.6 | 2.3 |
| Gross Value Added by sport (£million) | 3,358 | 5,472 | 7,309 | 9,552 | 10,373 | 13,649 | 15,471 | 16,668 |
| percentage of total GVA | 1.2 | 1.3 | 1.4 | 1.5 | 1.5 | 1.6 | 1.7 | 1.5 |
| Sport related employment (thousands) | 304.0 | 321.0 | 326.0 | 346.0 | 365.4 | 401.0 | 433.9 | 441.0 |
| percentage of total employment | 1.3 | 1.4 | 1.5 | 1.5 | 1.6 | 1.7 | 1.8 | 1.8 |

Since wages did not decline during the period 2005-08, it seems likely that this inconsistency between employment and value added was caused by declining profit margins in the commercial sector and by firms increasingly relying on part time employment to cope with the recession. This does not reflect a weakness of commercial operators to maintain their margins; it is rather implied by the out of scale profitability of the past, often following government legislation such as in the case of gambling. For example, the pre-tax profits of William Hill increased by 525% in 2003. This level of profitability is unsustainable in the long run.

2.2 Consumer Spending

Table 2.2 summarises the value of sport-related consumer spending in England using constant 2003 prices. The conversion of spending in market prices to spending in 2003 prices is done by using the value and volume indicators for the sport economy as appear in the publication Sport Market Forecasts.

The sport-gambling estimate for 2000 has been adjusted based on estimates for the gambling sector as a whole. The new estimate is consistent with the total reported in the ONS publication Consumer Trends.

Table 2.2: Summary of sport-related consumer spending in England, 1985-2008

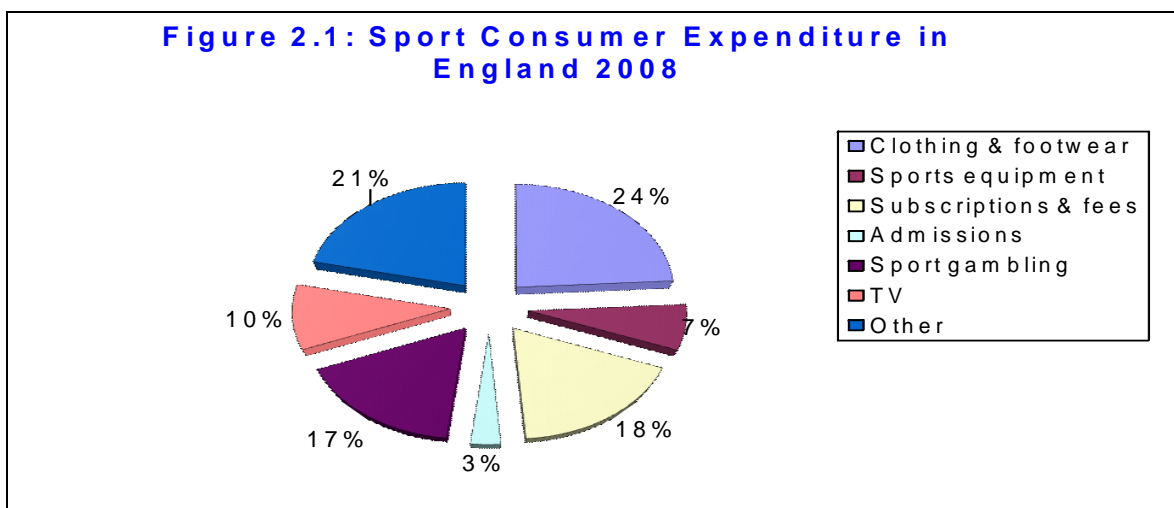
| | Constant Prices (2003) | | | | | | | Change 1985-08 % |
|---------------------------------------|------------------------|--------------|--------------|---------------|---------------|---------------|---------------|------------------------|
| | 1985 £m | 1990 £m | 1995 £m | 2000 £m | 2003 £m | 2005 £m | 2008 £m | |
| Sport clothing and footwear | 647 | 1,416 | 1,685 | 2,368 | 3,115 | 3,430 | 3,888 | 501 |
| Sports equipment | 476 | 469 | 559 | 762 | 1,044 | 1,243 | 1,116 | 134 |
| Participation subscriptions and fees | 1,282 | 1,486 | 2,437 | 3,283 | 2,947 | 3,333 | 2,886 | 125 |
| Admissions to events | 215 | 466 | 656 | 673 | 629 | 648 | 486 | 126 |
| Sport-related gambling | 1,713 | 1,933 | 2,170 | 1,769 | 2,477 | 2,952 | 2,743 | 60 |
| TV rental and satellite subscriptions | | 78 | 497 | 1,176 | 1,443 | 1,462 | 1,599 | |
| Other sport-related spending | 2,468 | 2,308 | 1,937 | 2,428 | 3,000 | 3,107 | 3,449 | 40 |
| Total expenditure on sport | 6,801 | 8,156 | 9,942 | 12,460 | 14,655 | 16,175 | 16,167 | 138 |

Table 2.2 shows that the total value of sport-related consumer spending in England was £16,167 million in 2008, representing a decrease of less than 1% (in 2003 prices) over the year 2005 and an increase of 138% over the year 1985. The 2008 recession left consumer spending (in volume) practically unchanged. The most significant areas of consumer spending on sport are clothing and footwear, participation subscriptions and fees, and gambling.

Together these three broad categories account for £9,517 million (in 2003 prices) or nearly 59% of the sport-related expenditure in England in 2008. Of these, the size of sport gambling sector increased by 11% in constant prices over the 2003-08 period. During the aforementioned period, the spending associated with 'sport clothing and footwear' and 'participation subscription and fees' increased by 25% and decreased by 2% respectively in volume. This is further supported by a 7% rise in expenditure on sport equipment during

2003-08. The role of sport in creating output and employment in the commercial non-sport sector is also illustrated by the sports-related spending on 'TV and video rental, cable and satellite subscriptions', accounting for around 10% of the market. Other spending categories include publications, sport-related BBC licence fee, and sport travel.

Figure 2.1 illustrates the distribution of sport related consumer expenditure in England in 2008.



The 2008 recession left consumer spending almost unchanged compared to 2005. Within it we had increases in sport clothing and footwear (13%) and sport TV (9%). Other sectors such as sport equipment, subscriptions and fees, admissions and gambling declined in volume terms.

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 English economy. According to Table 2.3, sport-related economic activity increased from £3,358 million in 1985 to £10,373 million in 2000 and £16,668 million in 2008. The majority of this economic activity (£8,636 million, 52%) is generated by the commercial non-sport sector. The next sector in size is commercial sport (£4,327 million, 26%); nearly 35% of the valued added in this sector is attributable to the retailing sub-sector. The latter includes sport-related clothing and footwear, equipment and publications. The voluntary and the public sectors account for

£3,706 million or 22% of the sport-related economic activity. During the period 2005-2008 sport-related economic activity increased by 8% (3% above the level of price increases).

Table 2.3: Sport-related Value Added In England

| | 1985 £m | 2000 £m | 2003 £m | 2005 £m | 2008 £m |
|----------------------|--------------|---------------|---------------|---------------|---------------|
| Commercial sport | 1,027 | 3,276 | 3,360 | 3,924 | 4,327 |
| Commercial non-sport | 1,776 | 4,945 | 7,238 | 7,887 | 8,636 |
| Voluntary sector | 93 | 1,256 | 1,871 | 2,312 | 2,110 |
| Public sector | 462 | 896 | 1,180 | 1,341 | 1,596 |
| Total | 3,358 | 10,373 | 13,649 | 15,471 | 16,668 |

The 2008 recession, despite its influence on consumer spending did not reverse the pattern of growth in sport-related GVA. The sector, in terms of growth, is driven by the commercial sport and public sectors, increasing by 10% and 19% correspondingly, over the period 2005-2008.

2.4 Sport-related employment

Table 2.4 provides estimates for sport-related employment in England. The employment estimates of SIRC in 2005 and 2008 are derived from calculations based on wage payments and average salaries per sector. In 2008, sport and associated industries are estimated to employ 441,000 people in England, accounting for 1.8% of all employment. This represents increases of 10% and 2% over the years 2003 and 2005 respectively. Table 2.4 indicates that the majority of these jobs are supported by the commercial non-sport and commercial sport sectors - together accounting for over 339,000 jobs or 77% of the total sport-related employment in England. The public and voluntary sectors support 13% and 10% of sport-related jobs respectively. The strength of the commercial sport sector can partly be attributed to sport retailing; employment in the latter increased by 18% during the 2005-2008 period. By contrast, in the aforementioned period, employment in spectator sports declined marginally reflecting the expected impact of the 2008 recession. Finally sport-related manufacturing and TV increased by 24% and 6% respectively, over the 2005-2008

period. It is worth pointing out that the value of the commercial non-sport sector increased over 2005-08 despite a small decline in employment within the sector.

Table 2.4: Sport-related employment in England

| | 1985 ('000) | 2000 ('000) | 2003 ('000) | 2005 ('000) | 2008 ('000) |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| Commercial sport | 97 | 115 | 116 | 134 | 151 |
| Commercial non-sport | 144 | 175 | 192 | 197 | 188 |
| Voluntary sector | 31 | 38 | 46 | 52 | 47 |
| Public sector | 32 | 37 | 48 | 51 | 57 |
| Total | 304 | 365 | 401 | 434 | 441 |

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 £11,350 million. This is followed by the commercial sport sector (£9,461 million) and the consumer sector (£7,407 million). Within the commercial sport sector, 58% 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 £17,384 million of expenditure. This is followed by the commercial non-sport (£11,090 million) and commercial sport (£9,131 million) sectors. Over half of the expenditure within the commercial sport sector relates to current factor spending, such as wages, in the retailing sub-sector.

Table 2.5: Sport-related income and expenditure flows, 2008

| | Income £m | Expenditure £m |
|----------------------|--------------|-------------------|
| Consumer | 7,407 | 17,384 |
| Commercial sport | 9,461 | 9,131 |
| of which: | | |
| Spectator sports | 924 | 1,374 |
| Participation sports | 846 | 803 |
| Retailing | 5,448 | 5,011 |
| Voluntary | 2,746 | 2,391 |
| Commercial non-sport | 11,350 | 11,090 |
| Central government | 7,195 | 1,440 |
| Local government | 2,306 | 2,822 |

| | | |
|--|-------|-------|
| Outside the area | 4,631 | 1,346 |
| * Current factor expenditure (wages, other inputs) | | |

3. Comparison of the English regions

3.1 Spending, Output and Employment

Tables 3.1 to 3.9 compare the nine English regions in terms of sport-related consumer expenditure, value added and employment.

From Table 3.3 it can be seen that in 2008 London has the largest sport-related consumer expenditure among the nine English regions. This reflects the size of the London economy in terms of gross value added produced, which is the greatest in England. On the other hand, the North East has the lowest level of sport-related consumption; however, the proportion of consumer expenditure on sport in the North East is well above the English average at 2.6%. As in 2005, per capita spending on sport is the greatest in the East of England (£404), the average for England as a whole being £338.

Sport-related value added in the English regions ranges from £818 million in the North East to £2,592 million in the South East, with the average (median) figure across England being £1,940 million (West Midlands). Sport-related economic activity in the South East is boosted, more than in any other English region, by the presence of the motorsport industry. Although the North East has the lowest level of sport-related economic activity across England, it provides, together with the East of England and West Midlands, the greatest contribution of sport to the regional gross value added among the English regions.

The North West, following its textile traditions, is the base of a commercial sport hub consisting of firms such as Umbro (the supplier of football kit to the England team), Reebok, Sprayway, Ellis Bingham, JJB Sports and J-D Sports. The presence of these and other commercial sport firms in the region is consequently reflected in the proportion of sport-related output in the North West region, above the English average, even at a time of recession.

In line with Tables 3.3 and 3.6 (for spending and GVA), it can be seen from Table 3.9 the South East supports the highest number of sport-related jobs in England (66,700), whilst the North East supports the fewest (24,000). Nevertheless, sport related employment as a percentage of total employment in the North East, at 2.1%, is higher than the average level for England (1.8%), and third only to the East of England and West Midlands.

3.2 Importance of sport in England

In 2008, the sports market was responsible for 1.8% of total employment and 2.3% of total consumer spending in England. It was strongly influenced by factors outside the sports industry, such as the 2008 recession in the economy as a whole.

In 2008, despite the recession, spending on sport related goods and services increased by 1% in real terms over the year 2007¹. This was contrary to most expectations, as normally when the economy slows down we expect the sports sectors to decline at a faster rate than the economy as a whole. It appears that firstly people are trying to maintain their spending habits and secondly, the preparations for the London Olympics have had positive effects on consumer spending outside of the usual business cycle. Since 1985, the level of growth in the sport market has been consistently higher than the economy as a whole. In 2008, the level of inflation in the sports market at 0.9% was considerably lower than the economy as a whole (2.4%).

The greatest growth occurred in sport clothing and footwear which, according to Sport Market Forecasts, in 2008 increased by 4% in real terms (over the previous year), reaching £3,538 million in value. Declining prices of sport clothing and footwear was a major factor for growth in this sector in terms of volume of consumer spending. In 2008 prices declined in this sector by 2.2%. In 2008, the sports equipment market increased in real terms by 1.5% (over 2007) aided by the increasing importance of supermarkets and 'value' retailers. Overall, sport goods are growing at a faster rate than sport related services. This is partly because services tend to be more vulnerable during an economic slowing down of the 2008 magnitude.

Long term growth in the sports market will be affected by the developments in sport participation and the London Olympics in 2012. The Olympic Games provide a unique opportunity to focus policy and expand sport participation. This is potentially the most important factor for future growth in the sport market.

¹ Sport Market Forecasts 2009-2013, SIRC 2009.

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 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 3.3: Summary of sport-related consumer spending 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) |
|--|----------------------|--------------------------|----------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------------|-------------------------------|-----------------|
| 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 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 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 3.6: 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 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 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 | 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 | 25.4 | 12.3 | 17.9 | 9.5 | 149.7 |
| 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% |

4. The sports economy 1985-2008

4.1 Growth of the sports economy

Tables 4.1 to 4.3 examine the growth of the sports economy in England for the period 1985 to 2008. The economic categories under consideration are: sport-related consumer spending in current prices, value added, and sport-related employment.

The 1985 estimates are derived on a pro-rata basis from the Henley Centre's results of 'The Economic Impact & Importance of Sport in the UK - 1985' study. The 1990 estimates are also derived from UK figures. However in this case the economic impact of sport was re-calculated, as the published Henley Centre report (July 1992) overestimated sport-related gambling spending by £1.2 billion. Estimates for the year 2000 come from the Cambridge Econometrics reports, adjusted to account for an overestimation of the sport gambling sector and subsequent changes in methodology. The 1995, 2003, 2005 and 2008 estimates come directly from work done by SIRC including the current report.

Sport-related consumer expenditure has increased from £3.5bn in 1985 to £17.4bn in 2008. As a percentage of total consumer expenditure, the sport sector has increased from 2% in 1985 to 2.6% in 2005, dropping to 2.3% in 2008 following the recession. Particularly strong was the effect from admissions, the sport-related satellite television and the growth in the private Health and Fitness market. The participation subscription and fees market for Health and Fitness clubs and Leisure Centres increased from £0.5bn in 1985 to almost £3.2bn in 2008.

The Value Added of the sports economy in England increased from £3.4 billion in 1985 to £16.7 billion in 2008. Similarly, the share of the sport sector increased from 1.2% of the national economy in 1985 to 1.7% in 2005, then dropping to 1.5% in 2008 following the depression.

By applying the sport-related price index from Sport Market Forecasts, we calculate that sport-related value added has increased in volume terms by 123% over the period 1985-2008.

Finally the sport related employment in England increased from 304,000 in 1985 to 441,000 in 2008, representing an increase of 45%. The share of the sport sector in employment increased from 1.3% to 1.8%.

Table 4.1: Summary of sport-related consumer expenditure in England, 1985-2008

| | Current Prices | | | | | | |
|--|----------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | 1985 £m | 1990 £m | 1995 £m | 2000 £m | 2003 £m | 2005 £m | 2008 £m |
| Sport clothing and footwear | 595 | 1,601 | 1971 | 2,581 | 3,115 | 3,258 | 3,538 |
| Sports equipment | 424 | 488 | 604 | 800 | 1,044 | 1,194 | 1,116 |
| Participation subscriptions and fees | 487 | 995 | 1713 | 2,729 | 2,947 | 3,469 | 3,175 |
| Admissions to events | 71 | 191 | 328 | 606 | 629 | 700 | 588 |
| Sport-related gambling | 891 | 1,353 | 1823 | 1,663 | 2,477 | 3,071 | 3,100 |
| TV rental and satellite subscriptions | | 51 | 388 | 1,000 | 1,443 | 1,579 | 1,903 |
| Other sport-related spending | 1,068 | 1,194 | 1,534 | 2,436 | 3,000 | 3,311 | 3,965 |
| Total expenditure on sport | 3,536 | 5,873 | 8,361 | 11,815 | 14,655 | 16,580 | 17,384 |
| Proportion (%) of total consumer expenditure | 2.0% | 2.1% | 2.2% | 2.3% | 2.5% | 2.6% | 2.3% |

Table 4.2: Summary of sport-related Value Added in England, 1985-2008

| | | Current Prices | | | | | | |
|--|----------------------|-----------------|--------------|--------------|---------------|---------------|---------------|---------------|
| | | 1985 | 1990 | 1995 | 2000 | 2003 | 2005 | 2008 |
| | | £m | £m | £m | £m | £m | £m | £m |
| Commercial sport | | 1,027 | 940 | 1,778 | 3,276 | 3,360 | 3,924 | 4,327 |
| | of which: | | | | | | | |
| | Spectator sports | 154 | 221 | 322 | 587 | 635 | 824 | 947 |
| | Participation sports | 38 | 70 | 174 | 380 | 496 | 578 | 503 |
| | Retailing | 484 | 906 | 1,047 | 906 | 1,184 | 1,315 | 1,468 |
| | TV and Radio | 83 | 58 | 105 | 200 | 244 | 317 | 348 |
| Commercial non-sport | | 1,776 | 2,992 | 3,873 | 4,945 | 7,238 | 7,887 | 8,636 |
| Voluntary sector | | 93 | 565 | 1,148 | 1,256 | 1,871 | 2,312 | 2,110 |
| Public sector | | 462 | 544 | 750 | 896 | 1,180 | 1,341 | 1,596 |
| Total sport-related economic activity | | 3,358 | 5,472 | 7,309 | 10,373 | 13,649 | 15,471 | 16,668 |
| Sport GVA as % of total GVA | | 1.2% | 1.3% | 1.4% | 1.5% | 1.6% | 1.7% | 1.5% |
| | | Constant Prices | | | | | | |
| Total using 2005 prices | | 6,894 | 8,379 | 9,431 | 11,815 | 14,318 | 15,471 | 15,362 |
| Real change (1985-2008): | | 123% | | | | | | |

Table 4.3: Summary of sport-related employment in England, 1985-2005

| | | 1985 | 1990 | 1995 | 2000 | 2003 | 2005 | 2008 |
|--|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 000's | 000's | 000's | 000's | 000's | 000's | 000's |
| Commercial sport | | 97 | 89 | 99 | 115 | 116 | 134 | 151 |
| | of which: | | | | | | | |
| | Spectator sports | 15 | 20 | 20 | 35 | 24 | 32 | 42 |
| | Participation sports | 1 | 6 | 11 | 21 | 18 | 22 | 20 |
| | Retailing | 53 | 54 | 58 | 29.7 | 36 | 37 | 44 |
| | TV and Radio | 3 | 3 | 4 | 6 | 8 | 9 | 10 |
| Commercial non-sport | | 144 | 156 | 143 | 175 | 192 | 197 | 188 |
| Voluntary sector | | 31 | 32 | 39 | 38 | 46 | 52 | 45 |
| Public sector | | 32 | 44 | 44 | 37 | 48 | 51 | 57 |
| Total sport-related employment | | 304 | 321 | 326 | 365 | 401 | 434 | 441 |
| Sport employment as % of total employment | | 1.3% | 1.4% | 1.5% | 1.6% | 1.7% | 1.8% | 1.8% |

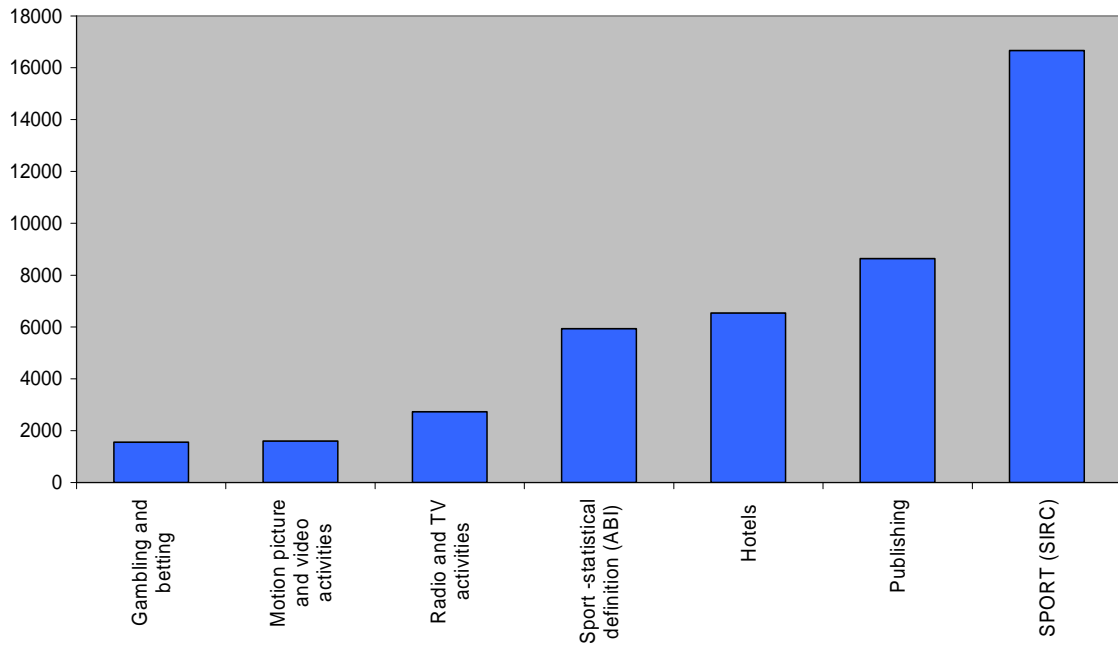
4.2 Sport and the leisure industries

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 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

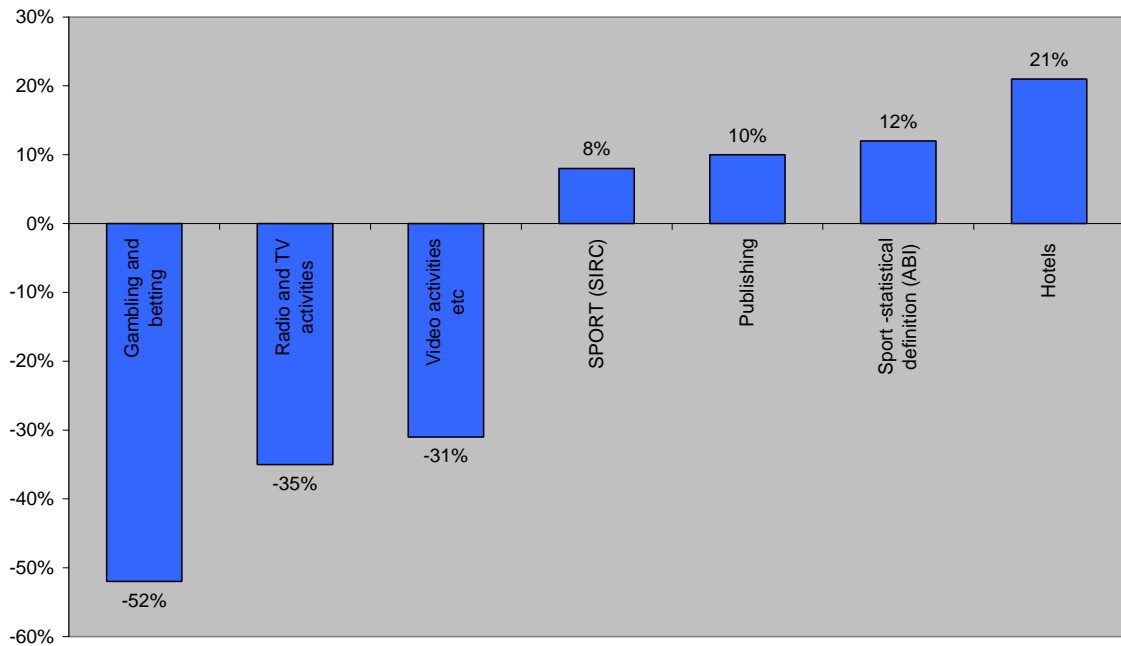
UK. A great proportion of the population consider sports participation as being more a basic need than a luxury.

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

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
- 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 | 587.9 |
| Sports equipment | 1,115.5 |
| Bicycles | 32.1 |
| Boats | 1,273.0 |
| Participants sports subscriptions & fees | 3,174.5 |
| Clothing sales | 2,339.5 |
| Footwear sales | 1,198.4 |
| Repairs and laundry | 32.8 |
| Travel | 785.5 |
| Books and magazines | 158.1 |
| Newspapers | 301.3 |
| Video: purchase and rental | 20.3 |
| BBC licence | 310.9 |
| TV and video rental, cable & satellite subscriptions | 1,908.0 |
| Internet subscriptions | 6.4 |
| Skiing holidays | 899.2 |
| Public schools | 140.0 |
| Gambling: Football pools | 46.6 |
| Horse racing | 2,763.4 |
| Raffles and gaming | 290.2 |
| Total | 17,383.6 |

Commercial Sport Income, 2008

| | £ million |
|--|----------------|
| Spectator Clubs: | |
| Admissions | 562.8 |
| Sponsorship & advertising | 162.5 |
| Corporate entertainment | 130.8 |
| Horserace Betting Levy | 68.3 |
| Cost of the rights to top league matches | |
| Participation clubs: | |
| Subscriptions & fees | 845.5 |
| Retailers (net of Vat): | |
| Equipment | 1,839.7 |
| Clothing and footwear | 3,132.3 |
| Books, newspapers and magazines & videos | 476.3 |
| Exports and manufacturers' sales of: | |
| clothing, footwear & equipment | 1,133.2 |
| TV and radio: | |
| BBC | 310.9 |
| Commercial | 283.9 |
| Exports | 23.0 |
| Internet subscriptions | 5.5 |
| Lottery awards | 17.8 |
| Lottery partnerships | 6.3 |
| Total Income | 9,460.6 |

Commercial Sport Expenditure, 2008

| | £ million |
|-----------------------------------|-----------|
| Current factor expenditure | |
| Spectator clubs: | |
| Wages | 918.2 |
| Other inputs | 456.3 |
| Participation: | |
| Wages | 460.7 |
| Other inputs | 342.2 |
| Retailers: | |
| Wages | 991.1 |
| Other inputs | 4,020.3 |
| Manufactures: | |
| Wages | 245.2 |
| Other inputs | 632.1 |
| TV and radio: | |
| Wages | 333.2 |
| Other inputs | 139.3 |
| Total Factor Expenditure | |
| Total wages | 3,230.9 |
| Total other inputs | 4,651.1 |
| Total factor surplus | 1,464.0 |
| Total value added | 3,027.2 |
| Current transfers | |
| Corporation tax | 125.7 |
| Rates | 91.0 |
| Capital expenditure | |
| | 373.0 |

| | |
|---|----------------|
| Investment | |
| Total Expenditure Leaving Sector | 9,130.9 |

| Voluntary Sector Income, 2008 | |
|--|----------------|
| | £ million |
| Factor income (monetary) | |
| Players' subscriptions and match fees | 1,777.7 |
| Equipment | 12.0 |
| Sponsorship and advertising | 110.5 |
| Raffles and gaming machines | 290.2 |
| Bar receipts | 2,190.7 |
| Subtotal (factor income) | 4,381.2 |
| Other monetary income | |
| Grants | 158.3 |
| Foundation for Sport and Arts | 15.1 |
| Employers' subsidies | 171.5 |
| Interest | 74.0 |
| Lottery awards via Sports Council | 71.9 |
| Lottery partnerships | 63.6 |
| Total Monetary Income (excluding bar receipts) | 2,745.5 |

Voluntary Sector Expenditure, 2008

| | £million |
|--|----------------|
| Factor expenditure | |
| Wages | 1,104.0 |
| Ground hire and rents | 86.0 |
| Equipment | 13.2 |
| Other | 693.1 |
| (Bar purchases) | 1,533.5 |
| Subtotal (factor expenditure) | 3,430.2 |
| Rates | 98.5 |
| Interest | 30.3 |
| Investment | 365.3 |
| Total Monetary Expenditure (excluding bar purchases) | 2,390.7 |

Commercial Non-Sport Income, 2008

| | £million |
|--|-----------------|
| Receipts net of tax from consumer spending: | |
| Travel | 299.1 |
| Gambling | 2,490.6 |
| Skiing | 408.1 |
| Public schools | 115.4 |
| TV rental, cable & satellite subscriptions | 1,574.1 |
| Sales of current inputs to: | |
| Central government | 87.4 |
| Local government | 333.4 |
| Commercial sport | 4,177.1 |
| Voluntary sector | 614.9 |
| Interest from voluntary sector | 30.3 |
| Sales of capital inputs to: | |
| Local government | 687.4 |
| Commercial sport | 230.8 |
| Voluntary | 301.3 |
| Promotion expenditure for sponsorship (intra-sectoral flow) | 381.5 |
| Total income | 11,349.7 |

Commercial Non-Sport Expenditure, 2008

| | £million |
|---|-----------------|
| Producers of inputs to sport: | |
| wages | 5,541.9 |
| imports | 2,830.4 |
| (factor surplus) | 3,093.7 |
| (value added) | 8,635.6 |
| Corporation tax | 441.9 |
| Rates | 259.1 |
| Purchases of inputs from sport: | |
| Sponsorship and advertising | 462.5 |
| ITV and radio advertising | 283.9 |
| Corporate entertainment at sports events | 130.8 |
| Employees' sports subsidies | 86.8 |
| Horserace Betting Levy | 76.8 |
| Interest payments to voluntary sector | 74.0 |
| Promotion expenditure for sponsorship: (to elsewhere in CNS sector) | 381.5 |
| Cost of the rights to top league matches | 453.6 |
| Lottery awards via Sports Council | 205.5 |
| Lottery partnerships | 242.8 |
| Total expenditure leaving sector | 10,090.0 |

Central Government Income, 2008

| | £ million |
|--------------------------|----------------|
| Taxes: | |
| on expenditure | 2,983.4 |
| on incomes generated in: | |
| commercial sport | 1,067.7 |
| voluntary sector | 358.1 |
| commercial non-sport | 2,316.1 |
| local government | 460.2 |
| Total income | 7,194.8 |
| Lottery awards | 30.9 |
| Lottery partnerships | 19.0 |

Central Government Expenditure, 2008

| | £ million |
|--|-----------|
| Transfer Payments | |
| Grants via Sports Councils | 121.5 |
| Grant support for local government expenditure on: | |
| sport (net spending) | 470.1 |
| education | 582.0 |
| Foundation for Sport and Arts | 20.0 |
| Factor Expenditure | |
| Sports Council: wages and other inputs | 108.8 |
| Prison service, MOD, royal parks: | |

| | |
|------------------------|----------------|
| wages and other inputs | 35.2 |
| Total | 1,440.0 |

| Local Government Income, 2008 | |
|---|----------------|
| | £ million |
| Local authority sports facilities: | |
| fees and charges | 306.9 |
| sales of equipment | 158.2 |
| ground hire | 43.0 |
| Grants from central government: | |
| to fund net expenditure on sport | 470.1 |
| sport education | 582.0 |
| via Sports Council | 18.1 |
| via FSA | 5.0 |
| Rates: | |
| voluntary sector | 98.5 |
| commercial sport | 113.2 |
| commercial non-sport | 259.1 |
| Payments for policing | 12.6 |
| Lottery awards | 85.1 |
| Lottery partnerships | 153.9 |
| Total income | 2,305.9 |

Local Government Expenditure, 2008

| | £ million |
|-------------------------------|----------------|
| Current expenditure | |
| Direct gross expenditure: | |
| Wages | 587.5 |
| Other current expenditure | 500.5 |
| Education: | |
| Wages | 722.3 |
| Research | 5.4 |
| Local transport and policing: | |
| Wages and other inputs | 117.6 |
| Grants to voluntary clubs | 55.3 |
| Capital expenditure | |
| Investment | 833.2 |
| Total expenditure | 2,821.8 |

Outside The Area Income, 2008

| | £ million |
|--|----------------|
| Sports, clothing, footwear and equipment | 1,002.5 |
| Import content of skiing | 333.9 |
| TV imports | 34.7 |
| Prize income | 197.2 |
| Import content of UK production of: | |
| Sport related goods and services | 234.6 |
| Commercial non-sport sector output | 2,830.4 |
| Total income | 4,630.7 |

Outside the Area Expenditure, 2008

| | £ million |
|--|----------------|
| Sports, clothing, footwear and equipment | 1,031.1 |
| Admissions to sports events | 94.4 |
| TV exports | 23.0 |
| Prize income | 197.2 |
| Total expenditure | 1,345.8 |

Value Added by Sport Related Economic Activity, 2008

| | £million | Index |
|------------------------------|----------|-------|
| Commercial sport: | | |
| Wages | 3,498.9 | |
| Surplus | 818.2 | |
| Lottery projects | 9.8 | |
| Total | 4,327.0 | 25.3 |
| Voluntary sector: | | |
| Wages | 1,104.0 | |
| Surplus | 951.3 | |
| Lottery projects | 54.5 | |
| Total | 2,109.9 | 14.9 |
| Commercial non-sport: | | |
| Wages | 5,541.9 | |
| Surplus | 3,093.7 | |
| Total | 8,635.6 | 51.0 |
| Central Government: | | |
| Wages | 51.9 | |
| Lottery projects | 20.1 | |
| Total | 71.9 | 0.4 |

| | | |
|--------------------------------|-----------------|--------------|
| Local Government: | | |
| Wages (education) | 722.3 | |
| Wages (sports facilities) | 587.5 | |
| Wages (transport and policing) | 117.6 | |
| Lottery projects | 96.1 | |
| Total | 1,523.7 | 8.4 |
| Total Value Added | 16,668.1 | 100.0 |

| Employment, 2008 | | Employment ('000s) |
|-----------------------------|--|--------------------|
| Sector: | | |
| Commercial Sport: | | |
| Spectator clubs | | 41.7 |
| Participation clubs | | 20.4 |
| Retailers | | 44.1 |
| Manufacturing | | 11.5 |
| TV and Radio | | 9.9 |
| Subtotal | | 149.7 |
| Voluntary sport | | 44.6 |
| Commercial non-sport | | 188.1 |
| Central Government: | | |
| Administration | | 1.6 |
| Subtotal | | 1.6 |
| Local Government: | | |
| Sports facilities | | 27.3 |
| Education | | 24.7 |
| | | 3.8 |

| | |
|------------------|--------------|
| Transport/police | |
| Subtotal | 57.3 |
| Total | 441.0 |

| The Expenditure Flows Matrix, 2008 (£m) | | | | | | | |
|--|------------------|--------|--------|--------|--------|--------|--------|
| Flows from: | Flows to: | | | | | | |
| | CON | CS | VOL | CNS | CG | LG | OV |
| Consumer sector | 0.0 | 6891.3 | 2077.0 | 4889.0 | 2447.1 | 527.1 | 329.5 |
| Commercial sport | 1611.1 | 0.0 | 0.0 | 4218.3 | 1035.6 | 124.9 | 1432.3 |
| Voluntary sector | 740.2 | 10.2 | 0.0 | 946.7 | 542.3 | 147.1 | 0.0 |
| Commercial non-sport | 3845.0 | 1203.4 | 354.3 | 0.0 | 2290.0 | 402.8 | 2846.9 |
| Central government | 50.5 | 21.9 | 203.1 | 86.6 | 0.0 | 1071.8 | 0.0 |
| Local government | 963.6 | 77.5 | 29.5 | 1019.7 | 696.5 | 0.0 | 0.0 |
| Overseas | 197.1 | 1105.4 | 0.0 | 0.0 | 16.5 | 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.

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.

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).