



Executive Summary

Sports and culture have intrinsic value to people and places as well as promoting health and well-being, cultural enrichment, and prestige and branding. In more recent decades, there has been an increasing tendency for promoters of investment in major sport and cultural events or facilities to claim that undertaking such projects will have demonstrable direct and indirect economic benefits as well.

This report presents findings from a systematic review of evaluations of the **economic** impact of major sporting and cultural events and facilities (hereinafter referred to as ‘projects’). It is the third of a series of reviews that will be produced by the What Works Centre for Local Economic Growth.

The review considered over **550** policy evaluations and evidence reviews from the UK and other OECD countries. It found **36** impact evaluations that met the Centre’s minimum standards.

We initially focused the review on evaluations of sporting or cultural events and facilities of any size. However, we found no evaluations of small-scale events that met our minimum standards. Our findings are therefore based upon evaluations of major projects – but we believe they offer useful guidance for policymakers considering projects on any scale. We encourage local policymakers to build evaluation into their projects to contribute to the evidence base.

Overall, the evidence suggests that the measurable economic effects on local economies tend not to have been large and are often zero. Facilities, however, can have a small positive impact on property prices nearby.

This should not overshadow the other real if difficult-to-measure benefits of hosting sport and cultural activities.

Approach

The Centre seeks to establish causal impact – an estimate of the difference that can be expected between the outcome for areas or cities undertaking a project and the average outcome they would have experienced without the project (see Figure 1). Our methodology for producing our reviews is outlined in Figure 2.

Figure 1: Evaluating impact

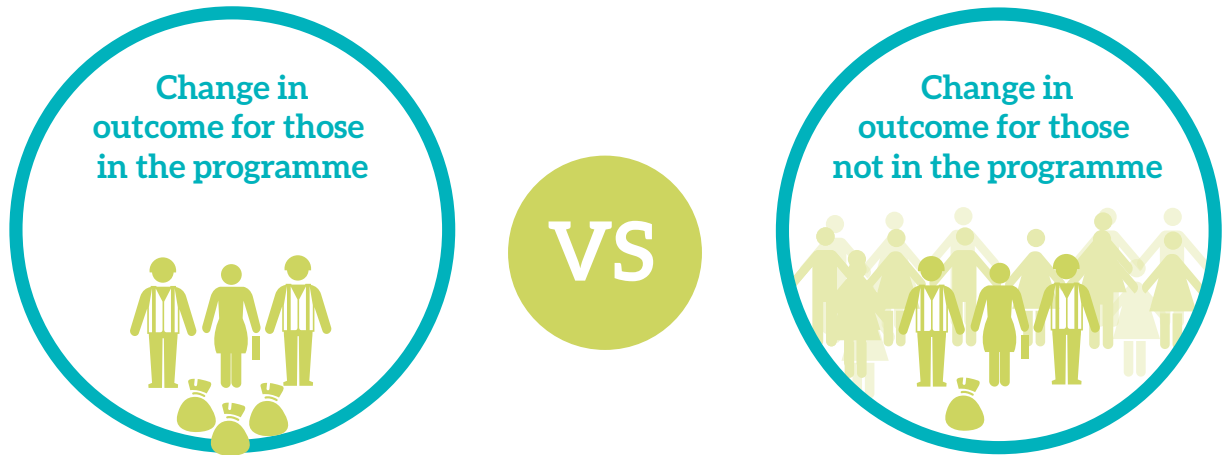
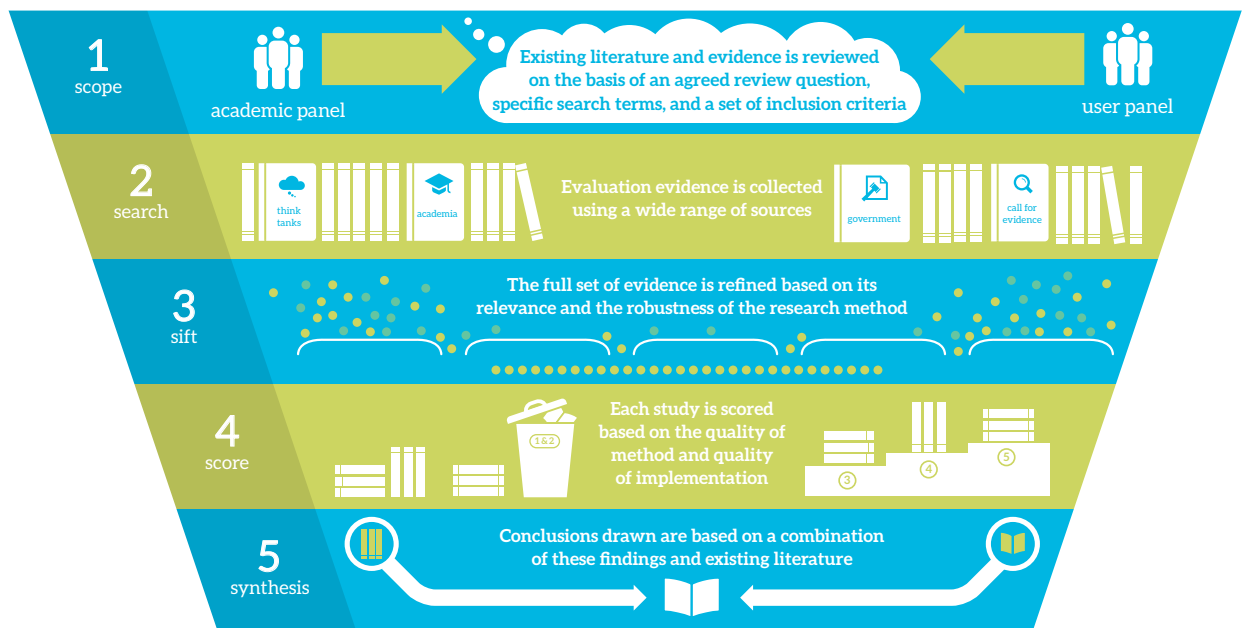


Figure 2: Methodology



Findings

What the evidence shows

- The overall measurable effects of projects on a local economy tend not to be large and are more often zero. Any wage and income effects are usually small and limited to the immediate locality or particular types of workers.
- Facilities are likely to have a positive impact on very local property prices. Policymakers should consider the distributional effects of these property market changes (who are the likely winners and losers).
- Projects may have been associated with increased trade imports and exports, including tourism, although these effects may be short lived (and are only considered in a small number of studies).

Where there is a lack of evidence

- We found no impact evaluations that considered visitor numbers. Far more should be done to assess the extent to which projects lead to net increases in visitor numbers for the area as a whole. Visitor numbers for the project alone and surveys of attendees may not provide strong evidence on the impact of projects on net visitor numbers.
- There was a paucity of evidence regarding cultural projects overall. This is an issue for understanding the likely impact of such projects and also leaves a gap in our ability to compare the economic effects of sport projects and cultural projects.
- We found no robust evidence on the economic impacts of smaller projects (such as arts centres or small-scale festivals) – although based on what we found for large projects, we can assume that the economic impact of such projects would be even smaller.
- We found no robust evidence for the impact of recurring sport and cultural events, such as annual festivals or tournaments.

How to use these reviews

To determine policy priorities

The Centre's reviews consider a specific type of evidence – impact evaluation – that seeks to understand the causal effect of policy interventions and to establish their cost-effectiveness. In the longer term, the Centre will produce a range of evidence reviews that will help local decision makers decide the broad policy areas on which to spend limited resources. Figure 3 illustrates how the reviews relate to the other work streams of the Centre.

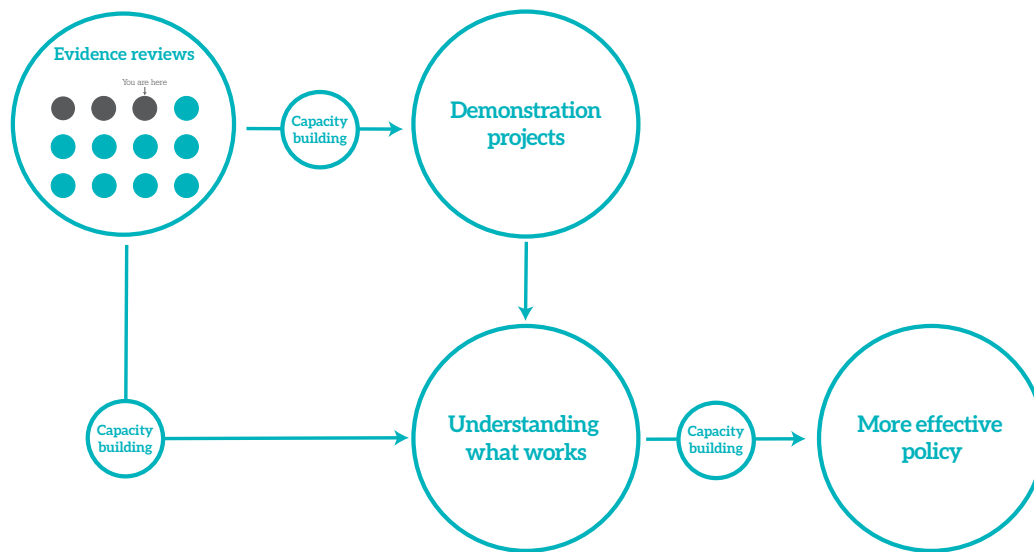
To inform the design of programmes

The evidence review sets out a number of 'Best Bets' – based on the best available impact evaluations. In particular it identifies what kind of effects events and facilities might have on the local economy, as well as whether these effects differ by the type of project.

However, the 'Best Bets' do not address the specifics of 'what works where' or 'what will work for a particular locality'. Detailed local knowledge and context remain crucial.

'Best Bets' also raise a note of caution for policymakers if they decide to undertake a project on the basis of anticipated effects that have not generally materialised elsewhere.

Figure 3: What Works Centre work programme



Almost all of the evaluations that we found to be rigorous are focused on projects at the grand end of the scale. However, we are confident that there are lessons for everyone facing this type of spending decision from the evidence we have looked at regarding these very large projects. For example:

- Facilities may be more likely to produce economic benefits than events, probably due to the longevity of their impact.
 - Indirect employment effects are unlikely to be large, and focus should be on the direct employment effects generated by an event or facility. Reflecting this, time and expense can be saved by forgoing complex multiplier-based appraisal systems in lieu of solid ‘narrow’ evaluations.
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- One promising study is ORiEL (Olympic Regeneration in East London) which is rolling out at present. The study will take a quasi-experimental approach to evaluate the urban regeneration impacts of the Olympics on young people and their families. Results are expected in 2015 or later.
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- As the benefits of new facilities tend to be very localised and related to property prices and regeneration, they should be part of a broader strategy rather than seen as stand-alone projects. They should not be relied upon as the major component of a job creation strategy.
 - Considered together the findings raise interesting questions about who should pay for sport and cultural events and facilities in any given locality.

To fill the evidence gaps

As should be clear from this review, there are many things that we do not know about the impact of sport and cultural projects. Most of the evidence is focused at the very large end of the scale, and on professional sport franchises.

There needs to be more experimentation in measuring the economic impact of smaller projects. In particular, evaluations should make greater use of suitable comparison groups when looking at both wider economic impacts and the overall impact on visitor numbers. At a minimum, some larger scale impact evaluation studies could provide us with some idea on the extent to which techniques that are currently widely applied (such as user surveys) actually identify net policy impacts.

To work with the Centre

The Centre's longer term objectives are to ensure that robust evidence is embedded in the development of policy, that these policies are effectively evaluated and that feedback is used to improve them. To achieve these objectives we want to:

- work with local decision makers to improve evaluation standards so that we can learn more about what policies work, where.
- set up a series of 'demonstration projects' to show how effective evaluation can work in practice.

Interested policymakers please get in touch.

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