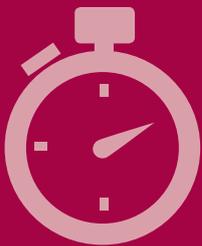




The Sport and Physical Activity Network

TRY IT LOVE IT LIVE IT

Reg. Charity No. 1114495



ECONOMIC VALUE OF THE SPORT SECTOR IN THE WEST OF ENGLAND

1. Introduction

1.1 The West of England Sport Trust (Wesport)¹ wishes to assess the economic impact of the sports sector in the West of England². This work has been undertaken by the Department of Accounting, Economics and Finance, within the Faculty of Business and Law, at the University of the West of England (UWE, Bristol). Zeta Economics was commissioned to undertake some of this work and this has been summarised in the report.

1.2 The sports sector contributes to the economy in many ways: by supporting employment and adding to the economic output due to commercial activities, by contributing towards increasing expected life span of the population, by facilitating better lifestyles that can also lead to increased income levels, by helping to avoid healthcare costs, as well as a number of other social benefits. The economic value of the sports sector is therefore comprised of a number of monetary and non-monetary elements, which require different approaches for their estimation.

1.3 This report provides an assessment of the value of sport sector activities in the West of England in 2012, as well as the total value that accrues to the whole UK economy. It also projects the expected future value of the sports sector in the next ten years.

¹ The West of England Sport Trust (Wesport) has been a Company Limited by Guarantee and registered charity since 2006. Wesport is also a member of the County Sport Partnership Network and is one of the 46 County Sport Partnerships across England established with the support of Sport England to be the strategic lead for sport in the West of England.

² The West of England covers the Local Authority areas of Bristol, Bath and North East Somerset (BANES), North Somerset and South Gloucestershire.

Executive Summary

E1.1 Sport is at the heart of the West of England region. With an active participation rate of 38.5% for 16+ people, the region is one of the most active in England. Additionally, there is a large latent demand for more sport. This participation is spread across a number of sports, both team and individual, and mass and niche. The highest participation rates are in gym, swimming and cycling. Sport participation occurs across all age groups, with some evidence that typical trends of reduced participation by older people may be redressed. The region boasts very good facilities, although lower than some with a similar profile. These facilities are dominated by grass pitches, although the region is well provided-for in terms of sports halls and fitness suites. Within the region, these excellent facilities and a strong voluntary and semi-professional network allow both Olympic champions and enthusiastic amateurs to thrive.

E1.2 This study, commissioned by Wesport, aims to estimate the economic value and impact of sport on the West of England region. Our research has deployed Sport England's Economic Value of Sport - Local Model. This divides the economic impact of sports into 3 main sectors: participation, non-participation and wider impacts. Participation includes such things as sports services, equipment and education. Non-participation includes spectator sports and their associated broadcasting and gambling activities. Wider impacts include the value of health benefits of sport, the contribution of volunteers and the wider spending of sports spectators and participants. The model is able to provide estimates of all of these impacts. Overall, our estimate of the combined value of impact of sport on the West of England regional economy is shown in Table E1.

Table E1: The total impact of sport on the economy of the West of England

SOURCE OF IMPACT	TYPE OF IMPACT	EMPLOYMENT	GROSS VALUE ADDED (£m)
Sports businesses and organisations	Direct impact through own activities	8,901	328.9
Sports businesses and organisations	Indirect impact from the supply chain	1,024	48.0
Sports businesses and organisations	Induced impact from employee spending	1,534	34.1
Volunteers	Value of services provided		52.0
Public sector	Activities associated with sport	1,210	35.1
Spectators visiting WoE to see sport	Spending in the West of England	1,696	85.6
Health impact of sport activity	Saving in NHS costs		17.9
Health impact of sport activity	Benefits of living healthier for longer		260.9
Health impact of sport activity	Higher productivity of healthy people		14.2
TOTAL IMPACT		14,365	876.7

E1.3 To put the figures quoted above in proportion, the employment in sports in the West of England is some 50% greater than employment in the combined water, gas, electricity and waste management sectors in the region. The gross value added was around double that generated by the arts and entertainments sector and well over 50% of that generated by the entire food and accommodation sectors of the local economy. Health benefits offset some 25% of total health and social work spending.

E1.4 On the basis of the findings above, a very strong case can be made for ongoing and enhanced support for sport in the West of England. The essence of this case is the powerful impact of sport on the local economy and the substantial social benefits that result. To illustrate this, sponsorship or other support that results in £1m of additional sports activity (in terms of Gross Value Added) will bring the following additional benefits:

- £291,000 additional GVA spillover local economic activity
- £184,000 of value from volunteering
- £304,000 of wider benefit from visitors attending sports events
- £990,000 of health benefits
- £50,000 of additional income to healthy people

E1.5 The original £1m leads to a total benefit of £2.82m to the local economy. Few, if any, other sectors can demonstrate such an impressive rate of return on support expenditure.

DIRECT IMPACT

E1.6 The study estimates that in 2012 the direct economic value of private sector sport to the West of England was £328.9m, which supported 8,901 jobs.

INDIRECT IMPACT

E1.7 We have also estimated spillover impacts on the local economy. Spillovers arise in two ways. Firstly, the businesses in other sectors supplying goods and services to the sports sector use the income earned to buy goods and services and pay employees. The businesses supplying these goods and services in turn use this income to buy further goods and services and pay their employees and so on. If all these additional rounds of income and expenditure are added up the total is called *indirect* expenditure. We estimate that this impact adds up to £48m, supporting 1,024 jobs.

INDUCED IMPACT

E1.8 There are further spillover effects associated with sports sector employees pay. This personal income is spent on such things as food, entertainment, housing, holidays and durable goods and thus finds its way to other business sectors. Firms in these sectors spend part of this money on employees pay and these employees spend this income and so on. Adding up all this additional income and expenditure gives *induced* expenditure. We estimate that this impact adds up to £34.1m, supporting 1,534 jobs.

E1.9 Adding together direct, indirect and induced income, we estimate that the private sport sector will generate £595.4m and 16,342 jobs. Similarly, the public sector added a further 1,210 jobs and £35.3m gross value added.

E1.10 Taking into account that some of the people employed in the local economy may live outside it, we have further estimated that of that gross total, we estimate that £385.41m (and an associated 11,084 jobs) are additional to the local economy.

VOLUNTEERS

E1.11 However, a specific feature of sport is the importance of volunteers, the value of which must be taken into account. Accordingly we estimate 59,541 volunteers in total contributing many millions of hours of work. The value to the sport sector of volunteering amounted to £52m, and wider impacts totalled £65.9m. We tentatively estimate that the extra benefits of improved life satisfaction associated with volunteering are worth another £233m.

VISITOR EXPENDITURE

E1.12 Two other sources of economic value are important to mention. We estimate wider economic benefits arising from visitors to the region associated with sporting events to be £126.14m in gross value added, supporting 2,628 jobs. Taking into account leakages, these wider benefits add £85.56m to the local economy and net 1,696 jobs.

CAPITAL PROJECTS

E1.13 A second key consideration is the economic value of sport sector capital projects. The region is currently seeing several large scale developments, such as a rebuild of Ashton Gate, a new Bristol Arena and the proposal for a new stadium for Bristol Rovers. We estimate that 75 jobs per annum will be supported in the West of England's construction sector. This will generate further employment through indirect and induced impacts bringing the total to 109 jobs. Approximately 82 jobs are expected to be completely new to the West of England economy adding £5.5 million of GVA annually during the next 10 years.

HEALTH BENEFITS

E1.14 Sport may have positive social effects such as improved health, reduced crime, greater prestige and higher productivity. Of these we are able to reliably estimate likely health benefits. The Sport England Local Model provides an estimate of cost savings to the NHS as a result of avoiding different types of illness at £17.9 million, the quality adjusted life years saved is 8,696 and the health benefits based on life years saved is £260.87 million. Health benefits offset some 25% of total health and social work spending. Additionally, regular exercise has both short and long-term impact on the level of an individual's income. This premium gives rise to additional income of £14.19 million gained by active people.

INTANGIBLES

E1.15 It is outside the scope of this study to estimate the likely benefits of sport to the local economy arising from intangibles, for example that major sporting achievements are associated with productivity gains, or in greater optimism. It is possible, too, that the prestige achieved by sporting success might make an area more attractive to investors and workers. It has also been claimed that opportunities for sport participation may reduce other anti-social activities such as crime³. It may also be that preserving and carefully managing sport grounds will have environmental benefits⁴. Maintaining green spaces may facilitate walking and running, while clearly football, rugby, cricket et al all require dedicated pitches. Clifton and Durdham Downs in Bristol all host football, softball, frisbee, and fitness training. Given the likely positive effects of sport on crime rates, on the reputation and attractiveness of the region, and on productivity levels, this final estimate is likely to be conservative.

RECOMMENDATIONS

E1.16 Based on these findings we offer some recommendations for local economic policy. It is clear that sport is highly beneficial and should be encouraged. This has implications beyond the scope of local economic policy makers, into education, for example. However, it would seem that a precondition for sporting success is the existence of physical and social infrastructure; specifically, facilities and volunteer networks. It is essential therefore that existing facilities are preserved. Because the region supports a variety of sports, and because this is likely to help maintain participation rates, the most useful facilities are those which are flexible and support multiple sports. Clearly as well, these facilities must be accessible widely, again to encourage participation and reduce barriers to those whose latent demand is currently thwarted. Existing professional organisations can play a crucial role here, in offering facilities and expertise.

RECOMMENDATIONS

E1.17 Three of the four Unitary Authorities in the West of England (BANES, Bristol and South Gloucestershire) are in the process of developing new strategic documents for built sports facilities and playing pitches, currently at various stages of development and adoption by council elected council officials (May 2015). These strategies will be key in setting a context within which sport facilities can be maintained and developed to meet future demand, taking account of housing and population growth predicted for individual council areas and the West of England as a whole.

³ See <http://www.sportengland.org/media/91502/creating-safer-communities.pdf> for a summary of evidence. Accessed 11:25 5 March 2015.

⁴ See http://www.stma.org/sites/stma/files/STMA_Bulletins/NaturalGrassFields.pdf. Accessed 11:25 5 March 2015.