

The Proposed Football Quarter in North Liverpool:
Preparing for an Impact Study



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In no particular order, the students involved were:

Amani Ranaweera, a University MSc Finance student, looked specifically at the methodological approach required to understand the economic impact of any proposed Football Quarter. Amani graduated with distinction in December 2010.

Hio Lon Fong, a University MSc Finance student also looked at how economic impact can be understood, considering the use of specific types of data for this purpose. Fong graduated with distinction in December 2010.

Daniel Torchia, a University MSc Human Resource Management student, considered leadership, particularly the types of leadership demonstrated in prestige initiatives that have the impact to change places. Daniel graduated in December 2010 with distinction.

Stephen McGettigan, a University MBA Football Industries student who continues to look at the social impact from football-led initiatives with a focus on the effects on a local community. Stephen is due to complete his studies by September 2011.

In addition a number of people in the City of Liverpool agreed to take part in the work of the students and consented to interview. So too did people in other parts of the UK, in Turin and in Japan. Those involved have added detail to the work and provided new insight or confirmed existing theories around sport and impact and where they have asked for privacy their identity has been withheld.

Much of the detail uncovered by the students remains outside of the scope of this report. It is intended that this document serves a useful purpose for those involved in the regeneration of North Liverpool and who have an interest in the future development of Everton and Liverpool football clubs. To the best knowledge of the author all information provided here is accurate and provided in good faith.

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1. Summary

This report is based on primary research consisting of desk-based work and fieldwork, plus a review of existing literature, to prepare the ground for a local impact study centred on the proposal for a Football Quarter in North Liverpool. The Football Quarter is a proposition put forward by the supporters groups, Keeping Everton In Our City and Spirit of Shankly. The report is independent and has been concluded on the basis of the work of a small number of students at the University of Liverpool Management School working under the supervision of the author.

There are four main sections to the report.

1.1 'Social' Impact

The report illustrates the social impact that can be garnered through the presence of professional sports clubs located within communities. There are numerous examples of how this can take place many of which have been featured in the planning applications of clubs seeking to build new or extend existing stadia.

The report provides a brief introduction to three such cases. Leyton Orient in London UK, Shimizu FC in Japan, and Juventus in Turin. These cases illustrate how professional football clubs engage in social regeneration and physical renewal and are able to exploit the cultural gravity of a location whereby a professional club can act as an anchor point and therefore be part of a wider range of activities. They are unusual in that an overview from a wide perspective is captured, with interviews held with people involved in each instance.

Two points in particular can be noted:

- That the impact from football, and therefore from a proposed Football Quarter, has far reaching potential. Impact on the community can take a number of forms including the possibility of inclusion in sports related activities, but also new opportunities for education, training and employment as often new physical infrastructure is provided.

- Secondly the report demonstrates the need for the institutional arrangements and the role of agencies working in partnership, that appear to be essential for success. It would seem that depending on the objectives, different agencies will lead although it is essential to facilitate the framework for a wide range of contributors to development.

1.2 Leadership

The question of leadership is introduced into the report. In so doing the report seeks to provide an idealised model of leadership relevant in the context of a proposed Football Quarter. Leadership is highly important because of the capabilities and talents required to transform places through a recognition of local assets.

‘Transforming places’ is something associated with recent attempts to manage regeneration in the UK although there is as yet, little research to indicate substance to the concept. Drawing on a wide range of literature that demonstrate the renown change experienced in places such as Barcelona, the report seeks to identify what themes of leadership are relevant in the context of a Football Quarter.

While the professional football club as anchor institution can obviously be interpreted in this way, it is a mistake to assume that by virtue of presence, a professional football club will make a positive contributions to a location. To be prepared for renewal and development around a Football Quarter there are particular attributes that require measurement. Included here are important questions about relevant stakeholders and networks, how expertise and initiative can be pooled to create outcomes greater than the sum of actions from individual stakeholders, responsibility, decision-making and achievement.

Thus it is suggested that an assessment of the levels of such leadership needs to be considered in the context of any proposed development.

1.3 ‘Economic’ Impact

The third section of the report looks specifically at economic impact. There are many examples of research into local economic impact from sport and sporting events. Many of these are used to validate public sector expenditure into prestige events,

such as the 2012 Olympic Games or for new stadium development. This is certainly the case in the US where local taxation has led to a particular type of investment that is often politically charged and contentious.

This section of the report looks at the different approaches used to assess local economic impact. Two types of study are outlined: ex ante research and ex post research. For the former case studies demonstrate how work has previously been conducted and a simplistic multiplier is illustrated in respect of local impact from professional football. For the latter the reader is introduced to a model to assess impact using secondary source data that can be available and which could be used to provide an early indication of impact.

The final part of this section indicates why caution is needed when considering local economic impact. Apart from the political dimension associated with calls for public sector investment, while seeking to hold private sector interests accountable, the research into local economic impact has been varied. Many have demonstrated error as shown in this section.

1.4 An Impact Study

In the final section of the report the scale of a possible local impact study is outlined. The aim is to provide for further discussion with interested parties the type of research that is required, the pitfalls involved and the way in which evidence can be cumulated and interpreted. The three previous sections provide the basis for such an opportunity. This we believe to be necessary should an objective piece of work be undertaken to provide a more accurate understanding of the proposed Football Quarter in North Liverpool.

2. Introduction and Scope of the Work

The work on which this report is based originated following a meeting in early summer 2010 between the author (Southern) and representatives from the Keeping Everton In Our City (KEIOC) and Spirit of Shankly (SOS) Premier League football supporter groups. That pressure groups and movements of this type have become established illustrate the wider concerns of supporters in relation to the behaviour of 'their' football club. In this case, Everton Football Club had recently been refused permission to build a new stadium in Kirkby, while Liverpool Football Club who had been permitted permission to build a new stadium adjacent to their present location, were in danger of entering administration.

The proposition of a Football Quarter was one put forward jointly by KEIOC and SOS. In the early part of 2010 as they launched their idea, the concept of an established Football Quarter in North Liverpool where both Everton and Liverpool are located, the groups stated the following:

“... it is our belief that the development of a Football Quarter can, not only become a resource for sport of national and international significance, but also act as a catalyst for regeneration of these inner-city wards and create much-needed employment opportunities in the public and private sector leading to improved social conditions in adherence to and enhancement of the housing market renewal strategy already in place.”¹

KEIOC and SOS had formulated an argument in support of the Football Quarter concept. The view articulated by the groups argued that such a proposal contained within it a draw for the City of Liverpool, an attraction to tourists, with opportunities for new enterprise with a potential impact on the social and economic environment in the wards around the stadia, Anfield and Goodison Park.

The work undertaken following the meeting was independent and relied on postgraduate students from the University of Liverpool Management School. It was scoped as follows:

¹ See SOS website: www.spiritofshankly.com/football-quarter.html

- Indicative primary research to consider the impact when 'football' is placed at the centre of the community, taking into account such aspects as education, health and the provision of amenities and where possible, to consider those less tangible aspects such as community image, identity and community morale.
- Indicative primary research to look at the types of leadership that might be expected to transform places through prestige initiatives, such as that contained within the Football Quarter concept.
- Desk-based, theoretical work to understand what might be incorporated into the proposal and to consider economic impact from thereon, so as to conceptualise impacts from the respective components.

Four postgraduate students have been involved and the work has formed the basis for their own independent dissertation work as they have progressed towards completion of their Masters degree.

From this work the intention has been to provide a basis for this summary report. While we felt such a report would be of interest to the respective supporters groups, it would also have wider appeal for those involved in the regeneration of North Liverpool. What the report does not do is provide an estimation of impact from the proposed Football Quarter in North Liverpool. It was beyond the scope of work initiated and clearly, more substantive research is required to enable this. The report does however, indicate how this research can be conducted to ensure rigour in a field renowned for its difficulty. The structure of this summary report is as follows.

The first part of the report looks at social and community impacts from football. In this section a number of cases are used to demonstrate where change similar to that proposed in respect of the Football Quarter, has taken place. There are two main points to be taken from this section. This first relates to the wider affects that can be garnered from football and the potential from a Football Quarter. The second refers

to the institutional structures to be found where impacts can be deemed as successful. We follow a similar theme in the following section when we posit the notion of leadership as an important contributory factor in the transformation of places and by default, would be an important factor in the delivery of a Football Quarter. What we wish to do here is to suggest key characteristics of leadership that are needed to transform place and therefore any assessment of the potential of a Football Quarter should consider if such leadership is in place.

We then turn to economic impact. In this part of the report we show different methods to be used to assess local economic impact from a proposed Football Quarter. We do not demonstrate that the Football Quarter will have x or y impact on Liverpool. What we seek to achieve in this section is an indication of methods to be used in economic impact research, their respective strengths and weaknesses. We demonstrate how a multiplier effect can be incorporated and present a model that can be applied to understand potential economic impact on the City of Liverpool from the presence of the two Clubs today. Finally, the scope to conduct an impact study is provided based on the previous three sections. It is here that the report will be useful in providing a working document that can be discussed with interested parties prior to a more comprehensive impact study being commissioned.

Since the work began for this report the ownership of Liverpool Football Club has changed. While this has brought some degree of stability to the Club, it has also brought further uncertainty as to what might happen with the proposals for a new stadium adjacent to the existing Anfield home. The new owners Fenway Sports Group (FSG, formerly known as NESV), have experience of renewal of an older stadium in Boston and a number of commentators have been quick to assume this will mean renovation of the existing Anfield stadium. The public position on this matter is that no decision has been made. This matter is further complicated by the time limits associated with original planning permission.

While the decision to refuse Everton's proposal for a new ground was known, it remained unclear as to what strategy the Club would adopt thereon in. Recently the Club have announced that they expect to remain in their Walton home, at least for

the medium term, and are expecting to invest up to £9 million into retail space, museum and corporate hospitality facilities. In addition, the Club were able to announce they had secured permission to build luxury housing on its former training facility, Bellefield, with an estimated £8 million for the Club.

A third change of some significance has been a more general shift in the political climate in the UK. The formation of a coalition Conservative-Liberal government occurred in the early summer of 2010. Simultaneously, the political hue of the City Council in Liverpool has also changed, from Liberal to Labour. The most striking outcome has been the cuts in public sector funding that will undoubtedly affect many social and economic regeneration initiatives, including those in North Liverpool, and of course the impact on front line services. The global financial crises of recent years has come home to impact on local communities and those covered in this summary will be heavily effected.

The context therefore for this study includes two Premier League football clubs who are in the midst of changing their commercial direction, including their strategy to maintain or improve their status, mainly by driving up their income; a new incoming city-wide Labour administration now responsible for some of the most deprived parts of the UK in which, by more than coincidence, are located both football club stadia; a drive by national government to reduce public sector spending, introducing cuts in funding initiatives that will have a disproportionate impact on the most deprived places.

3. Impacts from Football

The most obvious impact from football is that of economic impact. We look specifically at this below. In this section we wish to utilise evidence from elsewhere to consider impacts from football with a focus on social impact. In particular, we wish to look at the way football interacts with its immediate and near communities. For this we are giving primacy to the physical location of the football club over and above their fan base. While Premier League clubs such as Liverpool and Everton bring into the locality fans from afar this should not confuse their obligation to the local communities they serve.

3.1 Impact on the community

In a report on the impact of a professional football club on community morale prior to the permission to build the Emirates Stadium in Islington, it was suggested that there was evidence to show professional football clubs could add to the social regeneration of inner cities.² Initiatives led by football clubs dedicated to community engagement were

“potentially a great advantage for local communities as it brings together the symbolic presence of a club, including role models and rewards for young boys and girls, with substantive outcomes such as better school attendance and enhanced training and qualifications.”³

However, such an outcome cannot be guaranteed and the presence of a club in a deprived community can lead to complex patterns of behaviour from a range of stakeholders.

While we would suggest football clubs have a civic responsibility and even duty towards their local communities Walter and Chadwick have identified six benefits from community involvement. These consist of: helping to manage the tensions between commercial pursuits and community need, helping to manage club

² Southern, A. and Cleland, J. (2001) *The effect of professional sports teams on the image and morale of the local community*, University of Durham.

³ Ibid. p.31.

reputation, building the brand, building partnerships with the local authority, providing an opportunity for other commercial partnerships and helping to identify new local talent.⁴ Clearly the extent of interaction and impact from a club engaging in such activities will vary whether they are a high profile Premier League outfit or a lower league club.

Indeed some of this was made possible under the previous Labour Administration when initiatives such as Supporters Direct were encouraged. This was entirely consistent with ideas about social enterprise, the corporate responsibility of organisations and attempts to address social exclusion by raising standards of human and social capital within communities. As has been argued elsewhere

“Clubs must recognise the real needs of their diverse communities and try to find ways of communicating and working with them that are meaningful and can engender trust. The days when a football club could convincingly claim to be at the heart of ‘its’ community are over; the issue is far more complex and muddled nowadays. The challenge for clubs and their owners is to find ways to overcome distrust, rather than simply to assume that loyalty comes naturally.”⁵

Most clubs have ‘Football in the Community’ initiatives operating in areas of deprivation. While these initiatives are welcome they should be seen in the context of ever increasing ticket prices and the actual exclusion of many young and old people who in a bygone generation have expected access to top flight English football. This is undoubtedly most acute in the top tier English Premier League and is in fact, shows the limits of the argument put forward by the Football Task Force about new supporters being enticed to football through community initiatives. Nevertheless, Watson argued that many clubs are able to attract participants in schemes, such as education and health initiatives or drug rehabilitation projects, and

⁴ Walter G & Chadwick S.,2009. Corporate citizenship in football: delivering strategic benefits through stakeholder engagement, *Management Decision*, 47 (1).

⁵ Watson, N. (2000) Football in the community: what’s the score? *Soccer & Society*, 1 (1).

thereby help to support the 'good citizen' perspective of clubs within their nearby communities.⁶

3.2 Leyton Orient, London UK

Three case studies are introduced to demonstrate the types of impact football can have on its community. The first *Leyton Orient* in London, demonstrates a contemporary regeneration project that brought together a wide range of interested stakeholders around the anchor of a particular institution, the football club. What we see in this example is social and physical impact with the football club acting as catalyst. The second in contrast is an international example from Japan and provides an unusual international instance of impact from a football club in its locality. The third is also international and concerns the world famous Juventus Football Club in Turin.

Leyton Orient have been involved in an initiative named SCORE (Sports Club Orient) with three main objectives. SCORE sought to refurbish and to improve sports and recreational facilities, replacing them where appropriate with state of the art community facilities that would act as a 'one stop shop' for a number of services. The initiative aimed to provide projects and services to promote to local people, a wide range of activities including health promotion, advice and support, employment training, childcare support and sports from a recreational to a competitive level. Third, it was hoped that SCORE would train and develop skills of local residents, for example in sports coaching and administration.

Key features of the initiative included regeneration, sustainability, community engagement and partnership working. SCORE is a classic example of how, through the support offered by the then Labour Administration, urban regeneration and social exclusion were tackled through a key anchor organisation along with state agencies, either local authorities or quasi public sector agencies such as the local housing association. The Chief Executive of the Leyton Orient Community Sports Programme (LOCSP), who were a key driver of SCORE, told a researcher into this report that a wide range of delivery agencies brought to the partnership skills,

⁶ Ibid.

networks and funding to deliver and maintain initiatives. They were able to create a sustainable initiative that incorporated a number of public sector revenue streams.

In this relationship the football club held a key role. They, the Club, were identified as the anchor for a wide variety of groups who would coalesce around a common community point. SCORE was able to tackle local social issues precisely because of the functioning of the local partnership. We were told that the partners drove forward the initiative:

“this could be statutory, private or community agencies which have a strong track record in tackling those issues... [adding that SCORE] helped to improve relations between the club and the community... the work we do in the name of the club helps build their [the Leyton Orient] brand and their image in the community. The physical presence of the SCORE Project has helped to build confidences in the area, and gives a good perception of Leyton Orient in the community.”⁷

Facilities were used for health checks, education, employment fairs, conferences and for electoral voting. Community representatives were encouraged to be active in shaping the initiative, something that allowed the authorities to capture the requirements of the local community while providing some form of voice amongst the officer and administrative elites that often dominate regeneration partnerships.

A number of aspects from the SCORE initiative seem relevant to the proposed Football Quarter. First is a revenue stream to ensure initiatives are sustainable. Second is the local governance that can be enabled through a Partnership Board with clear responsibilities and accountability to both set strategy and ensure operational aspects are planned for. Third, are Service Level Agreements that reflect the aims of the partners while providing effectiveness in the services provided. Fourth is the range of facilities that can be offered, utilitarian in the sense they appeal to most of the community albeit in different ways. Finally, community support and buy-in is crucial. The work to achieve this cannot be underestimated with pre-

⁷ Interview with the researcher, July/August 2010.

meetings, open days and wider consultation leading to tangible benefits for local people such as discounts, saver cards and reduced costs associated with membership of particular facilities.

3.3 Shimizu S-Pulse, Shizuoka Japan

The second example of impact is from Japan. The case of *Shimizu S-Pulse Football Club*, located in Shimizu-ku, Shizuoka just over 100 miles from Tokyo, has been chosen for three reasons. First it is international and has a particular culture associated with development that will have resonance in the context of North Liverpool. Second the physical presence of the club is exploited within its location and third is the type of partnership that emerged to make the club significant within its location.

Shimizu S- Pulse Football Club is located in Shimizu-ku, Shizuoka in Shizuoka Prefecture Japan. The Shizuoka prefecture is recognized as the place where football first established its roots in Japan. Shimizu S-Pulse FC is a relatively new club, formed in 1991 around the beginning of the creation of the Japanese League (JL) and enjoys a large fan base.

To illustrate the location, the club is located on *S- Pulse Street*, a road that runs from the city down to the Shimizu port area and it is lined with various statues, art works and monuments inspired by the city's long association with football. Also on S-Pulse Street is the Shimizu Dream House, an official merchandise store and ticket office incorporating a cinema projection screen to view broadcast away games. With the purpose of not concentrating all the football facilities to one area Shimizu S-Pulse have built six Dream Houses in six different cities around Shizuoka Prefecture. S-Pulse Street ends at the Shimizu Port and here is where you will find the redeveloped part of the port containing S-Pulse Dream Plaza. The Plaza is an entertainment and shopping complex with various attractions such as the football museum, cinema, a Ferris wheel and restaurants. Sport facilities are also located on this development and near by is the S-Pulse ferry which runs a daily service to and from the port for visitors. This provides a picture of a contained development with the club at the centre.

In fact S-Pulse Street is famous in Shizuoka and throughout Japan for football enthusiasts. It is famous because it is a unique street especially that connects the port with the city centre. The street was renamed deliberately as part of the redevelopment of the area, attracting new retail space and designed to exploit the city of Shimizu as a 'City of Football' while maintaining a strong purpose for local people rather than simply displacing the needs of locals with those of tourists. So for example adjacent to the Plaza are sports facilities (aptly named S-Pulse Dream Fields) to facilitate local leagues, something that the Club have replicated in other parts of Shizuoka.

Through a series of email exchanges we were able to interview the Head of the Shimizu FC Sales and Planning Group. She explained how the Plaza was built in 1999 by the Club's main sponsor Suzuyo, a logistics business that began in the area. The ties between the sponsor and the Club is an interesting one with the former stepping in to support the Club when the latter were faced with bankruptcy in 1997. This partnership therefore is one of substance with Suzuyo aligning themselves with the Club for the purpose of supporting an important local organisation while seeking to raise their own profile at the same time. This partnership, to which we might add supporters and local community, while being reflective of the types of paternalistic corporatism to be found in Japan, it is something that is replicable elsewhere.

It was explained to us that the Plaza generated a revenue of around £44 million in 2009-10 with about 300 people employed. The retail offer is typical of such a complex with major stores, clothing and fashion outlets, restaurants and a cinema. For the Club, the Plaza helps to attract visitors, provides local employment opportunities and supports the overall development of the local economy. Typical will be an increased focus on tourism and consumer spending. As was suggested to us, the more visible the football club then the greater the likelihood of increased levels of tourism and local economic activity.

Shimizu FC is pivotal to the culture of football support in this particular part of Japan. They have been able to exploit this in a positive way for their locality. Through the

close relationship with their sponsors physical redevelopment has taken place, showing a clear role and purpose for the private sector in aligning with the football club.

3.4 Juventus, Turin Italy

For the third case we turn to Turin and the stadium development of *Juventus FC*. Juventus are one, if not the only club in Italy to own their own stadium. The Delle Alpi Juventus stadium was situated towards the edge of Turin in an area that has become increasingly residential. The stadium had become outdated, unable to meet the standard set by the Italian safety regulators while at the same time being subject to increasing maintenance costs. In 2004 Juventus sought to gauge the feasibility of a new stadium although this took on less of a priority due to the corruption investigation into top flight Italian football (the 'Calciopoli scandal') with a consequent change in the management of the Club.

Led by the Chief Executive, Jean-Claude Blanc, the Club have been able to secure the finance to build a new stadium. After some modifications to an original proposal for a 72,000 capacity stadium, a plan for a more modest 40,000 plus seats in a new stadium with an enhanced viewing perspective for spectators and a number of commercial buildings that radiate away from the physical presence of the stadium, although which importantly remain integrated into the stadium compound. The stadium is being built in the district of Continassa, in the Vallette quarter of Turin. The aim is to allow use of the stadium each day of the week and for this reason the 34,000 square metres of commercial space is key. This will contain a shopping centre along with public space and parking for up to 4,000 cars.⁸

We interviewed one of the architects employed by Studio Rolla, the firm involved in the design and development of the new stadium project. The architect interviewed was aware of the planning and commerce aspects of the development and had worked on this particular part of the initiative, including taking the designs through the necessary planning permission process set out by the Turin local authorities.

⁸ For an introduction to this development see www.juventus.com

It was explained how in recent years most urban redevelopment in Turin had been private sector led. In most instances this was entirely expected given the economic realities facing the public sector in Italy, and this had led to a mutual exchange between public and private sector where public benefit and private financial return become a negotiated matter between the parties involved. The investment from Juventus was estimated to be in the region of €135 million, a figure felt to be affordable based on projected TV revenue, commercial revenue and loan arrangements.

Although a private initiative, the active role of the Turin authorities appears to have been important in moving forward on the plans. We were informed that there was a clear leadership role from the local authority who held executive power to intervene if plans were not conducive to the overall city aims. This demonstrates that the Club and the City of Turin public sector leaders were able to confirm development in the interests of the Club and the citizens of the City. In the main it was the economic return indicated in the plans for this development that provided the basis for a consensus between the two main stakeholders. This can never be assumed to be in place as major physical-led development of this nature can easily be the catalyst for opposition to change.

The three cases briefly illustrated here are indicative of the developments taking place at many sports clubs, not restricted to football. The first, Leyton Orient we used to demonstrate how in England social regeneration initiatives can be tied to the presence of a football club within a community. The second, Shimizu FC was different in that it is a case of a club located in a developed country not really known for its football. In this instance, the culture of the Club seems to have played a relevant part in the rationale behind the redevelopment. The third case, a high profile leading European club, was centred entirely on the physical build of a new stadium. In each case an important aspect that stands out is the leadership shown by the clubs involved and their major stakeholders, including public authorities.

4. Leadership to Transform Places

We turn to this point now. Leadership is required to transform places and will be an important component if the delivery of a Football Quarter is to move from concept to reality. We are using the term leadership in the abstract here although take the view that its application in the context of regeneration and renewal in places such as North Liverpool is vital.

4.1 Why leadership is appropriate in an impact study

Leadership will often refer to the strategic context of an organisation and the actual individual (or individuals) involved in some activity for the organisation. While the concept of 'leadership' is wide ranging and subject to much more debate than offered here, we are referring mainly to transformative and distributed leadership at this point.⁹ The sense then is that a business or institution needs to display strong leadership and for this purpose, certain traits are often associated with key actors in the organisation. Typically, the expectations from a 'leader' would be to inspire high levels of motivation and display a vision, and thereby help followers reach their potential in meeting specific goals.

Leadership is pertinent to three aspects of regeneration in particular. First is change to the local economy, mainly the way in which local economies have undergone major restructuring. The objective is to position a locality to exploit new forms of investment and this is often, but not always associated with physical building and redevelopment. A good example of this would be new office and retail space incorporating designated tourist destinations where the involvement of the private sector is key to investment providing at the same time, an entrepreneurial and anti-bureaucratic outlook. Canary Wharf in London Docklands is an imposing physical illustration of this although it is atypical development in the sense of its location at the centre of a key global financial node.

⁹ For example, see the following authors for further information: Kotter, J.P. (1990) *A Force for Change: How Leadership Differs from Management*, Free Press: New York; Thorpe, R., Gold, J., Anderson, L., Burgoyne, J., Wilkinson, D., Malby, B. (2008) *Towards 'Leaderful' Communities in the North of England*, Oak Tree Press: Cork; and Northouse, P. (2007) *Leadership: Theory and Practice*, SAGE: Thousand Oaks.

More typical have been the attempts to replicate many of the principles of renewal seen at Canary Wharf in towns and cities across northern England following the election of a Labour administration in 1997. Liverpool city centre is such an example where public sector finance and knowledge was used to prime certain areas and encourage successfully, private sector investment. This type of renewal has replaced the older industrialised and branch plant local economic activity that in turn provided a relative degree of employment security in the post-war period.

Those in the regeneration sector understand therefore the important role attached to public-private partnerships. These are seen as crucial enablers of transformation within the local economy. In the UK the method of renewal has matured, developed from the various pieces of legislation that since the early 1980s, has sought to reduce the involvement of the state in regeneration while encouraging the role of the private sector. This has worked differently across the UK and we should understand how difficult it is to provide a generic formula for success. Indeed, there is evidence to suggest the more sophisticated partnerships demonstrate stronger aspects of local decision-making and authority.¹⁰

Thus the third aspect of contemporary regeneration concerns levels of local engagement. This refers specifically to levels of participation by community groups and the voluntary sector in the functions of partnerships and in the decision-making around prioritising particular initiatives. While critics can point to the limited involvement of such groups and persistence of dominant groups, whether from the public or private sector, it seems likely that through the present Government's 'Big Society' concept, local groups will be encouraged to challenge the role of the public sector in setting out regeneration agendas.

The engagement of a wider set of interested stakeholders would expand networks and allow those who work together to pool their expertise and initiative. Engagement of this type would provide the basis for outcomes that are greater than the sum of individual actions. We should also expect to see equity of responsibility and

¹⁰ Diamond, J., Liddle, J., Southern, A. and Osei, P. (Eds) (2010) *Urban Regeneration Management: International Perspectives*, Routledge: New York.

involvement in decision-making, suggesting an openness across boundaries of respective stakeholder domains. This would create a wider ownership of goals, actions and achievements. This type of distributed responsibility and accountability encourages adaptation and evolution of ideas and concepts that importantly, can be applied in the context of the respective stakeholder.

To deliver along these lines we would expect to see leadership as an important component in the development of a Football Quarter. This is because of the need for collective effort and a concomitant shift in the scope of influence to assist in bringing together stakeholders with different objectives and ideas about North Liverpool. The networks that the two Clubs are connected to differ from those of the City authorities. In turn, other agencies, such as those representing education, health, housing and safety (i.e. law enforcement) also have their own specific role, each with a disparate purpose. It is important to understand the values and motives that drive respective stakeholder organisations and contrast these to the needs and desires of the local community. Thus, while leadership exhibited by individuals would be important, it is the process of leadership within respective institutions that would be decisive. It makes sense therefore to assume that leadership would be needed in shaping the local economy, in determining the way partnership would work and in the way engagement would take place.

4.2 Assessing leadership in the context of the Football Quarter

The proposition concerns an ideal type of leadership and what this would look like in the context of the proposed Football Quarter. In other words, what leadership attributes would be required to ensure as a shared objective, the delivery and success of a Football Quarter that would be pivotal in transforming the locality? To examine this we set out four characteristics and indicate from the research interviews we undertook, why this will present a challenge for the proponents of the Football Quarter.

A first fundamental characteristic is that of a horizontal relationship between the stakeholders. A top down form of leading on proposals for a Football Quarter would limit the extent of involvement and local engagement and for this reason would limit

the potential for exploiting the concept in the North Liverpool context. Certainly for one of the Clubs involved we can see this to be possible, as explained:

“The relationship we have with the public sector is good and strong; we work with them and hopefully we can increase the amount of things we do.”

In contrast a community voice stated

“The community is ignored in these kind of developments. The new Government has no affiliation with any community... [the Club] as well in my view they have no affiliation, no affinity with the local community.”

These views indicate a professional relationship between public and private sector but a perspective of alienation from one community representative.

While this weakens the potential for the second characteristic, focused on values, knowledge and capabilities, it demonstrates why leadership is so important. The relationship between stakeholders has to stimulate community engagement in the correct form.

Again, a community voice:

“This is an ideal opportunity to start the engagement process, we would like to be an equal partner in the development of that... We have a lot of skills, a lot of abilities, and a lot of knowledge that both clubs could benefit from.”

This is more than consultation or a rudimentary form of collaboration. Leadership in regeneration will encourage collective ‘ownership’ of the issues and challenges facing the community. The respective stakeholders will come to believe their contribution is valued, thereby building shared knowledge and capacity. From such engagement

the foundation to sustainability can emerge, and this provides the basis for a local community that is able to stimulate new economic and social initiatives.

The third characteristic of leadership in the context of the Football Quarter is to articulate a clear vision and ability to communicate such a vision. This vision must be connected to a set of realistic goals with measurable results to demonstrate progression.

At present in North Liverpool a main weakness is that such a vision has not been captured. One official indicated this in our discussion.

“The problem with the Football Quarter is that nobody can see any money to build it, so it is a hypothetical conversation. You want to engage with people to talk about something that is so remote!”

While from a different field came the following perspective

“the city should make the strategic decisions... The city takes the lead... To put this proposition forward, it has to be the city council, with the city region. If they went together, this thing would be easy to realise.”

Commentary like this tends to demonstrate that at this stage the proposition lacks credibility. The idea of the Football Quarter needs to be captured and articulated by a leading visionary (or visionaries) to coalesce disparate and often cynical views about transforming this part of North Liverpool.

The notion of a vision is naturally tied to the fourth characteristic, that of the collective good for the locality. Progress will be achieved through cooperation of all parties concerned with a particular aim in mind; an aim that overcomes practices that previously have given primacy to competition for scarce resources within deprived communities.

Put simply, groups and interests have to come together for the greater good and to an extent, there appears to be potential to achieve this. One community representative willingly told us how

“this is an ideal opportunity to start the engagement process, we would like to be an equal partner in the development of that.”

And then likewise an official pointed to the following.

“From a [Club] perspective we have been here since 1892 and therefore we are so intrinsic to the area so much a part of it, a focal point and we have been now for almost 120 years and clearly a major player of the community... therefore the club has, I think, a responsibility to work with its community, to invest back in its community and if it does that, I think it will reap the rewards...”

We are indicating therefore that leadership is important in the transformation of places and the four characteristics noted above, building horizontal relationships between stakeholders, ensuring a common purpose around values, knowledge and capacity, the provision of a clear vision and pursuit of the collective good are crucial to bring the concept to reality and to deliver on any promises made.

During our research we could not find evidence to indicate such a willingness exists to progress in this manner. In North Liverpool local communities appear to have a mixed experience of involvement in regeneration; consulted yes, maybe over consulted but not entirely empowered. We have implied a difference in the Turin example above, with a clear economic objective articulated, one that was able to bring together the private and public sectors. In contrast the example from Leyton Orient had a much greater emphasis on local engagement and social regeneration. In this respect it would seem that there is still much to do to bring forward the ideas of the Football Quarter and in the context of North Liverpool, to enable the potential for consensus and for building development with common purpose.

5. The Economic Impact

We move now to consider the potential for economic impact from an initiative such as the Football Quarter. We begin by looking at the two main approaches used by researchers to investigate economic impact. Following from these examples are provided for both approaches. For development of an ex ante study, we use three cases to demonstrate appropriate method and we note the error to be found in this approach.

This section concludes by indicating how a multiplier effect can be used to demonstrate impact in a proposed Football Quarter. Then for development of an ex post study, we simulate a simple model that can be applied in the Football Quarter proposal. We note the limitations of the model and the requirements for additional data while pointing to the limits of economic impact studies.

5.1 Ex ante and ex post impact studies

There are two distinct methods from which to conduct local economic impact studies. One method, known as ex ante is predictive and refers to the expected impact from the event under study and any related activities. What we would expect to see in ex ante studies are generated expenditures and multiplier effects that assume direct spending on the (sports) event will circulate in the local economy and eventually create additional spending in other parts of the economy. A second approach, ex post, would use cross-section or time-series data that has been collected after the event to evaluate the impact from the sports event on the economy.

Much, but not all, of the published research uses the multiplier concept recognising that change in the level of economic activity created by visitors brings change to the level of economic activity in other sectors and therefore creates a multiplier effect to the economy. Total economic impact is classified into direct impact - the first round effect of spending, indirect impact - the subsequent effects of additional rounds of spending as money is circulated within the locality and induced impact - a further effect caused by employees of impacted business spending some of their salaries and wages in other business in the community.

On occasion a study will seek to use both approaches, attempting to incorporate pre-event estimates and post-event surveys. One recent study of this kind sought to assess the impact of the 2012 London Olympic Games.¹¹ This study utilised an Input-Output model and a computable general equilibrium (CGE) model to assess total economic impact on London, while a CGE model was also used in evaluation of the 2000 Sydney Olympics.¹²

An Input-Output (I-O) model uses a matrix representation of a nation's or a region's economy to predict the effect of changes in one industry on others and by consumers, government, and foreign suppliers on the economy. I-O analysis has limitations, not least researchers may find local and regional I-O tables difficult to access as they are simply not available. Nevertheless, I-O methods continue to receive support as a preferred technique, particularly for small events in regional areas, although no common agreement exists among economists about what approach is best for evaluating economic impact.

In contrast, often ex post research challenges the belief fostered by ex ante work, that the impact from sports events are measurable. For example, an ex post model might integrate a regional growth and econometric model to consider the impact from attendance of a sporting event, assuming it is regular attendance such as with professional football, and how this effects the level of Gross Value Added (GVA) and employment within a region. Depending on the sophistication of the model other variables might be added to attendance, such as performance of the team and perhaps tourist visitors.

In a study of nine metropolitan cities in the US, using regression analysis to assess whether personal income is affected by stadium development, little if any evidence was found to prove such an association.¹³ Although this study is dated it does tend

¹¹ See Blake, A. (2005). The economic impact of the London 2012 Olympics, *Tourism and Research Institute Discussion Paper 2005/5 pp 1- 72*, University of Nottingham.

¹² A CGE model is basically a simulation that draws on actual or realistic data used to help assess policy decisions. See Madden, J. (2006). Economic and fiscal impacts of mega sporting events: a general equilibrium assessment, *Public Finance and Management 6*.

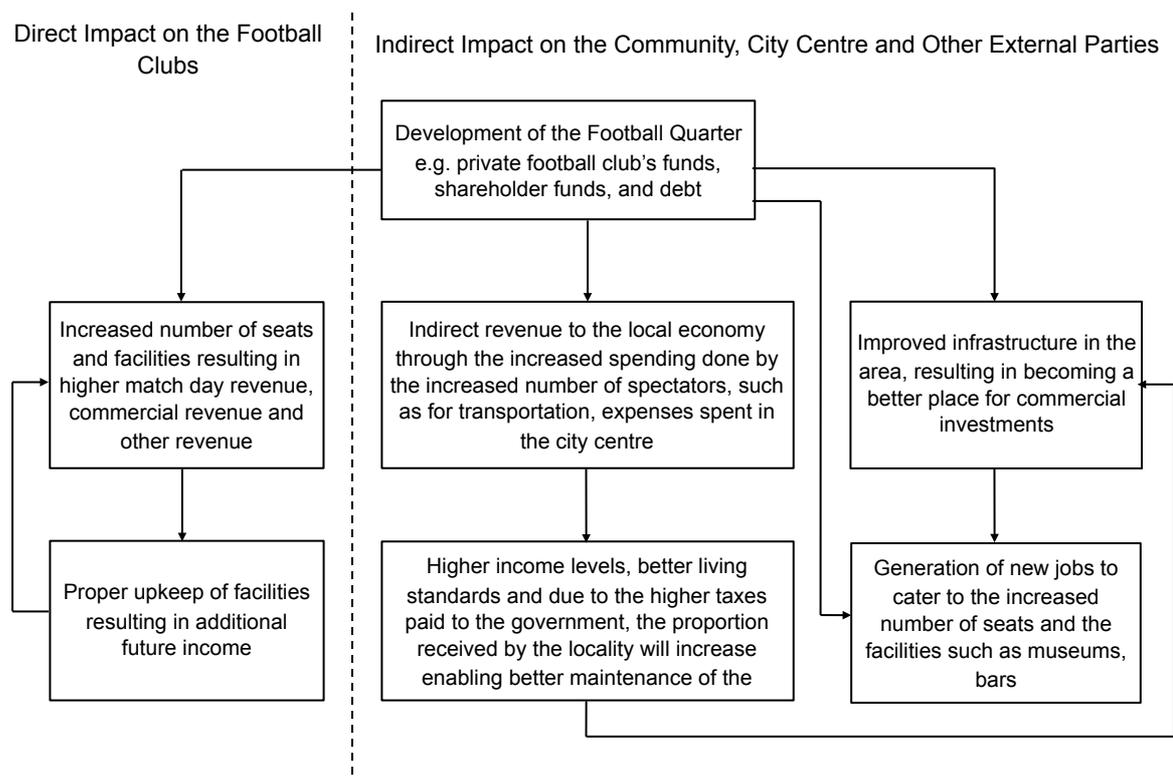
¹³ See Baade, R. A. & Dye, R (1990), The impact of stadiums and professional sports on metropolitan area development, *Growth and Change*, Spring, 21:2.

to challenge the belief surrounding the 'build it and they will come' philosophy associated particularly with new stadium development. We look at the ex post approach in more detail below. However, it is not uncommon to see political agendas behind impact studies, with for instance the ex post approach designed to challenge the role played by the public sector in providing subsidies for professional sport that in turn, are often validated by ex ante studies. One should not underestimate the political factor involved in assessing local economic impact of sport.

5.2 Using an ex ante approach

Determining the scope of impact from a study is crucial. Direct benefits from the Football Quarter could include the following for the Clubs: (additional) match day revenue and commercial revenue proportionate to the availability of additional seats; revenue from newly built hotel(s), conference facilities, museums and associated restaurants and bars. Assuming additional visitors are drawn in, then additional revenue would be associated with visitor spending patterns at retail outlets, hotels and restaurants and bars and of course, transport within the locality.

Figure 1. Potential economic impact from a proposed Football Quarter



The direct and indirect impacts from Football Quarter are conceptualised in Figure 1. Indirectly, we would expect some economic impact should public and private sector investment be secured for such an initiative. This diagram demonstrates potential; potential for new employment opportunity, for enhanced infrastructure for the local community, for better investment opportunity and for increased standards of living. The message from such prestige investment is that if managed correctly, such initiatives have the affect of creating a virtuous circle for the local communities involved, at a time when through periods of neglect, it would appear within North Liverpool, a vicious circle currently operates. However, it is important to understand the way in which impact can be over stated using the ex ante approach.

Professional sporting events such as Premier League football will have a local economic impact although whether this is significant or marginal, and what might be included or left out, and how wide the area under study is, is often the outcome of negotiation and some degree of subjectivity. Because of this, the value attached to economic impact can vary widely. For example, in two separate studies one demonstrated a value of some \$200,000 local economic impact, compared to a second report stating an impact locally of over \$500 million. Both pieces of work looked at very similar events, in similar US cities, in close proximity.¹⁴ That such a difference can be observed is precisely due to the different assumptions made in a predictive assessment of local economic impact.

Three examples of impact study are briefly provided here. Two are specific events: the British Open in 1999 and the FIFA World Cup in 2002. The third concerns a new stadium build due for completion in 2014, for the San Francisco 49ers in Santa Clara, in the US. Of the many impact studies available for review, the reason for choosing these three is to focus on the different methods deployed as ex ante studies.

¹⁴ Ibid.

5.3 The British Open, 1999

This major professional golf championship was held in Carnoustie in 1999 for the first time in over two decades.¹⁵ A significant investment was made by Angus Council and Scottish Enterprise Tayside to support infrastructure, environmental improvement, marketing and human resources, to the tune of over \$2 million.

Some of the features of the study include the following.

- A general impact area was adopted relating to the 'local economy' rather than a defined area.
- Data gathered included basic demographics of spectators, plus their spending behaviour while at the event.
- A non-probabilistic sampling method of spectators was used, with 0.5% of the total spectator population interviewed.
- Spectator spending was categorised into entrance fee, travel, shopping, food/drink and entertainment.

To assess direct impact data Input-Output (I-O) tables were used relating to the whole of Scotland. This I-O data was adjusted using local tourist multiplier figures. Added to this, indirect impact indicated new employment opportunities were possible depending on whether or not a sustainable effect on the market for tourism could be detected.

It was indicated that 58% of the daily spending by spectators at the event occurred within the golf course. This was an important point. The general belief that the majority of spectator spending happens outside of an event is challenged by this finding and in this sense, attention is drawn to the importance of the development of the facility itself, that is within the sporting complex. There could of course, be specific spectator behaviour patterns attributable to golfing competitions that operate in a different environment from other sporting events.

¹⁵ This review draws on Gelan, A. (2003). Local economic impacts: the British Open, *Annals of Tourism Research*, Vol. 30 (2).

5.4 The FIFA 2002 World Cup

The 2002 World Cup was held in Japan and South Korea. This was the first World Cup to be held in Asia and in two separate countries and according to FIFA attracted some 2.7 million spectators.¹⁶

Most of the data collection for this study focused on what happened in South Korea and attempted to estimate foreign tourist expenditure that would not have taken place had the World Cup not been awarded across these two nations. The data collected for the study was undertaken by the Korea National Tourism Organisation through the use of two surveys. The first survey was conducted during the duration of the World Cup, near the arrival gates of three major airports of South Korea and two major seaports. The main focus of this survey was to classify the tourists upon arrival in order to identify the number of visitors to South Korea purely for the World Cup. The second survey was conducted at the departure gates of the same locations and was conducted with the objective of collecting data with regard to personal spending.

Then to assess the affect on the Korean economy the main method deployed to estimate economic impact was to use the I-O tables published by the Bank of Korea in 2001. This aggregated 29 sectors of the economy and incorporated household sector spending in an effort to capture the induced effects that are created by the event with for example, local spending stimulated by the additional economic benefits received by Korean households.

Based on the data collected from the first survey the authors of the study concluded that 58% of the tourists arriving in South Korea during the period under study were directly or indirectly related with the World Cup. However, a main weakness to the study was the time period used for data collection. As this was while the World Cup was in progress it may well have missed tourists who came before and left after the event. Initially the Korea Development Institute estimated some 400,000 foreign visitors to the country for the World Cup although the authors of the study put the

¹⁶ This review draws on Lee, C-K. and Taylor, T. (2005). Critical reflections on the economic impact assessment of a mega-event: the case of the 2002 FIFA World Cup, *Tourism Management*, Vol. 26 (4).

figure somewhat lower at 233,000. Importantly, the figure did not include those tourists entering Japan, the co-host.

5.5 The San Francisco 49ers and their new stadium

At a cost of some \$937 million the 49ers are to move from San Francisco to Santa Clara in 2014.¹⁷ Typical in this development is the involvement of local authorities in both San Francisco and Santa Clara with the latter encouraging the professional American Football team to move.

A number of features of this impact study can be identified.

- The study did not explicitly define the impact area. However, it is clear that the study deals with the City of Santa Clara and the County of Santa Clara.
- It was assumed that the Super Bowl championship would be hosted in the stadium every 10 years while there will be other events for which the stadium will be used.
- The study assumed the number of spectators, ticket sales, and per capita spectator spending based on the estimates by 49ers and other organisations involved in regular games.
- Data relating to the expenditure outside the stadium was gathered through the use of two intercept spectator surveys.

The intercept spectator surveys were conducted at two home games at the current 49ers stadium at Candlestick Park in San Francisco. To assess per capita spectator spending spectators were categorised as residing within or outside the local area. This was confirmed using data from postal codes, patterns of travel, plans for accommodation and length of stay. The survey also gathered information regarding the other types of expenditure borne by the spectators by attending the game to help estimate out-of-facility spending.

¹⁷ This review draws on Conventions, Sports and Leisure International. (2006) *Economic and Fiscal Impacts of a New State-of-the-Art Stadium in Santa Clara: New Home of the San Francisco 49ers*, Available at: http://cdn.sfgate.com/chronicle/acrobat/2007/04/05/49ers_econ_impact_report.pdf

A number of other effects were considered:

- The study on possible impact incorporated figures on local economic leakages. Typical here is the money leaving the locality such as player salaries.
- An estimation was provided in respect of the fiscal impact from relocating to Santa Clara, for instance through local taxation.
- An estimation of impact on the local construction industry was also included.

The study incorporated local spectator spending as an addition to the local economy. For example, a Liverpool or Everton supporter spends x amount while attending a home match. This appears to be a source of error since the same amount of spending may have occurred on a different source of entertainment within the locality. That is, while the money was spent on match related activities, it is simply expenditure that would have occurred within the locality although spent elsewhere, such as the cinema, had the match not taken place. The authors seek to justify this by suggesting the revenue originates from outside of the impact boundaries and that sports event spending attract higher levels of local taxation. Whether this provides the rigour required for a more accurate estimation is open to debate.

5.6 Using the multiplier for the Football Quarter

To demonstrate how a multiplier works to assess economic impact we can use the regional multiplier provided by English Partnerships.¹⁸ The *Additionality Guide* is a technical document that seeks to help appraise the effects of a regeneration initiative taking into account additional impact, importantly outlining the net change to a locality. The varied nature of local income and expenditure differ precisely because of the diversity in local economic activity, not least in the context of the plethora of regeneration initiatives underway post 1997. The table below (Table 1) is drawn from the range of evidence generated by a number of studies, for instance including an evaluation of Enterprise Zones in the UK. This table provides multiplier estimates appropriate for property related activity (B B1 Office, B2/B8 general industrial/ warehousing), recreation and retailing activity. As explained by English Partnerships

¹⁸ See English Partnerships (2004) *Additionality Guide A Standard Approach to Assessing the Additional Impact of Projects*, Second Edition, English Partnerships The National Regeneration Agency: London.

“The estimates are provided for the local area and regional level. At the local level the range is between 1.21 and 1.38. At the regional level the range is between 1.38 and 1.56. Generally speaking retailing projects generate the lowest combined income and supply linkage effects.”¹⁹

Table 1 Composite multiplier effect by type of area

Project Type	Local area	Region
B1 Office	1.29	1.44
B2/B8	1.29	1.44
Recreation	1.38	1.56
Retailing	1.21	1.38

English Partnerships have distinguished between local and regional impacts in their method of analysis. What is indicated here is a local income multiplier effect for recreation of 1.38 and for retailing of 1.21. If we were to use these figures we might be able to assess the impact from the Football Quarter through additional activities around the rather expansive term of recreation and retail.²⁰

This would assume an increase in spectators attending Liverpool and Everton games, increasing use of hotels and additional spending on for example, leisure, restaurants and local transport. In turn we would see an increase in demand and therefore in spending by these businesses as the effect multiplies further down supply chains and across industry and commercial sectors.

For every additional £1 that would be spent in the recreation sector due to the affect of the Football Quarter, then 38 pence would circulate for further spending within the local economy. In addition, for every additional £1 spent in local retail outlets, then a further 21 pence would circulate within the local economy. In addition to the latter figure, a study at the end of the 1990s demonstrated that 5% of income to retail

¹⁹ Ibid. p23.

²⁰ According to Business Link, included in this sector would be tourism consultancy, leisure, sports and play equipment, the garden sector, equestrianism, theme parks and visitor attractions, and the crafts sector. See www.businesslink.gov.uk/

outlets close to Liverpool and Everton football stadia was directly attributable to match day expenditure by spectators.²¹

We might also calculate a speculative figure of additional local wealth generated through additional employment. If for example, the Football Quarter was to increase full time employment by 100 extra jobs then by using data on Gross Domestic Household Income per capita, a simple calculation can be made.²² For example, the 2007 figures Gross Domestic Household Income per capita for the City of Liverpool was £11,614.²³ A simple calculation then would indicate that for the 100 additional jobs created by the Football Quarter then $11,614 \times 100 = 1,161,400$ meaning an increase in Gross Domestic Household Income of £1,161,400 for the City based on those jobs created. This of course assumes that those additional people who became employed were a net addition of local people entering the labour market.

These are simplistic indicators of impact from the utilisation of some basic accounting methods. To summarise, a simple use of a multiplier calculation would indicate added income into the local economy from an initiative such as a Football Quarter, bringing 38 pence for every £1 spent in the recreation sector and 21 pence for every £1 spent in retail. While for every 100 additional jobs created, then an additional £1.2 million would be added to Gross Domestic Household Income in Liverpool. Equally as relevant is to say at this point that applying a ratio to a distinct locality from a generic multiplier calculation is problematic, while attributing job creation to a particular project may also need more rigorous verification.

5.7 Ex post model to assess impact

We referred above to the types of question an ex post model might seek to address. Specific to this report we might indicate the following: does match day attendance,

²¹ See Johnstone, S. Southern, A. and Taylor, R. (2000) The midweek match: Premiership football and the urban economy, *Local Economy*, 15 (3).

²² Regional Gross Disposable Household Income (GDHI) is the amount of money that the household sector has available for spending or saving. This is money left after expenditure associated with income (for example, taxes and social contributions, property ownership and provision for future pension income) representing the amount available to the household sector for spending on consumption or saving.

²³ See *Liverpool Economic Briefing*, May 2010, Liverpool City Council.

team performance and general presence of the Clubs have an impact on the City of Liverpool Gross Value Added (GVA)²⁴ and levels of employment? To respond to this we can develop two models, one for impact on GVA and one for impact on employment each using data drawn from a determined previous timespan.

The first model looks at impact from the two Clubs respective average attendance, performance and expansion in number of hotels on the growth of employment (see below Equation 1). Thus we incorporate the growth rate of average attendance of Liverpool FC, the growth rate of average attendance of Everton FC, the winning percentage of each of the two teams and the growth rate in the of number of hotels as the independent variables for the regression analysis.

The second equation incorporates more determinants compared to the first equation and includes the number of home games and the occurrence of change in the financial environment (see below Equation 2). Here the regression analysis attempts to examine the total impact of sport related and economic determinants on GVA.

The details can be explained more fully as follows.

Number of games

As well as the effect of the growth of average attendance, the number of home games played in the city is also one of the important factors because the more home games played in the city, then the more opportunities for the Clubs and the associated business sectors to do business. We would expect, as indicated above, an effect through the direct impact, the indirect impact and the induced impact that flow from the match day to have an economic impact from the Clubs on the local area. Therefore the total number of home games of the two Clubs is taken as the independent variable for the regression analysis.

²⁴ GVA refers to value added by any unit engaged in production, with regional GVA measured by Gross Domestic Product less taxed paid on products, plus subsidies on products. The main components of regional GVA are compensation of employees, gross operating surplus, income from self-employment, taxes less subsidies on production.

Winning percentage - home and away

This relates to the seasonal winning percentage of Liverpool FC and Everton FC each taken into account. This helps to explain whether winning games affects the performance of the local economy.

'Trophy' dummy

A dummy variable "Trophy" is employed to indicate whether there are any trophies (titles, cups etc.) gained by either Club in each season. This helps to explain whether success, in winning a trophy, has an affect on the local economy.

Number of hotels

The analysis can also incorporate the increase in the number of hotels. Should it be determined that there exists a positive relationship between the growth in volume of hotels with the growth in GVA and employment, then in theory it would be possible to perform an ex ante forecast to assess the impact on the local economy.

Financial environment dummy

This represents a dummy variable to indicate the occurrence of an economic downturn or recession should one be experienced in the time period chosen.

With these defined, we can present the equations as follows.

Equation 1:

$$GEMPI_t = a_0 + a_1GLFCi_t + a_2GEFCi_t + a_3LFCWi_t + a_4EFCWi_t + a_5HTGi_t + \epsilon_i$$

Equation 2:

$$GVAGi_t = a_0 + a_1GLFCi_t + a_2GEFCi_t + a_3LFCWi_t + a_4EFCWi_t + a_5HTGi_t + a_6HG_i_t + a_7TROPHY_i_t + a_8DUM_i_t + \epsilon_i$$

And explained thus:

- $GVAG_{it}$ – the yearly net growth rate of Liverpool city Gross Valued Added over the period t
- $GEMPI_{it}$ – the yearly net growth rate of employment in Liverpool city during the period t
- $GLFC_{it}$ – the net growth rate of average attendance of Liverpool Football Club during the period t
- $GEFC_{it}$ – the net growth rate of average attendance of Everton Football Club over the period t
- HGi_t – total number of home games in each season during the period t (the number of Liverpool FC home games plus the number of Everton FC home games)
- $LFCWi_t$ – Liverpool Football Club winning percentage of each season in all competition during the period t
- $EFCWi_t$ – Everton Football Club winning percentage of each season in all competition during the period t
- $HTGi_t$ – the yearly net growth rate of the number of hotels during the period t
- $TROPHY_{it}$ – dummy variable indicates whether the football club achieved any success during the period t , value 1 if there is one or more trophy, value 0 if there is no trophy
- DUM_i - dummy variable indicates the change in the financial environment (i.e. economic recession or downturn), value 1 where this is applicable and 0 when not
- ϵ_i – error term

Although the model can provide an indication of a relationship from football related activity on the local economy additional information could be incorporated. Assuming the above can be built into a model because there is available consistent and reliable data across a determined time period, then it may be possible to incorporate aspects such as growth in retail income, growth in tourism income, and growth in transportation.

5.8 Error in impact studies

The previous sections indicate the different type of methods that can be adopted during an impact study. We have demonstrated how an ex ante study and an ex post study might be deployed with examples given to illustrate how economic impact can be measured. It is true that a wide range of methods may be used to assess economic impact. However, it is also a fact that some of the most simple errors in economic impact studies neglect to consider or to apply the following in the correct manner. We refer now to some of the basic errors to be avoided in impact studies.²⁵

Local resident spending

Unless local resident spending can be identified as being attributable to the event, and therefore new spending, it will simply represent a recirculation of money that would exist within the local economy anyway.

Time switchers

Those people who would spend in the locality anyway, but who might for instance switch from spending in the local cinema to the local sports event, fall into this category. This is not new spending and is spending that would have taken place anyway, it has just switched from one activity to another.

Sales measures

This refers to the additional business revenue that is created by spending, for example by supporters who buy goods to consume at a football match, outside the stadium and from local businesses.

Income measures

This measure can be equally as relevant should there be some form of public sector expenditure that has enabled the sporting event. An example would be additional personal income received by local residents as their status changes due to the event. If public expenditure on a transport link resulted in increased sales measures for local

²⁵ As reported in Crompton, J. L., Lee, S and Shuster, T. J., (2001). A guide for undertaking economic impact studies: the Springfest example, *Journal of Travel Research*, Vol. 40 (1).

businesses consistently across time, which in turn affected local people who experienced an increase in their own income, then impact could be measured.

Employment measures

A means by which the different types of employment can be distinguished is often neglected. Sports events will lead to short, temporary employment but may also lead to permanent full and part time employment depending on what the event is. Also, some new job opportunities may require certain skills from a broader population meaning impact goes beyond the locality as jobs are taken up by people outside of the defined area.

The multiplier

Multipliers are often used as a ratio method in local economic impact calculations. Two types of multiplier are used, income and employment. The choice of focus on income or employment often depends on what is under study as the latter for example, would be much more important to local communities while the former may be more important to agencies seeking investment. On occasion, and dependent on the data available, a multiplier that calculates the amount of income generated through additional demand can be more appropriate (i.e. the Keynesian multiplier as shown above).

Defining the area of impact

Defining the area under study is critical. A common mistake is to use one area to cover consumption and spending (by supporters) and a different geography to consider multiplier effect. In addition, clarity and care is needed to distinguish between those residents within the impact area and those from outside.

Costs

A frequent criticism of impact studies is their failure to include costs. Ideally, costs that are tangible and measurable should be incorporated into the study. For example, while business may be generated when a football match is played as supporters travel in and consume, equally as relevant are those businesses that must stop trading due to the inconvenience of the event.

Primary data

Economic impact studies often require primary data to be generated to confirm measurable results. Inappropriate sampling techniques and the misapplication of appropriate sampling techniques is a frequent error and can easily result in double counting.

Double counting

Other forms of double counting are often identified in impact studies. A typical example would be the spending carried out by supporters within the stadium, which is used in the calculation of spectator spending while at the same time used in considering total revenue of the club. The problem arises because the same expenditure is analysed twice and then aggregated into an impact figure.

While obviously the better studies will avoid these potential misapplications and errors, constraints on resources and pressure from interested parties can compromise the standard of impact assessment. The following section indicates how an in-depth impact study can be put into operation.

6. Assessing Potential: Conducting an Impact Study

In this final section of the report we provide the steps required to conduct an assessment of the potential impact from a Football Quarter in North Liverpool. The work required should consist of qualitative and quantitative data collection that can provide the basis for measurement of capability to deliver and to capture what might accrue as social and economic benefit. The recommendations that follow refer explicitly to what is required for such an impact study although their actual deployment will depend on resources and overall aims involved.

The following provides the scope for an impact study: the impact area, the need for qualitative investigation to understand social impact, the need for quantitative investigation to understand economic impact, and the sample methods associated with a study of this type.

6.1 Defining the impact area

The proposed location of the Football Quarter is located in North Liverpool. If the study area selected for impact assessment is too small, then it is likely that self-sufficiency will be limited and the impact will be distorted with an under estimation of impact calculated. In contrast if the area selected is larger then there is an increased likelihood of identifying supplier interrelationships and spillovers into other industry sectors. Too large an area and the assessment loses meaning.

The study impact area should be defined as the *Liverpool City Region*. This includes the City of Liverpool, Sefton, Wirral, Knowsley, St Helens and Halton with a population of over 1.5 million. Within the City of Liverpool there are five constituencies of Walton, West Derby, Riverside, Wavertree and Garston/Halewood. Within the Walton constituency reside County and Anfield wards, relevant in that the communities immediately around Goodison Park and Anfield Road stadia are situated here. Both Everton, in Walton and Kirkdale in Riverside are also in close proximity to the two stadia. It is incomprehensible to think that South Sefton and Wirral would not be affected by increases in economic activity in North Liverpool and a similar argument could be made in respect of Halton, Knowsley and St Helens.

Any subsequent development of multiplier or data for example on taxation, should relate to the defined impact area, the Liverpool City Region. As data is gathered it is important to distinguish between residents within the defined area and those who may be visitors to the area based on the attraction to football. The main reason for the selection of this impact area is due to the concentration of direct and indirect economic activity from the activities of the proposed Football Quarter and as stated above, too wide a geography would inflate impact measures. The impact area should not be defined without clear justification as we have indicated in this section.

6.2 Requirements to understand social impact

As shown above in section 3 the social impact from the presence of a professional football club in a community is varied and can be meaningful. The extent to which the football club is anchored within the community, the wider cultural significance of the club in its host location and the cathedral like physical presence of a club are each important in terms of understanding social impact.

To obtain this type of understanding qualitative investigation will be needed. There are community impact assessment tools and methods available for use in such a study. However their deployment would be suited for specific reasons and prior to their use we would recommend primary qualitative work conducted for the following reasons.

To:

- Identify and subsequently map out the range of key stakeholders.
- Identify those activities that can improve the area.
- Comprehend the desire and belief that the area can be changed.
- Consider the affect on community morale and pride if change can be achieved.
- Consider the affect on community morale and pride if change cannot be achieved.
- Understand the capacity of the community to engage in change.
- Align stakeholders with priorities.

These are simple undertakings, many of which will have been conducted previously, although in this instance they are needed to help assess social impact in light of a proposed Football Quarter.

We might also add that they provide more than qualitative context to the proposal. They begin the process of engagement and involvement and will help the researchers to begin their assessment of the level of leadership required to deliver change.

As this report has shown in section 4, the following should be considered to evaluate the strength of local leadership in public sector agencies, in the two Clubs, in other private sector groups and within the community and voluntary sectors. In particular the following questions should be addressed:

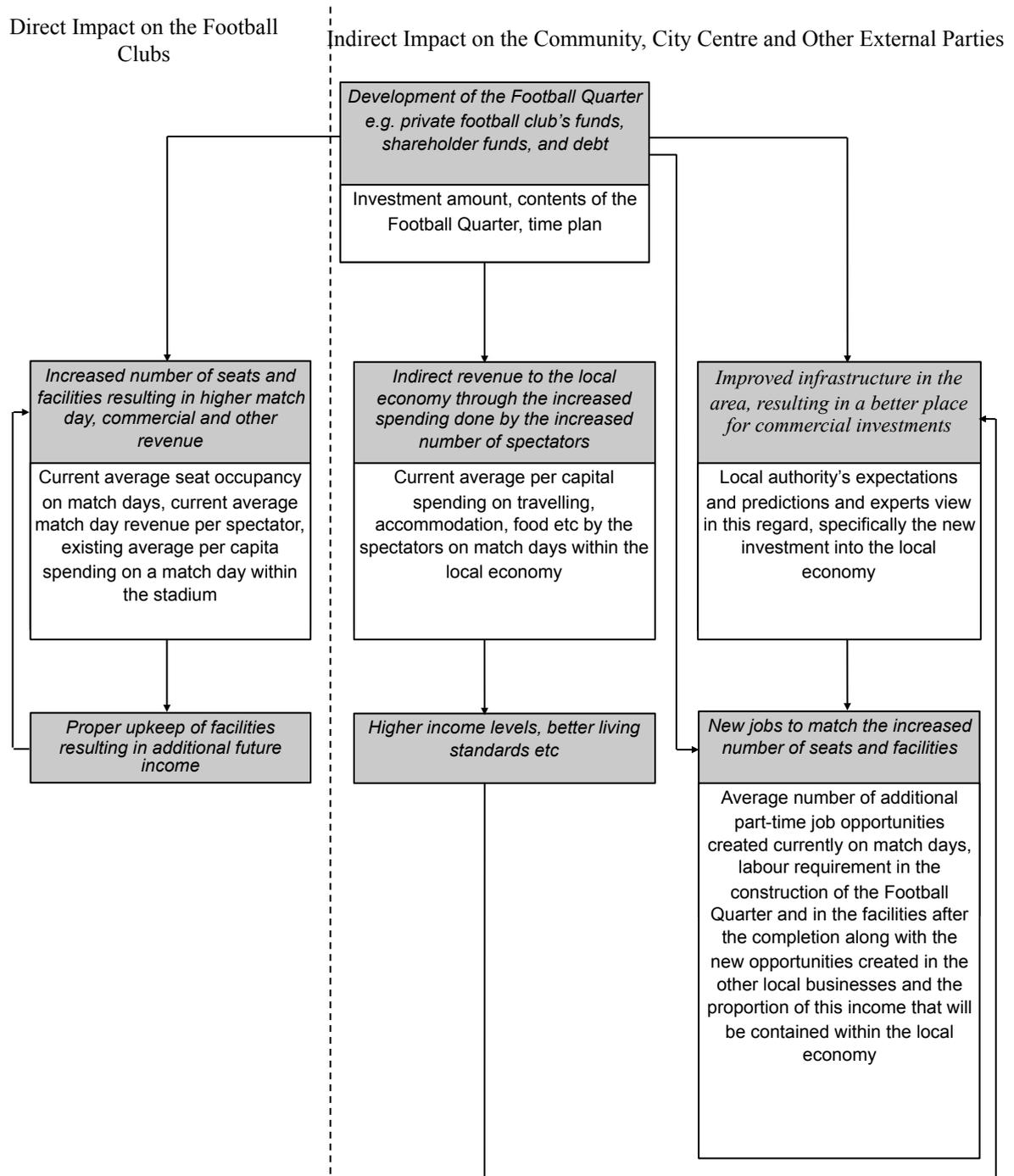
- To what extent can horizontal relationships between stakeholders be identified?
- Is it feasible to deliver those horizontal relationships between stakeholders if they do not exist?
- How does community engagement take place?
- What is the quality of that engagement (that is, who are involved in decision making, where is there a common sense of purpose articulated, is there evidence of knowledge sharing between stakeholders and if so, how)?
- Is there an articulated vision?
- Are there achievable goals related to the vision?
- Are the goals that are set out part of a collective good to be pursued?

The study should seek to demonstrate that within the agencies and organisations involved evidence exists - or does not - to attain such a common purpose.

6.3 Requirements to understand economic impact

A range of quantitative data is required to provide a comprehensive impact study. Baseline, secondary source data is needed, primary data collection for ex ante investigation will be required and for the ex post model to help understand impact.

Figure 2 Ex ante study information requirements



Initial baseline information should include the following:

- Business information from the two Clubs
- Employment and unemployment data segmented within the impact study area
- Indices relating to health, education and crime (and other social and economic exclusion data as needed)

- Evidence of the local business base segmented within the impact study area
- Trends in public sector investment within the impact study area
- Evidence on transport links

For ex ante investigation then the Figure 2 above, provides an update on Figure 1 in section 5.2 showing the type of information needed.

In particular we would expect to see used:

- Investment related data that are consistent with the specifications of the Football Quarter.
- Data on visitors to the impact study area, categorised to understand data on visitors to the Football Quarter.
- Attendance data at matches, average direct and indirect spending on match days.
- Data relating to the employment opportunities that will be created at the time of any construction relating to the Football Quarter.
- Employment data after any construction work is completed.
- Local business data indicating their association with the expenditure experienced through the Football Quarter and the geography of their expenditure (including salaries).
- Evidence on resident use of local facilities (in the Football Quarter or related development).
- Evidence indicating any problems associated with match days that affect expenditure (for example by local businesses).

In a questionnaire of supporters or visitors we would expect to see included information on:

- Resident post code.
- Type of travel to area and expenditure.
- Days in the impact study area.
- Expenditure patterns while visiting.

- Total expenditure while visiting.
- Accommodation while in the impact study area.

To operationalise the ex post model described above (see section 5.7) then the following data, of quality and consistent over a specified time period, is required:

- GVA data relating to the impact study area.
- Employment data relating to the impact study area.
- Number of hotels in the impact study area.
- Attendance data at the two Clubs.
- Home games in each season at the two Clubs.
- Winning percentage of first team, both Clubs.
- Title (trophy) winning information for both Clubs.

6.4 Primary data sampling techniques

We expect that primary data will be gathered for a number of reasons. One would be to assess the spending patterns of visitors to the Anfield and Goodison stadia, probably although not exclusively on match days. Another might be to assess the impact from the Football Quarter, the Clubs and any associated development on local businesses near to the stadia, or local hotels within the impact study area. A third survey might be to follow the supply chain linkages of both Clubs to follow patterns of associated expenditure and income. In all instances, an important principle to adhere to during the research is to ensure use of a randomised sampling approach.

To conduct primary research into visitor or spectator spending then:

- Determine a sample size - there are a number of accepted methods to determine sample size. How this is calculated will depend on the study being carried out.
- Deploy a random sample method, for example using a random number table or computer software to determine random sample, to sample those spectators attending.

- Approach spectators at the entrances prior to the start of the match, at the seats or restaurants during the breaks and at the exits after the match.
- Use a closed questionnaire that can be conducted swiftly.
- Analyse time periods when questions were posed to spectators.

To conduct primary research into local based businesses or hotels within the impact study area:

- Collect secondary data on the population size.
- Determine sampling method - for businesses operating near to the stadia, all may be suitable for a face-to-face interview.
- Determine sampling method - for hotels sample by location and type using a telephone interview.
- Use a closed questionnaire.

Should the suppliers of the two Clubs be contacted for study then:

- Establish supplier database.
- Define location of supplier.
- Depending on size, determine sample method.
- Use a closed questionnaire by post, telephone or online.

In all such research data cleansing and testing will be required. In addition, during the period of analysis it will be crucial to avoid the errors experienced in previous impact studies as shown above in section 5.8, noting particularly the concern regarding double counting.

7. Concluding Remarks

This report has been an independent piece of work focused on a proposal, an aspiration, articulated by two supporter groups. The supporter groups, KEIOC and SOS are committed to their respective football club and to the general well being of North Liverpool and the surrounding region. However, their proposal is an idea, a desire for change that they believe will support the objectives of maintaining a sustainable top flight football presence to the benefit of the City of Liverpool.

We have looked at how impact can occur and how such impact can be measured and evaluated. As we have done this we have kept to the forefront of the report the fact that we are dealing with a proposal. We offer no substantive view on the merits of the proposal but can conclude that there currently is impact on the City from the presence of Everton and Liverpool Football Clubs and there would be further impact from the establishment of a Football Quarter. Such impact would have a social and cultural affect, would require a certain type of leadership demonstrated in regeneration in recent years and would have some type of economic impact. The net affect of such an impact and how that would be reported is likely to depend on what was measured and the political and economic context in which that measurement was evaluated. Such studies can be objective although it is naive to believe that they occur outside such a context.

Since the articulation of the concept of a Football Quarter the two football clubs, the City administration and national government have all gone through some form of change. Whether this will help those relevant parties look more seriously at the possibilities from a Football Quarter remains to be seen. We are hopeful that this report will at the very least, aid those who are interested to understand in more detail the potential from a Football Quarter and how its possible impact might be assessed. Should development be considered with some degree of importance, then we hope to have added to the discussion concerning how that development might be undertaken.