



An Evaluation of Legacy from the Glasgow 2014 Commonwealth Games: Economic Assessment Technical Report

Commonwealth Games



**AN EVALAUTION OF LEGACY FROM THE
GLASGOW 2014 COMMONWEALTH GAMES:
ECONOMIC ASSESSMENT TECHNICAL REPORT**

**Scottish Government Communities Analytical Services
Division and the Games Legacy Economic Evaluation Group**

Games Legacy Economic Evaluation Group

Scottish Government

Glasgow City Council

Glasgow 2014 Ltd

Scottish Enterprise

Glasgow Life

Glasgow City Marketing Bureau

Scottish Government Social Research

July 2015

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
Impact of Preparing for, Delivering and Hosting the Games	1
Value for Money Assessment	
(Games Event Only – Excluding Legacy)	3
Games Legacy Contributions	3
1. INTRODUCTION	5
Background	5
Games Legacy Evaluation Economic Assessment Component	6
Approach to the Economic Assessment	6
2. IMPACT OF PREPARING FOR, DELIVERING AND HOSTING THE GAMES	11
Background	11
Games Related Capital Spend	13
Games Organiser Activities	18
Games Visitors	21
Impact of Preparing for, Delivering and Hosting the Games	26
Value for Money Assessment	
(Games Event Only – Excluding Legacy)	29
3. GAMES LEGACY CONTRIBUTIONS	35
Business Legacy	35
Labour Market Legacy	40
Tourism and Events Legacy	47
Legacy for the Physical Environment	49
Summary	53
4. ANNEX A – METHODOLOGY NOTE	54
Games Related Capital Programme	54
Activities of Organising Committee	
(incl. Safety & Security budget)	56

LIST OF FIGURES

Figure 1.1.	Games Legacy Economic Evaluation – Key Topic Areas	7
Figure 2.1.	Counterfactual to Delivering the Games – Assumptions	31

LIST OF TABLES

Table 1.1.	Summary of Quantitative Component Outputs	9
Table 2.1.	Games Venues and Athletes' Village Capital Programme – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, All Years (2009 – 2014)	16
Table 2.2.	OC Contributions to the Games Venues and Athletes' Village Capital Programme – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, All Years (2009 – 2014)	17
Table 2.3.	Glasgow 2014 Ltd Spend, Including Safety and Security, Excluding OC Capital Contributions – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, All Years (2007 – 2014)	20
Table 2.4.	Games (Glasgow 2014 and Festival 2014) Visitor Spend, Gross Economic Impact, All Visitor Groups – Estimated Output, GVA and Employment Supported, £000 and FTE Jobs, 2014	24
Table 2.5.	Games (Glasgow 2014 and Festival 2014) Visitor Spend, Net Economic Impact, All Visitor Groups – Estimated Output, GVA and Employment Supported, £000 and FTE Jobs, 2014	26
Table 2.6.	Impact of Preparing for, Delivering and Hosting the XX Commonwealth Games – Cumulative Gross Impact, GVA Supported, All Years (2007 – 2014), £000	27
Table 2.7.	Impact of Preparing for, Delivering and Hosting the Games – Estimated Gross Jobs (FTE) Supported in Each Year, All Years (2007 – 2014)	28
Table 2.8.	Games Organisers Counterfactual, Including Safety and Security, Excluding OC Capital Contributions – Estimated Gross GVA Supported, All Years, £000	32
Table 3.1.	Employability Legacy Initiatives	42
Table 4.1.	Games Venues and Athletes' Village Actual Spend, 2009 – 2016	55
Table 4.2.	Games Organisers Spend Reconciliation Compared Against Audit Scotland Reported Actual Spend	58

Table 4.3.	Games Organisers Spend, Identified (by Type) and Unidentified Spend	60
Table 4.4.	Games Organisers Reconciliation – Identified Spend	62
Table 4.5.	Games Organisers Reconciliation – Spend by Financial Year, £million, 2007/08 – 2014/15	63
Table 4.6.	Games Organisers Reconciliation – Spend by Calendar Year, £million, 2007 – 2014	64
Table 4.7.	Games Organisers – Distribution of Expenditures – Comparison with Accounts, 2007/08 – 2014/15	65
Table 4.8.	Games Organisers Reconciliation (excl. capital contribution) – Procurement Spend by Calendar Year, £million, 2007 – 2014	66
Table 4.9.	Games Organisers Reconciliation (excluding capital contribution) – Other Spend by Calendar Year, £million, 2007 – 2014	67
Table 4.10.	Games Organisers Reconciliation (excluding OC’s capital works contribution) – Total Procurement and Other Spend, £million, All Years (2007 – 2014)	68
Table 4.11.	Game Organisers (excluding OC Capital Contributions and including Safety & Security Budget) Expenditure by Location (Glasgow, Clyde Valley and Rest of Scotland) by Calendar Year, £million, All Years (2007 – 2014)	70
Table 4.12.	Games Sponsors Sponsorship Activation – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, 2014	72

EXECUTIVE SUMMARY

Impact of Preparing for, Delivering and Hosting the Games

- The preparations for, delivery of, and the hosting of the XX Commonwealth Games supported a substantial amount of economic activity in Scotland and Glasgow.
- Over the eight years from 2007 to hosting the event in 2014, the Games contributed over £740 million gross to Scotland's economy (GVA¹) and supported on average around 2,100 gross jobs per year nationally.
- Of this, at the Glasgow level, the preparations for, delivery of, and hosting the XX Commonwealth Games are estimated to have contributed £390 million gross to Glasgow's GVA over the 8 years from the winning of the bid in 2007 to the hosting of the Games in 2014, and to support on average 1,200 gross jobs in each year.
- To assess the economic impact of preparing for, delivering and hosting the Games three separate pieces of analyses have been undertaken.

Games Related Capital Programme

- First, modelling has been carried out to estimate the impact of the Games related capital programmes investing in the physical *preparations* of the Games venues and the Athletes' village for the Glasgow 2014 Games.
- The final estimates, using the Scottish Government Input-Output model, show that the £530 million investment of the Games related capital programme over the six years to 2014 is estimated to have supported on average 1,100 gross jobs and contributed £50 million gross to Scotland's GVA in each year. Of this, the capital programme

¹ A measure of value of goods and services produced in a business, an area, an industry or a sector of an economy. It is the value of output from an activity minus the goods and services used up in the producing the output (hence Value Added). It equates to the sum of income earned in the activity (Wages, Salaries, Profits and Rents).

is estimated to have supported on average 600 gross jobs in Glasgow and contributed £30 million gross to Glasgow's GVA in each year.

Activities of the Games Organisers

- Second, the activities of the Organising Committee (OC), Glasgow 2014 Ltd including the Safety and Security budget, have been modelled to estimate the impact of activities to *deliver* the Games.
- It is estimated that the £473 million spend by the Organising Committee, excluding the £70 million contributions to the capital programme (above), over the eight years to 2014 to deliver the Games supported on average 900 gross jobs and contributed £40 million gross to Scotland's GVA in each year. Of this, the spend is estimated to have supported on average 500 gross jobs in Glasgow and contributed £20 million gross to Glasgow's GVA in each year.

Games Visitors

- Finally, to examine the impact of visitors during the *hosting* of the Games, a primary Games visitor study was commissioned. The work has provided estimates of the overall and additional impact from visitors to the Games.
- The economic impact of spending by Games visitors, Clyde-sider volunteers and media is estimated to have supported 3,575² gross jobs and contributed £124 million gross to Scotland's GVA in 2014. Of this, at the Glasgow level, the spending by visitors, volunteers and media supported the equivalent of 2,075 gross jobs and contributed £63 million gross to Glasgow's GVA in 2014.
- The visitor impact study also estimates the net impact (accounting for displacement and deadweight), considered a more meaningful measure of Games visitor impact on the economy. At the Scotland level, the spending by Games visitors, volunteers and media is estimated to have supported, in net terms, the equivalent of 2,138

² In this section on visitor impacts, GVA is rounded to the nearest £1 million and jobs supported presented unrounded for consistency with the XX Commonwealth Games Visitor Study: Economic Impacts Report.

jobs and contributed £73 million to Scotland's GVA in 2014. Of this spend it estimated to have supported, in net terms, the equivalent of 1,227 jobs and contributed £37 million to Glasgow's GVA in 2014.

Value for Money Assessment (Games Event Only – Excluding Legacy)

- There is a recognised difficulty in assessing value for money of the overall benefits of the Games. Nevertheless, an indicative assessment of value for money from delivering the Games event has been estimated.
- This provides an estimate of the net impact which takes account of standard additionality adjustments for leakage, deadweight, displacement and consumption switching in order to provide an assessment of the additionality arising from delivering the Games.
- At the Scotland level, the immediate economic impact of the delivery of the Games event is broadly similar to the impact of Games partners' contributions if they were instead spent as standard government expenditure.
- At the Glasgow level, it is estimated that the Games provided a cumulative net GVA impact of £100 million to the economy in the city over the eight year period from the winning of the bid to 2014. The findings at the host city level are driven by both the net visitor impact and by the additional spending in Glasgow resulting from the Games.

Games Legacy Contributions

- Games legacy contributions are a key element to delivering and maximising the contribution of the Games to economic outcomes. In particular, those concentrated on the four areas that have the potential to contribute to sustained improvement in outcomes for the economy: businesses, employment, training and volunteering and the physical environment for those living in the areas of the East End of Glasgow most affected by the Games.

Business Legacy

- There is evidence of economic benefits for Scottish businesses. In terms of contract values, £669 million worth of Tier 1 contracts were awarded through the dedicated Games procurement portal. Sixty three per cent of this contract value was awarded to Glasgow-based companies with a further 13% to organisations based elsewhere in Scotland. In total, 76% of Tier 1 contract value was awarded to Scottish based organisations.

Labour Market Legacy

- There is also evidence that the Games helped ensure a labour market boost among those who would benefit most, as proposed in the legacy plans. It is estimated that over 11,000 people across Scotland have benefitted from the range of national and local employability programmes.

Tourism and Events Legacy

- An estimated 690,000 unique visitors, including children under 16, attended the overall programme of Games events. At the national level, it is estimated that the impact of visitors to the overall programme of Games events (including Games volunteers and media) supported, in net terms, 2,137 jobs and contributed £73 million to Scotland's economy (GVA) in 2014. Evidence suggests that the falls in the number of visitors experienced by other hosts of major multi-sport events did not occur in Scotland.

Physical Environment Legacy

- There has been much change in the physical environment of the East End of Glasgow and it is clear the Games have contributed to this improvement.

1. INTRODUCTION

Background

- 1.1 The XX Commonwealth Games were held in Glasgow between the 23 July and 3 August 2014. It was the largest multi-sport and cultural event ever held in Scotland.
- 1.2 Approximately 7,000 athletes and team officials, representing 71 nations and territories from across the Commonwealth, took part in the Games. The sporting competition covered 17 sports across 261 medal events. This included 22 medal events across five para-sports – the largest integrated para-sport programme of any Commonwealth Games to date.
- 1.3 Glasgow won the bid to host the XX Commonwealth Games in 2007. A partnership of Scottish Government (SG), Glasgow City Council (GCC), Commonwealth Games Scotland (CGS) and the Glasgow 2014 Organising Committee (Glasgow 2014 OC) led the delivery of the Games.
- 1.4 The Games were widely considered successfully delivered. The Commonwealth Games Federation chief executive described Glasgow 2014 as “the standout Games in the history of the movement”.
- 1.5 The Games were delivered within a budget of £543 million³. The Scottish Government and Glasgow City Council provided £425 million towards the overall cost of the Games. The remaining costs were met by £118 million income from ticket sales, sponsorship and other commercial sources.
- 1.6 1.3 million tickets were sold, representing 98% of all tickets available for sale – with 88% being made available for the public. There were also a number of unticketed events.

³ According to Audit Scotland, the Games were delivered successfully within budget. The Games cost a total of £543 million. See Audit Scotland (March 2015) Commonwealth Games 2014 Third report.

Games Legacy Evaluation Economic Assessment Component

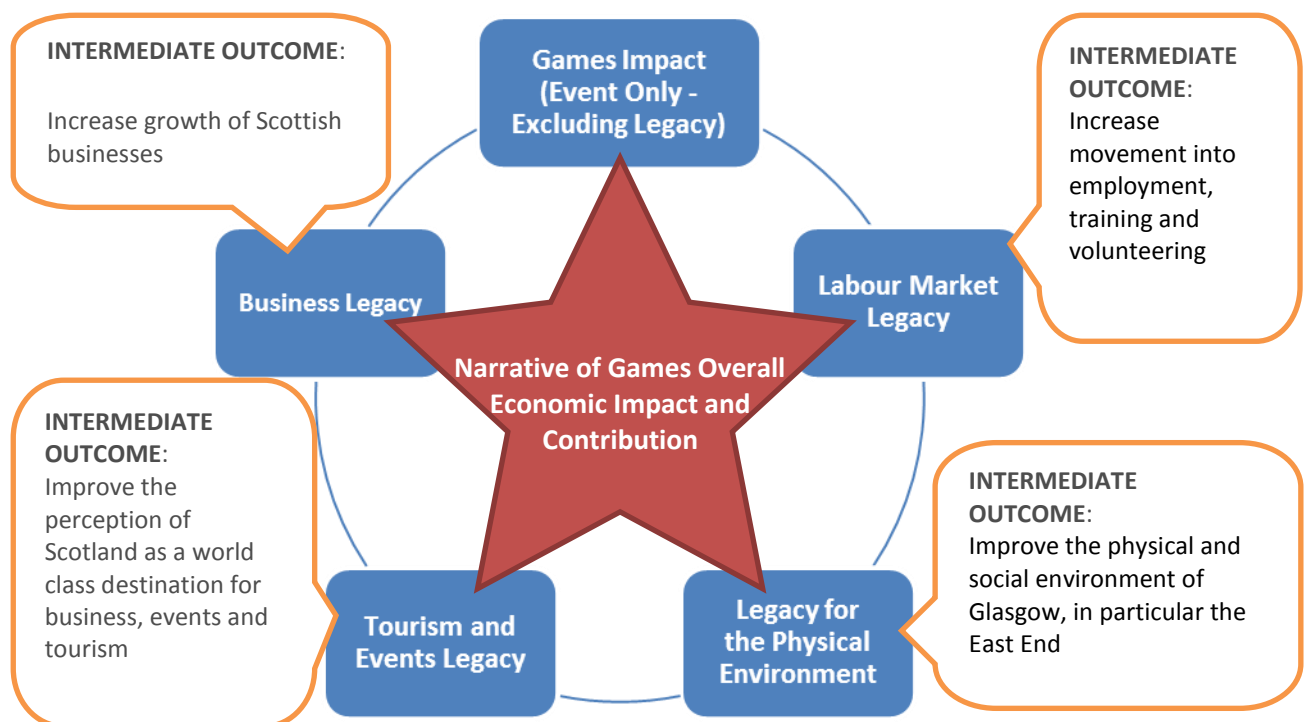
- 1.7 As part of the Games Legacy Evaluation framework, the Scottish Government and Games partners committed to undertaking an economic assessment of the Glasgow 2014 Commonwealth Games in partnership with:
- Glasgow City Council family organisations, including Glasgow City Marketing Bureau (GCMB) and Glasgow Life
 - Scottish Enterprise
 - Games organisers, Glasgow 2014 Ltd
- 1.8 A Games Legacy Economic Evaluation (GLEE) group was established, jointly chaired by the Scottish Government and Glasgow City Council, to make recommendations on a methodological approach to, and the delivery of, the Economic Assessment component of overall Games Legacy evaluation.
- 1.9 GLEE was responsible for taking forward its recommendations, as conferred by the Scottish Government's Games Legacy Evaluation Working Group (GLEWG) and Glasgow City Council's equivalent governance arrangements – the Glasgow Evaluation Group (GEG).

Approach to the Economic Assessment

- 1.10 The GLEE recommended approach to the evaluation of the economic aspects of the XX Commonwealth Games was to focus Games Legacy evaluation analysis on five key topic areas as related to the potential economic impact and contributions of the Games to Scotland, Glasgow and Glasgow's East End, the area most directly affected.
- 1.11 This approach comprises of a set of analyses aimed at estimating the immediate (short-term) impact of preparing for, delivering and hosting the XX Commonwealth Games and separately embedding (where feasible / proportionate) the monitoring and evaluation evidence base of any potential contributions from the wider Games legacy programme to four key intermediate outcomes of the overall Games Legacy evaluation, namely:

- *Business Legacy* – Increase growth of Scottish businesses
- *Labour Market Legacy* – Increase movement into employment, training and volunteering
- *Tourism and Events Legacy* – Improve the perception of Scotland as a world class destination for business, events and tourism
- *Legacy for the Physical Environment* – Improve the physical and social environment of Glasgow, in particular the east end

Figure 1.1. Games Legacy Economic Evaluation – Key Topic Areas



Source: Games Legacy Economic Evaluation (GLEE) group

1.12 Figure 1.1 provides a visual representation of the conferred approach to the Games Legacy economic evaluation.

1.13 GLEE has designed the Economic Assessment component to consist of:

- Quantitative element that estimates the impact of the preparing for, delivering and hosting of the Games (event economic impact assessment)

- Qualitative element that incorporates analysis from across the wider Game Legacy evaluation to assess the potential for economic legacy contributions from the Games and Games legacy programmes

Event Economic Impact Assessment

1.14 The quantitative element of the Economic Assessment is composed of three distinct pieces of analysis which together provide an assessment of the economic impact of the preparations for, the delivery of, and hosting of the XX Commonwealth Games:

- An assessment – using the Scottish Government Input-Output (IO) model – of the economic impact of the Games related capital programmes investing in the physical *preparations* of the Games venues and the Athletes’ village for the Glasgow 2014 Games
- An assessment – again, using the Scottish Government IO framework – of the economic impact of the activities of the Games Organising Committee (including the Safety and Security budget) to *deliver* the Games
- A primary Games visitor study was commissioned to provide an assessment of the impact of Games visitors during the *hosting* of the XX Commonwealth Games and again using the Scottish Government IO framework to estimate the wider economic impacts arising from that spending

1.15 The outputs from the quantitative element of the Economic Assessment component and the timing and the availability of these outputs are presented in Table 1.1.

1.16 The methodological approach to the quantitative element has been developed with the explicit understanding that:

- A joint approach is undertaken (between the Scottish Government and Glasgow City Council) to ensure a consistent approach to measurement at the host country and city levels
- All impacts are estimated and presented at Scotland, Clyde Valley Region and Glasgow City level, where feasible

Table 1.1. Summary of Quantitative Component Outputs

Quantitative Component	Output	Level of Analysis	Analytical Lead(s)
Games related capital spend (Venues and Athletes' Village)	Contribution to the economy (GVA Effects)	<ul style="list-style-type: none"> • Glasgow City • Scotland 	Scottish Government
	Jobs supported (FTE ⁴ Effects)		
Activities of Games organisers	Contribution to the economy (GVA Effects)	<ul style="list-style-type: none"> • Glasgow City • Clyde Valley 	Scottish Government
	Jobs supported (FTE Effects)	<ul style="list-style-type: none"> • Rest of Scotland • Scotland 	
Games time visitors	Contribution to the economy (GVA Effects)	<ul style="list-style-type: none"> • Glasgow City • Clyde Valley 	GLEE Commission to TNS, Steer Davies Gleave and Optimal Economics
	Jobs supported (FTE Effects)	<ul style="list-style-type: none"> • Glasgow and the Clyde Valley • Rest of Scotland • Scotland 	

Source: Games Legacy Economic Evaluation (GLEE) group

⁴ Full Time Equivalent (FTE) jobs. A job with standard full time hours which will exist year round is treated as one job (1 FTE). A full year part time job is treated as a fraction of an FTE depending on the number of hours worked and a seasonal job can be similarly be expresses as a fraction of an FTE based on hours worked as a proportion of those worked by someone employed year round.

Games Legacy Contributions

1.17 The approach to the qualitative component has been developed with the explicit understanding that the outputs from this element of the Economic Assessment component are reported through the wider Games Legacy evaluation framework, including but not limited to:

- *Evidence Review* – ‘Evidence of Legacy of Major Sporting Events: 2015 Update to 2014 Review’ and two previous reviews of evidence on legacy from hosting Major Sporting Events (Owe, 2012 and Kemlo and Owe, 2014) published by the Scottish Government
- *Tracking Outcome Indicators* – published 'Assessing Legacy 2014' website⁵ which is regularly updated
- *Monitoring and Evaluation of Legacy Programmes* – monitoring data also published on 'Assessing Legacy 2014' website, including link to any evaluation reports
- *Longitudinal Community Study in Glasgow's East End* – all published reports from GoWell East are available at <http://www.gowellonline.com/goeast>
- *Primary research* – a Games Visitor Study has been commissioned which also draws on other primary research.

⁵ www.scotland.gov.scot/AssessingLegacy2014

2. IMPACT OF PREPARING FOR, DELIVERING AND HOSTING THE GAMES

Background

- 2.1 To assess the economic impact of preparing for, delivering and hosting the Games three separate pieces of analyses have been undertaken on the recommendations of the Games Legacy Economic Evaluation (GLEE) group:
- 2.2 First, modelling has been carried out to estimate the impact of the Games related capital programmes investing in the physical preparations of the Games venues and the Athletes' Village for the Glasgow 2014 Games.
- 2.3 Second, the activities of the Organising Committee (OC), Glasgow 2014 Ltd, including the Safety and Security budget, have been modelled to estimate the impact of activities to deliver the Games.
- 2.4 Third, to examine the impact of visitors during the hosting of the Games, a primary Games visitor study was commissioned. Fieldwork took place during the Games at Games venues (in and outside Glasgow) and at Games related cultural festival locations (in Glasgow). The work has provided estimates of the overall and additional impact from visitors to the Games.
- 2.5 Throughout the modelling of the economic impact of preparing for, delivering and hosting the Games an input-output approach is adopted using the Scottish Government Input-Output (IO) model. The methodology was discussed by the [Input Output Expert User Group](#) (part of the Scottish Economic Statistics Consultation Group) in November 2013. Although alternative methods were considered, such as a Computable General Equilibrium (CGE) approach, the Games Legacy Economic Evaluation took the view that as Scotland IO tables are publically available, with an established expert user group, this approach would be more transparent.

- 2.6 Furthermore, it was acknowledged that there are some weaknesses with the use of an IO methodology, including the restrictive assumption on the production technology⁶. However, it is also recognised that the output gap in Scotland⁷ limits the potential impact of this issue.
- 2.7 Finally, an indicative assessment of cumulative value for money from preparing for, delivering and hosting the Games event is estimated. This provides an estimate of the net impact of preparing for, delivering and hosting the Games event only, which takes account for standard additionality adjustments for leakage, deadweight, displacement and consumption switching.
- 2.8 This analysis has been undertaken on the understanding that there is a recognised difficulty in assessing value for money of the overall benefits of the Games and related legacy activity.
- 2.9 Early decisions made on the evaluation design were set out in the Games Legacy evaluation baseline report, and again in the Pre-Games Report. GLEWG concluded that an overall 'counterfactual' or 'control' was not feasible. By 'counterfactual' we mean what would have happened in the absence of the Games. Many legacy programmes are embedded in existing programmes. This makes the generation of a 'counterfactual' challenging, and potentially misleading.
- 2.10 This decision on the counterfactual has implications for the whole evaluation, in particular for the economic assessment. As previous Game Legacy evaluation reports state, the economic assessment does not produce a single figure of economic impact as this was not the intention of the study design. Rather, the economic assessment provides a series of data that describe both the short term economic impact of preparing for, delivering and hosting the

⁶ In other words, any increase in final expenditure always generates a pro rata increase in the production of all intermediate and final outputs.

⁷ In 2013, work by the Scottish Government estimates the output gap in Scotland to be slightly larger than that for the UK – see pages 35-43 in the Scottish Government's Chief Economist's assessment of the Scottish economy, [State of the Economy \(August 2013\)](#).

Games, and synthesises the emerging evidence on the contribution of the Games to longer term economic outcomes.

Games Related Capital Spend

2.11 Early modelling work (in the [Pre-Games Report](#)) showed that the £530 million spending on construction and refurbishment of Games venues and the Athletes' Village over the six years to 2014 was estimated to support, in gross terms, on average 1,000 jobs and contribute £52 million to Scotland's GVA in each year.

2.12 To remain consistent with the other elements of the event economic assessment (which use Type II multipliers), this early modelling work is revisited using:

- Updated Scottish Government Input-Output (IO) tables and HMT deflators
- A treatment for taxes which is consistent with the other elements of the Games event impact assessment
- Assumptions for final demand imports which reflect final data available from the Glasgow Business Portal⁸

2.13 Direct, indirect and induced impacts⁹ are estimated for the Games venues and the Athletes' Village capital programme at both the

⁸ This provides evidence for the value of imports (Tier 1 contracts awarded to businesses outside Scotland) as a proportion of all Games related contracts awarded through the Glasgow Business Portal. The levels of imports are consistent with that reported for capital investment (gross capital formation) as recorded in the Scottish Government IO tables.

⁹ Spending in the economy increases demand for the goods and services purchased. Businesses will increase staff numbers, or possibly hours so as to increase output. These businesses will also increase their purchases from their own suppliers. Within the supplier businesses the same response to increased demand will take place.

- Where there is an increase in demand for a particular product, we can assume that there will be an increase in the output of that product, as producers react to meet the increased demand; this is the *direct* effect.
- As these producers increase their output, there will also be an increase in demand on their suppliers and so on down the supply chain; this is the *indirect* effect.
- As a consequence of the direct and indirect effects the level of household income throughout the economy will increase as a result of increased employment. A proportion of this increased income will be spent on goods and services: this is the *induced* effect.

country (Scotland) and regional levels (Glasgow City). Key assumptions are:

- 23% import rate from the Games related capital spend programme¹⁰
- Location of the direct impacts are determined by the location of the capital project itself. In the work to estimate the impact of the Games related capital spend programme, individual Games venues or the Athletes' Village are either located in Glasgow City or elsewhere in Scotland.
- Indirect and induced impacts are distributed between regions in accordance with industry employment weights by region. In other words, a region with a large proportion of employment in a particular industry is estimated to accrue a proportionately large share of indirect and induced effects for that industry¹¹.

2.14 Final modelling work shows that the £530 million spending on construction and refurbishment of Games venues and the Athletes' Village over the six years to 2014 is estimated to support on average 1,100 gross jobs in Scotland and contribute £50 million gross to Scotland's GVA in each year.

2.15 The impact estimates for Scotland are largely similar to that previously published (see Paragraph 2.11). The capital expenditure figures for the Games venues and Athletes' Village remain unaltered from the analysis published in the Pre-Games Report.

2.16 Furthermore, regional modelling shows that £530 million spending on construction and refurbishment of Games venues and the Athletes' Village across Scotland over the six years to 2014 is estimated to support on average 600 gross jobs in Glasgow and contribute £30 million gross to Glasgow's GVA in each year.

¹⁰ Source: Scottish Government Input-Output tables (www.gov.scot/input-output)

¹¹ Sub-Scotland indirect and induced effect are apportioned using BRES FTE Employment by industry by LA. These will include the effects from direct spending in all Scottish regions. However, indirect effects in Scotland as a result of direct spending in the rest of the UK or the world are not included.

- 2.17 Table 2.1 sets out the central impact estimates at both the Glasgow City and Scotland levels from the Games venues and the Athletes' Village construction and refurbishment capital spend¹².
- 2.18 Notably, in the case of the Glasgow 2014 Commonwealth Games, 70% of the venues were already in place at the time of bidding, although some refurbishment was required. This means that any net additional economic impact from the construction and refurbishment of the Games venues and Athletes' Village may be less than for other major similar sporting events.
- 2.19 With respect to the economic assessment of the Games Legacy evaluation, the working assumption is that the plans to upgrade the Games venues and Athletes' Village housing development infrastructure to host the Games was already planned before the Games were awarded in 2007.
- 2.20 It is likely that the Games both increased the pace and specification of these planned investments, and these temporal effects may have also resulted in some additional impact to the economy. However, this is not estimated in this analysis.

¹² Note that impact estimates for the Clyde Valley and the rest of Scotland are not calculated in the case of the spending on construction and refurbishment of Games venues and the Athletes' Village as direct impacts are assumed to be either in the Glasgow City region or in the rest of Scotland (excluding Glasgow City) on the basis of where the physical asset is located.

Table 2.1. Games Venues and Athletes' Village Capital Programme – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, All Years (2009 – 2014)

	Spending (Output) (£000s)	GVA (£000s)	Employment (FTE) (Average per year)	GVA (£000s) (Average per year)
Glasgow City				
Direct	327,074	142,768	485	23,795
Indirect + Induced	50,633	24,293	84	4,049
Total	377,707	167,061	568	27,844
All Scotland				
Direct	355,453	155,155	527	25,859
Indirect	227,528	102,602	360	17,100
Induced	111,496	59,179	181	9,863
Total	694,476	316,937	1,068	52,823
Imported from the rest of the UK or the World				
Direct	121,610			
Taxes on products				
Direct	51,517			
Total Spending	528,579			

Source: Glasgow City Council expenditure data. Scottish Government Input-Output Model 2011 v4.06.

Note: Due to rounding some figures may not sum to totals

2.21 However, one measure which can be used to assess the contribution made by Games organisers to the Games related infrastructure is reported by Audit Scotland (see [Third Commonwealth Games 2014 Report](#)).

2.22 Audit Scotland report that the Organising Committee (OC), Glasgow 2014 Ltd, made contributions to the sum of £70 million to permanent alterations at Games venues and the Athletes' Village¹³.

¹³ The impact of the OC contributions to the Games related capital programme to prepare the Games venues and the Athletes' Village are included in the estimates provided in Table 2.1

Table 2.2 sets out the impact estimates, at both Glasgow City and Scotland levels, from these contributions.

Table 2.2. OC Contributions to the Games Venues and Athletes' Village Capital Programme – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, All Years (2009 – 2014)

	Spending (Output) (£000s)	GVA (£000s)	Employment (FTE) (Average per year)	GVA (£000s) (Average per year)
Glasgow City				
Direct	46,737	20,400	68	3,400
Indirect + Induced	6,705	3,217	11	536
Total	53,442	23,618	79	3,936
All Scotland				
Direct	47,073	20,547	69	3,425
Indirect	30,132	13,588	47	2,265
Induced	14,765	7,837	24	1,306
Total	91,970	41,972	139	6,995
Imported from the rest of the UK or the World				
Direct	16,105			
Taxes on products				
Direct	6,822			
Total Spending	70,000			

Source: Expenditure data from Audit Scotland. Scottish Government Input-Output Model 2011 v4.06.

Note: Due to rounding some figures may not sum to totals.

2.23 Further details on the methodology for the estimates of the impact of the Games related capital programme are in the Annex.

Games Organiser Activities

- 2.24 The Scottish Government Input-Output (IO) model is used to estimate the GVA and employment impacts from the activities of Glasgow 2014, the Organising Committee (OC) – including the Safety and Security budget – to deliver the Games.
- 2.25 The approach adopted is to model delivery of the Games by Glasgow 2014 using the simple final demand approach by means of detailed information on suppliers provided (in commercial confidence) by the OC to assign spending to individual industries.
- 2.26 In recommending this approach, the Input-Output Expert User Group was consulted in November 2013¹⁴.
- 2.27 Audit Scotland, in their [Third Commonwealth Games 2014 Report](#), find that the cost of delivering the Games was £543 million. This includes £70 million of Organising Committee spending on permanent Games venues and Athletes Village development¹⁵. That is, the OC contributions to the Games related capital spend programme.
- 2.28 To ensure no double counting (between the Games related capital programme and the impact of the activities of Glasgow 2014), and using detailed information provided by the OC to undertake the impact analysis, the £70 million is netted from the total cost of delivering the Games bringing the sum to be modelled to £473 million.
- 2.29 Location of the direct impacts are determined by either:
- In the case of suppliers to organisers, the location of local operating units in Scotland (where they exist) as determined by matching individual OC suppliers records with the Inter-Department Business Register (IDBR)

¹⁴ See [Economic Impact Assessment Methodology for the Commonwealth Games 2014](#) and the [minutes of the meeting](#).

¹⁵ Table 2.2 sets out the impact estimates, at both Glasgow City and Scotland levels, from these contributions.

- In the case of Safety and Security budget not invoiced through Glasgow 2014 Ltd, in proportion to the location of Games time visitors
- In the case of generic spend by the organisers, the location of the OC

2.30 As in the Games related capital spend modelling, indirect and induced impacts are distributed between regions in accordance with industry employment weights by region. In other words, a region with a large proportion of employment in a particular industry is estimated to accrue a proportionate large share of indirect and induced effects for that industry.

2.31 £473 million spending by the OC, including the Safety and Security budget, to deliver the Games over the eight years to 2014 is estimated to support on average 900 gross jobs in Scotland and contribute £40 million gross to Scotland's GVA in each year.

2.32 Regional modelling shows that £473 million spending by the OC, including the Safety and Security budget, to deliver the Games over the eight years to 2014 is estimated to support on average 500 gross jobs in Glasgow and contribute £20 million gross to Glasgow's GVA in each year.

2.33 Table 2.3 sets out central impact estimates at Glasgow and Scotland from the activities of Glasgow 2014 Ltd, excluding contributions to Games capital spend programme.

Table 2.3. Glasgow 2014 Ltd Spend, Including Safety and Security, Excluding OC Capital Contributions – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, All Years (2007 – 2014)

	Spending (Output) (£000s)	GVA (£000s)	Employment (FTE) (Average per year)	GVA (£000s) (Average per year)
Glasgow City				
Direct	267,523	134,140	408	16,767
Indirect	23,229	12,142	39	1,518
Induced	17,971	9,760	21	1,220
Total	308,723	156,042	468	19,505
Clyde Valley				
Direct	43,446	22,663	70	2,833
Indirect	22,665	11,257	35	1,407
Induced	19,427	10,602	23	1,325
Total	85,537	44,522	128	5,565
Rest of Scotland				
Direct	34,102	19,340	69	2,417
Indirect	82,411	41,312	122	5,164
Induced	74,643	39,107	88	4,888
Total	191,157	99,758	280	12,470
All Scotland				
Direct	345,071	176,143	547	22,018
Indirect	128,305	64,711	196	8,089
Induced	112,041	59,469	133	7,434
Total	585,418	300,323	875	37,540
Imported from the rest of the UK or the World				
Direct	104,156			
Taxes on products				
Direct	23,776			
Total Spending	473,003			

Source: Expenditure data from Glasgow 2014 Ltd / Glasgow 2014 Lifetime Budget / Glasgow 2014 Ltd Financial Accounts & Statements / Audit Scotland. Scottish Government Input-Output Model 2011 v4.06.

Note: Due to rounding some figures may not sum to totals.

- 2.34 Glasgow 2014 raised £44 million from sponsors to help pay for the Games. A small allowance is also made for additional spending in Scotland by Games sponsors in order to activate their sponsorship.
- 2.35 It is estimated that sponsors spend an additional 50%¹⁶ to the fees they have paid Glasgow 2014 for the right to be an official sponsor to activate their sponsorship. Furthermore, it is assumed that only 20% of this extra spend occurs in Scotland – in the advertising and marketing sector, and in proportion with the industry location as determined by the sector’s employment distribution in Scotland.
- 2.36 The approximate £4.3 million additional spending by Games sponsors to activate their sponsorship is estimated to support on average 78 jobs in Scotland and contribute £3.9 million to Scotland’s GVA in 2014.
- 2.37 The estimated £4.3 million additional spending by Games sponsors to activate their sponsorship is estimated to support on average 36 jobs in Glasgow and contribute £1.8 million to Glasgow’s GVA in 2014.
- 2.38 Further details on the methodology for the estimates of the impact of the activities of Games organisers are in the Annex.

Games Visitors

- 2.39 To examine the impact of visitors to the XX Commonwealth Games, a primary study was commissioned. The project was a collaboration between the Scottish Government (SG), Glasgow City Council (GCC), Glasgow Life and Glasgow City Marketing Bureau (GCMB).
- 2.40 Fieldwork took place during the Games at Games venues (in and outside Glasgow) and at Games related cultural festival locations (in Glasgow). An achieved sample of over 2,200 was reached.

¹⁶ Estimate made on the basis of consultation with Glasgow 2014 Ltd officials, consultation with industry experts and limited evidence in the wider literature – for example, the IEG/Performance Research Sponsorship Decision-makers Survey. Although there is evidence of high average ratios comparing activation spending to the amount spent to acquire sponsorship rights, the wider literature appears to suggest that some sponsors still spend nothing on activating their sponsorship.

2.41 A number of findings from the XX Commonwealth Games Visitor Study have already been published, including a ‘flash’ estimate of over 600,000 unique visitors to the Games published in the [XX Commonwealth Games Highlights Report](#) in August 2014. Further findings are published in the [XX Commonwealth Games Visitor Impact Study: Interim Report](#) in November 2014, including the final estimate (of 690,000) for unique Games event visitors.

2.42 Further reports on the characteristics and experience of Games time visitors, including a separate report on visitors who attended the Games related Festival 2014 programme of cultural events in Glasgow, and the impact of Games visitors¹⁷ are published alongside this report¹⁸.

- XX Commonwealth Games Visitor Study: Visitor Survey Results Report
- XX Commonwealth Games Visitor Study: Festival 2014 and Merchant City Festival Visitor Survey Results Report
- XX Commonwealth Games Visitor Study: Economic Impact Report

2.43 The latter provides an analysis of the economic impact of all Games visitor groups (not accounted for elsewhere in the economic assessment)¹⁹. Impacts are assessed at four geographic levels: Glasgow, Glasgow and the Clyde Valley, the rest of Scotland (excluding Glasgow and the Clyde Valley) and Scotland.

2.44 The analysis also takes account of standard additionality adjustments of leakage, deadweight and displacement to provide an assessment of the additionality resulting from Games visitors.

¹⁷ Visitor groups include event visitors, games volunteers and media personnel

¹⁸ Methodology is consistent with the approaches (above) to estimate the impact from the Games related capital programme and the activities of Games organisers. A detailed description of the methods and assumptions underpinning the Games visitor impacts is set out in the XX Commonwealth Games Visitor Study: Economic Impact Report.

¹⁹ Impact from participants, officials and Games contractors are assumed to have fallen within the scope of the activities of the Games organisers

All published reports from the XX Commonwealth Games Visitor Study are available on the Assessing Legacy website.

2.45 The economic impact of visitors to the Games (defined as Glasgow 2014 and Festival 2014) has been measured in terms of both the gross and net impact.

2.46 The gross impact is the effect of the spend (excluding tickets) by visitors who attended the Games, including spectators, volunteers and the media. The Scottish Government IO model is used to estimate the wider economic impacts arising from that visitor spending. Therefore, this measure is comparable to the estimates of supported economic activity estimated in the two previous subsections.

2.47 At the Scotland level, the spending by visitors, volunteers and media associated with Glasgow 2014 and Festival 2014 supported in gross terms, the equivalent of 3,575²⁰ jobs and contributed £124 million to Scotland's GVA in 2014.

2.48 At the Glasgow level, the spending by visitors, volunteers and media associated with Glasgow 2014 and Festival 2014 supported in gross terms, the equivalent of 2,075 jobs and contributed £63 million to Glasgow's GVA in 2014.

2.49 Table 2.4 sets out central impact estimates for the gross impact of visitors to the Games (Glasgow 2014 and Festival 2014), excluding spending on tickets.

²⁰ In this section on visitor impact, GVA is rounded to the nearest £1 million and jobs supported presented unrounded for consistency with the XX Commonwealth Games Visitor Study: Economic Impact Report.

Table 2.4. Games (Glasgow 2014 and Festival 2014) Visitor Spend, Gross Economic Impact, All Visitor Groups – Estimated Output, GVA and Employment Supported, £000 and FTE Jobs, 2014

	Spending (Output) (£000)	GVA (£000)	Employment (FTE)
Glasgow City			
Direct	111,300	54,700	1,912
Indirect	9,500	4,800	97
Induced	7,000	3,800	66
Total	127,800	63,300	2,075
Clyde Valley			
Direct	6,500	3,200	120
Indirect	11,000	5,000	101
Induced	8,000	4,000	70
Total	25,500	13,200	292
Glasgow and the Clyde Valley			
Direct	117,800	57,900	2,032
Indirect	20,500	9,800	198
Induced	15,000	7,800	136
Total	153,300	75,500	2,366
Rest of Scotland			
Direct	30,900	15,400	573
Indirect	38,900	17,600	370
Induced	28,600	15,000	266
Total	98,400	48,000	1,209
All Scotland			
Direct	148,400	73,300	2,605
Indirect	58,400	27,400	568
Induced	43,600	22,800	402
Total	251,700	123,500	3,575

Source: XX Commonwealth Games Visitor Study: Economic Impact Report. Scottish Government Input-Output Model 2011 v4.06. Calculations by Optimal Economics.

Note: Due to rounding some figures may not sum to totals.

2.50 The Games Visitor Study also estimates the additional non-displaced, or net, impact (therefore accounting for displacement and deadweight) which is considered a more meaningful measure of the impact Games visitors have on the economy. Specifically, the net impact adjusts the gross figures to allow for both the fact that:

- Most event related spending by local residents involved money which would have been spent locally in any case (Displacement)
- Event related spending by people who would have visited Glasgow / Scotland even if the Games had not been held (Deadweight)

2.51 At the Scotland level, the spending by Games visitors, volunteers and media associated with the Games is estimated to have supported, in net terms, the equivalent of 2,138 jobs and contributed £73 million to Scotland's GVA in 2014.

2.52 The spending by visitors, volunteers and media associated with the Games is estimated to have supported, in net terms, the equivalent of 1,227 jobs and contributed £37 million to Glasgow's GVA in 2014.

2.53 Table 2.5 sets out central impact estimates for the gross impact of visitors to the Games (Glasgow 2014 and Festival 2014), excluding ticket spending.

Table 2.5. Games (Glasgow 2014 and Festival 2014) Visitor Spend, Net Economic Impact, All Visitor Groups – Estimated Output, GVA and Employment Supported, £000 and FTE Jobs, 2014

	Spending (Output) (£000)	GVA (£000)	Employment (FTE)
Glasgow City			
Direct, Indirect & Induced	76,000	37,300	1,227
Clyde Valley			
Direct, Indirect & Induced	16,900	8,800	206
Glasgow and the Clyde Valley			
Direct, Indirect & Induced	93,400	46,200	1,432
Rest of Scotland			
Direct, Indirect & Induced	63,800	31,500	836
All Scotland			
Direct, Indirect & Induced	147,600	73,100	2,138

Source: XX Commonwealth Games Visitor Study: Economic Impact Report. Scottish Government Input-Output Model 2011 v4.06. Calculations by Optimal Economics.

Impact of Preparing for, Delivering and Hosting the Games

2.54 The XX Commonwealth was a significant event in 2014 for both Scotland and Glasgow. The economic assessment estimates the event impact of delivering and hosting the Games as the sum of the GVA contributed to Scotland's / Glasgow's economy from:

- Games-relates capital spend programme
- Activities of Games organisers, including the Safety and Security budget
- Spend by visitors to the Games

2.55 In total, the preparation for, delivery and hosting of the XX Commonwealth Games event is estimated to have contributed £740 million gross to Scotland's GVA over the 8 year from the winning of the bid in 2007 to the hosting of the Games in 2014, and to support on average 2,100 gross jobs in each year.

2.56 In total, the preparation for, delivery and hosting of the XX Commonwealth Games event is estimated to have contributed £390 million gross to Glasgow’s GVA over the 8 years from the winning of the bid in 2007 to the hosting of the Games in 2014, and to support on average 1,200 gross jobs in each year.

2.57 Table 2.6 sets out central impact estimates for the gross economic activity supported through the delivery and hosting of the XX Commonwealth Games event.

Table 2.6. Impact of Preparing for, Delivering and Hosting the XX Commonwealth Games – Cumulative Gross Impact, GVA Supported, All Years (2007 – 2014), £000

	Games Venues and the Athletes’ Village*	Games Organisers Activity**	Games Visitors (Gross)	Total Impact of Preparing for, Delivering and Hosting the XX Commonwealth Games
Glasgow City				
Cumulative Impact (Total: 2007-2014)	167,061	157,843	63,300	388,204
All Scotland				
Cumulative Impact (Total: 2007-2014)	316,937	304,215	123,500	744,652

Source: Games Visitor Study. Glasgow 2014. GCC. Scottish Government calculations.

Notes: * Including OC Capital Contributions; **Including Sponsorship Activation.

2.58 See Table 2.7 for the estimated gross full time equivalent jobs (FTE) impact of preparing for, delivering and hosting the Games, with FTE supported in each year, and average supported per year.

2.59 Note that the impacts results relate to ‘*job years*’. This is the estimated full time equivalent jobs over a year as a result of modelling spending. For much of the spending relating to the Commonwealth Games, in particular the visitor spending, this will be compressed into a shorter period of time so will support a

higher level of jobs for the duration of the Games with much fewer jobs during the rest of the year.

Table 2.7. Impact of Preparing for, Delivering and Hosting the Games – Estimated Gross Jobs (FTE) Supported in Each Year, All Years (2007 – 2014)

	2007	2008	2009	2010	2011	2012	2013	2014	Average Per Year ²¹
Glasgow City									
Venues and Village*	-	-	230	396	901	1,001	581	301	
Games Organisers **	12	35	53	103	189	308	1,136	1,940	
Games Visitors (Gross)	-	-	-	-	-	-	-	2,075	
Total	12	35	283	499	1,090	1,309	1,717	4,316	1,158
All Scotland									
Venues and Village*	-	-	464	852	1,731	1,768	1,020	572	
Games Organisers **	19	56	84	174	306	510	1,940	3,989	
Games Visitors (Gross)	-	-	-	-	-	-	-	3,575	
Total	19	56	548	1,026	2,073	2,278	2,960	8,136	2,137

Source: Games Visitor Study. Glasgow 2014. GCC. Scottish Government calculations.

Notes: * Including OC Capital Contributions; **Including Sponsorship Activation.

²¹ Average FTE gross jobs per year calculated by summing estimated gross jobs (FTE) supported in each year and then dividing by the number of years (8) from the year the bid was won to 2014.

Value for Money Assessment (Games Event Only – Excluding Legacy)

2.60 Audit Scotland, in their third report on the Games²², recognised the difficulty in assessing value for money of the overall benefits of the Games and the wider legacy activity. This is related to the issue identified in the Games Legacy evaluation baseline report which evidences that successful legacies are often embedded in existing strategies, policies and programmes. In turn, this makes the generation of a ‘counterfactual’ position challenging.

2.61 Nevertheless, it has been possible to provide an indicative assessment of value for money from delivering the Games alone, excluding the Games related capital spend programme.

2.62 Plans to upgrade the infrastructure used to host the Games were already in place at the time of the bid. We therefore do not consider alternative capital expenditure programmes in the absence of the Games. Even in the absence of this assumption, given the fiscal framework in Scotland, it is likely the same levels of capital investment would have taken place (although potentially at different locations and at a different pace).

2.63 For the remaining spend programmes the counterfactual has been undertaken by comparing the impact of delivering and hosting the Games with a counterfactual to the event where it is assumed that some of the private spending and all of the public spending to support the Games would have most likely been spent in Scotland anyway in the absence of the Games. Whereas the Games spending plans have been analysed from the OC spend data and the Games Visitor Survey, the event counterfactual spending patterns have used the standard consumption patterns of households, local and central government from the Scottish Government Input-Output tables²³.

²² http://www.audit-scotland.gov.uk/docs/fwd/pb_commonwealth_games_3.pdf

²³ See also Minutes of the Input-Output Expert Users Group, November 2013 – <http://www.gov.scot/Topics/Statistics/Browse/Economy/ScotStat/IOEUG2013Minutes>.

- 2.64 This approach²⁴ provides an estimate of the net impact of delivering and hosting the Games which take account for standard additionality adjustment of leakage, deadweight and displacement and consumption switching²⁵ in order to provide an assessment of the additionality arising from delivering the Games event.
- 2.65 Figure 2.1 sets out the detailed assumptions made to construct this counterfactual to the Games event where it is assumed that monies that financed the delivery of the Games would have been spent in Scotland (as prescribed and depending on the source of funding).
- 2.66 Given these procedures (set out in detail below) there would have been £415 million worth of expenditure in Scotland compared to the £473 deployed to finance the delivering and hosting of the XX Commonwealth Games²⁶. This counterfactual is comprised of mostly central and local government final demand, but also includes elements of consumer final demand and demand for output from the advertising and marketing sector.

²⁴ To assess whether the delivery and hosting of the Games event itself provided value for money the overall cumulative GVA impact from the delivery and hosting of the Games event is compared with a Games event counterfactual which sets out to estimate the levels of final demand in Scotland, what types of demand (i.e. central government, local government or consumer final demand or demand from output from a particular industry) and the distribution of this demand (i.e. in Glasgow, the Clyde Valley and the rest of Scotland) had the Games not taken place.

²⁵ Consumptions switching refers to the different patterns of spend that may occur under different scenarios.

²⁶ Recall £70 million of the Games £543 million budget were OC contributions to the Games related capital spend programme to prepare the Games venues and the Athletes' Village for the Games. Sensitivity analysis shows that since the rate of 'leakage' (taxes on products and imports from outside Scotland) from the Games related capital spend programme, Glasgow 2014 expenditure patterns and gross fixed capital spend are broadly similar. Therefore, an alternative treatment where an event counterfactual to the full Games budget of £543 is constructed gives rise to broadly similar findings.

Figure 2.1. Counterfactual to Delivering the Games – Assumptions

In the absence of the Games, it is assumed that:

A. Net (additional non-displaced) impact of Games visitors is foregone; that is:

- The Games Visitor Impact Study: Economic Impact Report provides estimates of the net (additional non-displaced) impact of Games visitors (Table 2.5)
- The net (additional non-displaced) impact of Games visitors accounts for the fact that in the absence of the Games, any spending by local and casuals attending the Games may well have been spent locally anyway:
 - Displacement – Event visitor spend by local residents
 - Deadweight – Event visitor spend by those who would have been in the local area anyway.

B. Local (Scotland/Glasgow) finances which funded the delivery of the Games would have spent according to the assumptions below:

- Glasgow City Council contributions to the delivery of the Games would have been spent as **Local Government Final Demand** in Glasgow City
- Scottish Government contributions to the delivery of the Games would have been spent as **Central Government Final Demand** across local authorities in proportion to the population distribution in Scotland
- For Glasgow 2014 commercial income, we distinguish between ticket sales, broadcasting, and sponsorship revenue originating from within and outwith Scotland. This assignment is completed as follows:
 - Ticket and other retail spend (merchandising, hospitality, etc.) – would have been spent as **Consumer Final Demand** across Glasgow City, Clyde Valley and the rest of Scotland in proportion to the origin of Games visitors (estimated in the Games Visitor Study).
 - Sponsorship revenues would have been spent as **Intermediate Demand in Advertising & Marketing** across local authorities in proportion to the employment distribution within the sector.
 - Broadcasting – all revenues originated outside Scotland.

2.67 The wider economic impact of this spend (that is, in the absence of the Games) is estimated by putting the cumulative spending pattern through the Scottish Government Input-Output model. The cumulative GVA estimates are shown in Table 2.8 as the impact of the Games organisers' counterfactual.

Table 2.8. Games Organisers Counterfactual, Including Safety and Security, Excluding OC Capital Contributions – Estimated Gross GVA Supported, All Years, £000

	Spending (Output) (£000s)	GVA (£000s)
Glasgow City		
Direct	124,967	74,878
Indirect	22,035	11,643
Induced	24,703	13,416
Total	171,705	99,937
Clyde Valley		
Direct	72,591	39,749
Indirect	22,935	11,929
Induced	26,704	14,574
Total	122,229	66,252
Rest of Scotland		
Direct	208,420	114,310
Indirect	87,497	45,984
Induced	102,604	53,756
Total	398,521	214,050
All Scotland		
Direct	405,977	228,936
Indirect	132,467	69,556
Induced	154,012	81,746
Total	692,455	380,238
Imported from the rest of the UK or the World		
Direct	8,639	
Total Spending	414,616	

Source: Scottish Government Input-Output Model 2011 v4.06.

Note: Due to rounding some figures may not sum to totals.

2.68 By comparing the estimates of the cumulative supported GVA for Scotland and Glasgow in Table 2.3 and Table 4.12 in the Annex with that of the counterfactual for Game organisers (incl. the Safety and Security budget) in Table 2.8 and adding this to the net visitor impact estimate (see Table 2.5) we have an estimate of the overall net impact of the Games event.

- 2.69 The results of this analysis suggests that, at the Scotland level, the immediate economic impact of the delivery of the Games event is broadly similar to the impact of Games partners' contributions if they were instead spent as standard government expenditure. The net additional economic impact derived from Games visitors is offset by the higher economic activity impact of standard government expenditure (compared to the public spending to support the Games).
- 2.70 This finding is driven by the fiscal policy environment in Scotland where public funding to Games organisers would have been spent in Scotland anyway in the absence of the Games. In comparing to the event counterfactual, the additional economic impact arising from Games visitor spending is offset by the higher economic activity impact of standard government expenditure. This is mainly due to the higher level of imports associated with the spending required to host the Games when compared to standard government expenditure.
- 2.71 It is important to note that this assessment of impact additionality is of only the delivery and hosting of the Games event, and not the potential contributions from Games legacy and the Games Legacy programmes and projects.
- 2.72 At the Glasgow level, it is estimated that the delivery and hosting of the Games event provided a cumulative net GVA impact of £100 million to the economy in the city.
- 2.73 This is driven by both the estimated net visitor impact and by the additional spending in Glasgow resulting from the Scottish Government's funding of, and the commercial revenues generated by, the Games' Organising Committee.
- 2.74 The overall impact of the Games and Games Legacy is then the indicative net impact of delivering and hosting the Games event plus any contributions made by the Games legacy programmes and projects.
- 2.75 For this reason, it is not be possible to provide a single figure of economic impact for the Games and Games Legacy. Rather, the

economic assessment has provided a series of data that describes the economic contribution of the Glasgow 2014 Commonwealth Games over the delivery and legacy periods.

- 2.76 Assuming (in aggregate) a positive contribution from Games legacy programmes and projects, the Economic Assessment component of the Games Legacy evaluation suggests that the Games are likely to have a positive impact on the economy in both Scotland and Glasgow.

3. GAMES LEGACY CONTRIBUTIONS

- 3.1 Games legacy contributions are a key element to delivering and maximising contributions of the Games to an economic legacy.
- 3.2 This chapter sets out the evidence to date and helps assess the potential for legacy across four legacy topic areas:
 - Business Legacy
 - Labour Market Legacy
 - Tourism and Events Legacy
 - Legacy for the Physical Environment
- 3.3 The evidence for Games legacy contributions relies heavily on other elements of the Games Legacy evaluation, specifically, but not limited to the wider evidence base and the monitoring and evaluation of Games Legacy Programmes.
- 3.4 The findings presented in this section are also presented in the Commonwealth Games Legacy Evaluation: Post Games Report.

Business Legacy

The Wider Evidence Base

- 3.5 The updated evidence review that accompanies this report suggests that major events can leave economic legacies²⁷. The review distinguishes between short term effects and long term effects. Overall, the review finds the available evidence for longer-term economic legacy to be limited. Shorter term economic impacts of major events have typically been found in certain sectors – construction, hospitality and tourism, and at certain points in time over the course of preparing for, delivering and hosting the event.

²⁷ All of the full references for the evidence cited are in the accompanying updated Evidence Review. This updates the review published alongside the Pre Games Report to include new literature published in the year up to September 2014. Other relevant evidence – for example, legacy evaluation programme reports, which were published after this date are cited directly in this report.

- 3.6 The evidence review describes a mixed picture in terms of business legacies of previous major events. In the short term, increases in economic activity related to preparing for, delivering, and hosting major multi-sports events can provide significant new opportunities for a range of businesses, including small and medium-sized enterprises (SMEs). On the other hand, the review cites evidence of some negative effects on certain businesses during the hosting of major events if they suffer from local transport disruption and/or displacement of their usual customer base.
- 3.7 Over the longer term, the effects on businesses have been found in some cases to be more significant for enterprises in the host city or region or specific sectors, rather than the national economy as a whole. Longer term business legacies have been found where the event leads to development of specific sectors of the economy, for example tourism. Other pathways for longer term business legacy are improved international perception of the host area as a place to do business, and improved productivity related to infrastructure improvements associated with events – in particular, transport improvements.

Contribution to Longer Term Economic Legacies

- 3.8 Increasing the growth of Scottish businesses by ensuring they were in a position to take advantage of opportunities presented by the Games was a key focus of legacy activity at national and city levels. This activity was broadly of two types: support to Scottish and Glasgow based business to win Games related contracts and networking events and business conferences.
- 3.9 The Glasgow Business Portal was established by Glasgow City Council in 2009. The on-line portal brought together contractors and suppliers by providing the opportunity for businesses of all sizes to register interest in, and then compete for, Games related contracts.
- 3.10 Companies were also offered support to register and get 'Business Ready' through the GCC Buyer Engagement Team. The Supplier Development Programme helped companies to attain the necessary documentation (insurance, health and safety

documentation). Registered companies were also invited to ‘Meet the Buyer’ sessions where they could get time to network with contractors to better understand their business requirements.

3.11 In 2008, Glasgow City Council introduced Community Benefit Clauses into the tendering process for Commonwealth Games related projects, allowing for the scoring of potential contractors’ bids on the basis of the economic and social benefits the bidder could offer for residents and local businesses. These clauses, for example, ensured sub-contracts were advertised, widening opportunities to firms who might not otherwise had a chance to bid. By applying Community Benefit Clauses, the city council also ensured 500 jobs were secured on Games related contracts for New Entrant Trainees, that is, those leaving education or who were previously long-term unemployed.

3.12 Following the Games and the completion of Games related contracting, the Glasgow Business Portal was merged with the Scottish Government’s Public Contract Scotland (PCS) on the 10th November 2014. This was to facilitate a long term impact of the Glasgow Business Portal and ensure that registered users are able to compete for public sector contracts across Scotland in the long term.

3.13 At the time of transferring the Portal to Public Contracts Scotland the Portal had 22,565 registered users, 20% (4,408) of which were Glasgow based and a further 38% (8,501) of which were based elsewhere in Scotland. Of the 756 Commonwealth Games related contracts and sub-contracts awarded through the Portal, 182 (24%) were won by Glasgow based companies and a further 313 (41%) by businesses based elsewhere in Scotland.

3.14 In terms of contract values, £669 million worth of Tier 1 contracts awarded were awarded²⁸, with £423 million (63%) awarded to

²⁸Tier 1 contracts awarded through the Glasgow Business Portal include contracts to deliver the capital programme of venue developments and the creation of the Athlete’s Village development in addition to wider Games related capital spend and procurement by the OC related to delivering the event. See GCC Executive Committee report on Commonwealth Games February 2015: <https://www.glasgow.gov.uk/councillorsandcommittees/viewDoc.asp?c=e%97%9Dj%94p%81%8F>

Glasgow-based companies and a further £87 million (13%) to businesses based elsewhere in Scotland, bringing the national total to £510 million (76% of total value).

3.15 Business legacy activity around networking events and conferences was led by a range of city and national partners throughout 2014. Key events included the Commonwealth Games Business Conference – attended by over 320 business CEOs and political leaders from across the Commonwealth – and Scotland House²⁹, the business element of which attracted over 1,000 attendees including national and international business leaders.

3.16 Attendees at these events rated them highly and perceived them to provide opportunities for their businesses in the future³⁰. It is, however, difficult to attribute any long term change in business activity to such networking interventions. An evaluation of Scotland Welcomes the World events³¹ found any direct short term economic impacts resulting from businesses attending these events were modest. The immediate benefits that were found centred on the ‘Meet the Buyer’ Showcasing Scotland Food and Drink event which provided direct opportunities for business to be transacted. A majority of the 150 companies surveyed in the evaluation, however, envisaged opportunities for new business to occur down the line as a result of attending the events.³²

3.17 The evidence review suggests enhanced Games related infrastructure – including planned transport improvements

²⁹ Scotland House was a facility for networking with representatives from Scotland’s enterprise, tourism, sports, culture and event agencies and a programme of formal and informal events during Games time.

³⁰ Glasgow 2014 XX Commonwealth Games Highlights Report

³¹ Scotland Welcomes the World events included Geared for Gold; Showcasing Scotland Food & Drink; 2014 Commonwealth Business Conference; Scotland House Business Events and Ryder Cup Business Engagement

³² Bellerby Economics (2015) Evaluation of Scotland Welcomes the World 2014: Business Engagement Events. Report for Scottish Enterprise.

<http://www.evaluationsonline.org.uk/evaluations/Search.do?ui=basic&action=showPromoted&id=569>

accelerated due to Games – can help businesses increase their ability to operate on wider scales more quickly. Construction of the M74 completion project in particular is likely to be critical in terms of enhanced business capacity in Glasgow and the West of Scotland. The M74 completion was delivered in 2011 as one of Transport Scotland’s essential infrastructure commitments to the 2014 Games.³³

3.18 Finally, the evidence review also highlights the risk of negative effects on business in the short term, in particular around Games time, if businesses suffer from local transport disruption or displacement of their usual customer base during the event. Glasgow City Council had a deliberate policy of promoting the City as ‘open for business’ during the Games. Key Live Zone sites and Festival 2014 locations were placed throughout the city centre – in Glasgow Green, Merchant City and Kelvingrove Park. In addition, the Get Ready Glasgow programme³⁴ was designed to proactively engage with residents and businesses in the city to ensure they had the information they required to plan ahead for any impact of the Games.

3.19 There is some evidence that this policy had the desired effect of averting the risk of displacement of business’s usual customer base in Glasgow City Centre at Games time. During the Games, footfall in Glasgow’s shopping areas rose by 21.9 per cent compared to the same period last year. Footfall across Scotland also grew by 13.8 per cent during the Games period. The monthly Scottish Retail Consortium Footfall and Vacancy Monitor reported a 4.4 per cent increase in footfall in Scotland during July 2014 compared to the same month in the previous year³⁵. Other factors, including the weather, affect footfall rates, though given the evidence presented

³³ The One Year After Opening Evaluation of the M74 Completion Scheme found it is performing well and moving towards its key objectives, including improved access opportunities to strategic development areas. See Transport Scotland (2015) M74 Completion Project: One Year After Opening Evaluation. <http://www.transportscotland.gov.uk/report/m74-completion-scheme-one-year-after-opening-evaluation-6724>

³⁴ <https://www.glasgow.gov.uk/index.aspx?articleid=10755>

³⁵ <http://www.spring-board.info/mediaLibrary/images/english/88081.pdf>

elsewhere in this chapter on additional visitors attracted, it is likely the Games contributed to these footfall increases.

- 3.20 Longer term impacts may arise from any reputational enhancement to Scotland and Glasgow as a place to do business. Early evidence from the Nation Brands Index (NBI) – a key source of evidence on Scotland’s international reputation – shows that Scotland’s reputation improved in 2014 both in terms of overall score and score on each of the six dimensions measured: Exports, Governance, Culture, People, Tourism and Investment and Immigration. Dimensions of Scotland’s reputation related to business saw the largest increases in score (albeit from generally lower bases). Scotland’s reputation for Exports increases 2.1 points to 55.8 and international reputation for Investment and Immigration increased by 2 points to 59.9.
- 3.21 To summarise, there is evidence that businesses in Glasgow and Scotland benefited from Games contracts and it is plausible that the business support put in place facilitated this. The short term risk of business suffering from displacement seems to have been averted. The deliberate efforts by Glasgow City Council in particular to promote the city to residents and visitors as ‘open for business’ are likely to have played a part in this. Transport improvements are likely to play a strong role for longer term business legacy, in particular around certain parts of Glasgow including the East End. Other longer term impacts may arise from any reputational change to Scotland and Glasgow as places to do business.

Labour Market Legacy

The Wider Evidence Base

- 3.22 There is evidence that previous major sporting events have created a boost to employment in the run up to, and during, the event. Evidence from previous events suggests, however, that employment opportunities may not be evenly distributed with opportunities tending to go to those who already have required skills. However, there is some evidence that, if effectively targeted as part of deliberate efforts to extend potential benefits,

employment opportunities can reach the long-term unemployed, including those in the host areas.

3.23 Evidence suggests positive effects from volunteering as a result of the Games are possible. People who volunteer in major events often report an intention to volunteer again and report learning new skills and gains in confidence.

3.24 There is, however, a body of evidence which suggests that those who gain volunteering positions at major sporting events tend to be those who already have key skills and tend to be regular volunteers at other events. Some commentators note that if a legacy objective is to engage more disadvantaged groups, volunteering programmes should be designed with extra training, funding and associated qualifications.

Contribution to Longer Term Economic Legacies

3.25 The literature suggests major events can create short term boosts in employment, though opportunities do not necessarily reach those who could benefit most. Evidence that a boost to employment did occur in relation to the construction and operational activity required to prepare for, deliver and host the Games in Glasgow is presented in Section 2 above.

3.26 The wider context shows an improvement in the labour market in Scotland and Glasgow in recent years. Long term unemployment and youth unemployment remain higher in Glasgow than the Scotland average. Games partners developed programmes to ensure any Games related employment boost benefitted groups who need most support getting back into the jobs market. The potential of the Games to support skills development and employability initiatives to reduce distance from the labour market, especially for young people, were also deliberately harnessed.

3.27 In total, it is estimated that over eleven thousand young people across Scotland have benefitted to date from the range of national and city employability legacy initiatives. This includes the results of considerable effort made by Glasgow City Council to use the Games

to contribute to employment legacy outcomes which are estimated to have reached over 5,000 people in Glasgow alone since 2009.

3.28 Table 3.1 below lists the key initiatives, their target group and the numbers of young people reached.

Table 3.1. Employability Legacy Initiatives

Initiative	Target	Reach
Commonwealth Apprenticeship Initiative (Glasgow)	School leavers	3,600
Commonwealth Jobs Fund (Glasgow)	Unemployed 18-24; 50+; veterans	962
Commonwealth Youth Fund (Glasgow)	Young unemployed ³⁶	364
Commonwealth Graduate Fund (Glasgow)	Unemployed graduates	826
Scotland's Best (Scotland)	Unemployed 16-24	1,228
Employer Recruitment Incentive (Scotland)	16-19 targeted ³⁷	1,507
ScotGap (Scotland)	FE & HE students	2,659
Host Broadcaster Training Initiative (Scotland)	FE & HE Students	600

Source: Glasgow City Council and Skills Development Scotland.

3.29 Most of the Glasgow employability programmes have been aimed at young people, with the largest programme – the Commonwealth Apprenticeship Initiative – reaching 3,600 school leavers since its launch in 2009. Given its scale, it is likely this apprenticeship programme has contributed to the increase in school leavers reaching sustained positive destinations³⁸ in Glasgow since 2009 – up 7 percentage points from 78% in 2009 to 85% in 2014.

3.30 Some of the labour market initiatives took advantage of niche opportunities presented by the Games that were unlikely to have

³⁶ Who do not meet the Commonwealth Apprentice Initiative criteria.

³⁷ Young people who have faced significant challenges including those with a disability, care leavers, carers and ex-offenders.

³⁸ Positive destinations refers to pupils moving on to work, education or training after leaving school.

arisen in any other way. For example, the Host Broadcaster Training Initiative (HBTI) offered practical training in live broadcast, creative production and technical skills to over 600 students in Scotland, 208 of whom gained work experience during the Games. A HBTI Talent Pool has subsequently been established for the alumni of the initiative to continue to build connections to employment in broadcasting. The growth of the events industry in Scotland discussed below provides potential future opportunities for HBTI graduates.

- 3.31 The Department for Work and Pensions developed a strategy to leverage the Games related employment boost to reach unemployed people. This involved matching claimants with the skills and aspiration to work at the Games with advertised vacancies in the following two ways; two jobs fairs in early 2014 attended by over 3,000 job seekers and direct liaison with 18 employers advertising 8,395 vacancies across security, hospitality, catering, waste, transport, logistics and event management.
- 3.32 Given the data on estimated jobs supported by the Games presented above, the clear peak of those jobs supported in 2014 (see Table 2.7), and the efforts described above to leverage this to the benefit of unemployed people, it is possible the Games and related legacy programmes contributed to the growth in employment³⁹ and reduction in claimant count⁴⁰ in Glasgow in 2014. Wider trends including improving labour market conditions and the impact of welfare reforms will, however, clearly be the most critical factor in this picture.
- 3.33 Further, there is some evidence that employment benefits reached the host community of the East End. Sweep 2 of the GoWell East survey found one-in-ten households were impacted in one or more

³⁹ Local Area Labour Markets in Scotland: Statistics from the Annual Population Survey 2014. <http://www.gov.scot/Publications/2015/05/3466/0>

⁴⁰ See Indicator F4 on Assessing Legacy. <http://www.gov.scot/Topics/ArtsCultureSport/Sport/MajorEvents/Glasgow-2014/Commonwealth-games/Indicators/Flourishing>

ways (new employment or additional hours worked) by the Games event itself.

3.34 Volunteering is often conceived of as a further route to reducing distance from the labour market for those out of work. However, the limited literature on volunteering at major sporting events suggests mainstream volunteering programmes associated with major sporting events tend to employ those who already have key skills, have volunteered in the recent past and who are drawn to the excitement of volunteering at a major event, rather than necessarily volunteering for skills development or broader community benefit per se.

3.35 Research by the Glasgow Centre for Population Health (GCPH) on Clyde-sider volunteers suggests the volunteer profile and motivation of Clyde-siders fits that of a typical major event volunteer, suggested in the wider literature⁴¹. Follow up post-Games research with applicants who went on to become Clyde-siders found them to be broadly more positive about the experience in terms of the excitement of a big event and the potential for 'giving back', rather than skills development, which is unsurprising given they broadly represent an already highly skilled group⁴². Nevertheless, the majority of Clyde-sider respondents said they developed skills, at least to some extent, as a result of volunteering at the Games, with skills in teamwork, communication and listening mentioned most.

3.36 Aware of the potential financial obstacles to volunteering at the Games, partners established the Volunteer Support Pot (VSP) – a fund of £625,000 to support Clyde-siders and Ceremonies' volunteers at the Games. The funding, provided by the Big Lottery and Spirit of 2012 and administered by Volunteer Scotland, was used to help volunteers resident in the UK who were facing

⁴¹ Glasgow Centre for Population Health (forthcoming) Commonwealth Games Volunteering Research, Baseline Report.

⁴² 58% of respondents to the baseline pre Games Clyde-sider applicant survey had a degree or higher qualification. Ibid.

hardship or exceptional costs associated with rurality, low income, caring responsibilities or disabilities.

- 3.37 An evaluation of the VSP by the University of Strathclyde found Volunteer Scotland assessed 2,632 applications and allocated £555,000 to 2,177 individuals. It also provided free accommodation to 186 volunteers. 66% of beneficiaries were low income, 30% were from remote/rural areas, 3% had a caring responsibility and 1% had a disability. More than half (58%) of respondents felt that the VSP had a 'significant' or 'major' impact on their ability to volunteer.
- 3.38 Beyond the official Clyde-sider programme, there were other opportunities to take part in Games related volunteering. Aware of the research on mainstream major event volunteering programmes, and of specific efforts made to widen volunteering opportunities during the Manchester 2002 Commonwealth Games, Glasgow Life developed the Host City Volunteer (HCV) programme on behalf of Glasgow City Council. The programme aimed to recruit volunteers who would provide a welcome to visitors to the City and provide information on the various cultural and sporting activities going on. Around 1,200 people who live, work or volunteer in Glasgow were recruited as Host City Volunteers with specific efforts made to recruit from groups typically under-represented in volunteering.
- 3.39 Data on the Host City Volunteer programme suggests some success in recruiting from a wide range of demographic and socio-economic groups. Equality monitoring data from the Glasgow 2014 Organising Committee (OC) and Glasgow Life shows while both sets of volunteers were broadly similar in terms of age profile (with both programmes volunteers spread across all age groups) there were more volunteers with a disability amongst Host City Volunteers compared to Clyde-siders (15% compared to 4%) and more Host City Volunteers from an ethnic minority background compared to Clyde-siders (23% compared to 6%).

- 3.40 Although, directly comparable data on socio-economic background between Clyde-siders and Host City volunteers is not available⁴³, ACORN⁴⁴ postcode analysis carried out on Host City Volunteers found that 38% were categorised as 'hard pressed'.
- 3.41 The primary aim of the Host City Volunteer programme was not to increase employability. Nevertheless, Host City Volunteer respondents to a post Games survey conducted by the Glasgow Research Partnership indicated increased confidence was one of the key gains from their experience (77% agreed).
- 3.42 Indeed, it is important to note that the aims of the national and City level legacy programmes on volunteering were wider than concerns around employability or reducing distance from the labour market. Aims included increasing civic engagement and pride and engagement with the Games as well as increasing the propensity to volunteer in the future.
- 3.43 In summary, the economic impact work shows the Games did provide a short term boost to employment, and it is plausible the Games contributed to the increase in employment in Glasgow in 2014. Further, there is evidence of reach of both employability programmes and Games related employment opportunities to the long term unemployed, younger unemployed individuals and householders in the East End of Glasgow.
- 3.44 Wider economic forces clearly play the biggest role in overall labour market trends, but the evidence above suggests that events can be leveraged to provide a boost and that benefits can be extended if deliberate and well-thought-out programmes are put in place.

⁴³ Although as previously noted, 58% of those who responded to the first Clyde-sider applicant sweep in the GCPH research had a degree or higher qualification.

⁴⁴ ACORN CACI analysis is a geodemographic classification system based on over 400 variables and 4 core indicators of income, age, gender and ethnicity. <http://acorn.caci.co.uk/>

Tourism and Events Legacy

The Wider Evidence Base

- 3.45 The updated review cites evidence for a short-term boost to tourism spending, and to tourism numbers over the wider period of the event. A fall in visitor numbers has, however, been observed during some events. This was the case in London 2012 where fewer tourists actually visited the city, but those who did visit spent a significantly higher amount than average. The evidence also suggests the risk of event visitors ‘crowding out’ usual visitors is higher in peak season, and in countries where there is already strong tourist demand.
- 3.46 While there is little evidence of a long-term boost to tourism as a result of hosting major events, some cities and nations have experienced a boost to their reputation and profile. There is often an increase in the reputation of the host city as a result of a major sporting event. Nevertheless, the impact is not always positive. There is the potential for a negative impact on the image of a city or region if the event is not seen as a success, or if it highlights a perceived weakness.

Contribution to Longer Term Economic Legacies

- 3.47 The Games Visitor Study gives some insight into the potential longer term impacts of the Games on tourism. Survey results indicate that amongst those who were on an overnight trip, 31% were on their first visit to Glasgow while 13% were on their first visit to Scotland.
- 3.48 Visitors were asked if they were likely to return to Glasgow in the next five years. 57% of visitors who lived outside of Glasgow stated that they would ‘definitely’ return to the city in the next 5 years. Focusing on those visitors who had not been to Glasgow before, 32% of these visitors stated that they would definitely return to the city in the next 5 years.
- 3.49 The Games Visitor Study also gives some insight into the reach of benefit from visitors. Respondents who stayed overnight during

their trip were asked to specify where they had stayed during their visit. As might be expected, the largest proportion (50%) spend one or more nights in Glasgow. What is notable is that overnight visitors reported stays in every Local Authority area in Scotland, suggesting all of Scotland enjoyed some benefit.

3.50 While these figures give some indication of future intention to visit amongst Games visitors, including first time visitors, the literature suggests any longer term impact on tourism in Glasgow and Scotland will rely, at least partly, on a change in international perception.

3.51 Scotland's reputation as a tourist destination improved between 2012 and 2014, according to the Nation Brands Index. Scotland has seen an increase in both overall score (from 67.4 to 68.6) and relative rank (from 13th to 12th) in its reputation as a tourist destination compared to 2012. Key Commonwealth panel countries – Australia, Canada and South Africa – placed Scotland in their top ten countries internationally for tourism.

3.52 Finally, partners have made deliberate efforts to use Games venues and infrastructure, the developing event-related skills base and an international reputation for hosting major events to attract new events to Scotland and further develop the events sector in Glasgow and Scotland.

3.53 Some success on attracting events in Games venues was reported in the Pre Games Report. Updated figures indicate that to date, 45 national and international events have been secured, with an estimated economic impact of over £18.5 million. These include the World Gymnastics Championships 2015 at The SSE Hydro Arena and the IPC World Swimming Championships 2015 at Tollcross International Swimming Centre. The 2017 Badminton World Championships have also been secured, as have the European Sports Championship in 2018 (joint with Berlin) – the latter comprising the European Championships in swimming, gymnastics, cycling, triathlon, rowing and golf.

Legacy for the Physical Environment

The Wider Evidence Base

3.54 The updated evidence review that accompanies this report maintains that major sporting events can leave long term legacies in terms of regeneration. This review cites evidence that events can speed up and extend regeneration plans and thereby act as catalysts for accelerated socio-economic development where large capital investments are made. However, these need to be linked to wider plans and objectives, rather than be delivered as stand-alone investments or initiatives. The need to engage communities in the regeneration process is also highlighted as a key to long term successful regeneration.

3.55 Two key potential problems around event led regeneration are raised in the literature: the development of infrastructure that is too focussed on the Games time period alone and widespread or large scale displacement of local populations.

3.56 However, the use of vacant and derelict land and remediation of contaminated land provides a way of minimising the negative impact. Rather than forcing existing communities to relocate, using land that is in disuse can instead positively develop the local physical environment.

Contribution to Longer Term Economic Legacies

3.57 The physical environment of the East End of Glasgow has been transformed since 2008 and it is clear the Games have contributed to this transformation⁴⁵. The new venues and converted Athletes' Village are some of the more obvious Games related physical environment changes and were both built on previously vacant and derelict sites. Regeneration legacy interventions embedded in Clyde Gateway activity have also contributed markedly to changes in the East End's physical environment.

⁴⁵ It should be noted that while the Clyde Gateway regeneration area and the GoWell East study area overlap, they are not exactly coterminous (have the same boundaries), and some changes to the physical environment described in this section lie outside the GoWell East study area.

- 3.58 Key Clyde Gateway projects include the re-opening of the historic Olympia building at Bridgeton Cross; the completion of more than 40 office suites for small businesses at Rutherglen and Bridgeton; the delivery of Clyde Gateway East Business Park adjacent to Junction 2A of the M74; and the construction and opening of Eastgate, an office development which has become the headquarters for the 500 staff of Community Safety Glasgow.
- 3.59 A further eight projects are at advanced stages of delivery. These include a new Community Legacy Hub at Dalmarnock and a new urban woodland park at Cuningar Loop on the banks of the river Clyde directly opposite the Athletes' Village. Projects to attract new business include the Rutherglen Low Carbon Zone for business and industry; a new office development at Riverside East in Dalmarnock that will become home to up to 1,000 staff and the establishment of the National Business District at Shawfield on land that was heavily polluted and contaminated from previous industrial usages.
- 3.60 The Athletes' Village⁴⁶, situated in Dalmarnock, has completed the retrofit process following the Games, with a large proportion of the furniture and fittings from the Games being donated to local charitable causes in Glasgow. It now provides a new residential community with 300 private homes, 400 homes for social rent and a new 120-bed care home for the elderly on the 38.5 hectare site. The first residents have now moved in to the Village which was home to around 7,000 competitors and officials during the Games. Further phases of development at the Athletes' Village are planned which will create another 765 homes, shops and commercial property.
- 3.61 The M74 Completion evaluation referred to earlier in this Section found, "the opportunities offered by the new route will benefit the regeneration of the east and south Glasgow, particularly in 2014 for the 2014 Commonwealth Games where the route has played a role

⁴⁶ The Athletes' Village is Scotland's first large-scale carbon neutral housing development and has won numerous awards, including: Best Green Initiative (Homes for Scotland Awards, 2013); Best Regeneration Project (Herald Property Awards, 2013); City Regeneration Project of the Year (Scottish Property Awards 2014); Best Regeneration Project RICS (Scotland) Awards, 2014).

in delivering a key transport solution.”⁴⁷ The long term economic impact on the East End will be the subject of a future M74 evaluation reports.

- 3.62 The significant changes to the physical environment, involving extensive remediation to bring contaminated and vacant and derelict land back into use, is reflected in official statistics. Since 2008, there has been a 34% reduction in the amount of vacant and derelict land in the East End. This compares to a 12% reduction in vacant and derelict land across Glasgow over the same period. In total, 71 hectares of vacant and derelict land in the East End have been brought back into use since 2008.
- 3.63 Interventions to improve the greenspace in the East End have also progressed since 2008. Work is now well under way at Cuningar Loop with the main path network infrastructure taking shape, remediation work of the soil on site is complete and tree planting is now under way. The boardwalk, which will take visitors along each side of the Clyde, is also under construction.
- 3.64 Additional funding was secured via the Active Places Fund to develop a bespoke natural play space that will use natural materials and landscaping to form a play space for children. Funding has also been secured for installation of a bike skills and bouldering area on-site. Detailed planning is now under way for all the additional elements for the site.
- 3.65 Other environmental improvements progressed by Clyde Gateway – because of their prioritisation by the local community in consultation activity – include the Calton Burial Ground, Tullis Street Gardens and public realm improvements across the East End, in particular, at Bridgeton Cross.
- 3.66 These improvements in the physical environment in the East End have been noticed by the local community. Nearly three-in-five of

⁴⁷ <http://www.transportscotland.gov.uk/report/m74-completion-scheme-one-year-after-opening-evaluation-6724>

GoWell East⁴⁸ survey respondents (59%) said that their neighbourhood had got better as a place to live in over the past two to three years, more than the 50% who said so in 2012. This is higher than the national rate for identifying positive neighbourhood change for those living in deprived areas, currently at 24%. Seventy-three per cent of the survey respondents rated the quality of local greenspace as good in Wave 1 and this increased to 76% in Wave 2.

- 3.67 Neighbourhood satisfaction also increased among survey respondents between 2012 and 2014/15 (74% satisfied at Wave 1 to 78% at Wave 2). Feelings of neighbourhood safety were notably higher in the post Games sweep. Among the baseline survey respondents, 55% said they felt safe walking alone in the neighbourhood after dark – this increased to 64% of cohort members at Wave 2.
- 3.68 Respondents' ratings of the sports facilities in their area show positive signs of improvement. At Wave 1, 54% of the survey respondents said that the sports facilities in or near their local area were either 'very good' or 'fairly good'. By Wave 2, this proportion was 71%.
- 3.69 Perception of the attractiveness of local buildings, environment and greenspace were 1%, 2% and 3% higher respectively in the longitudinal survey respondents post-Games compared to 2012. Conversely, perception of vacant and derelict land as a problem in the area was 8% lower (56% in 2012 compared to 48% at Wave 2).
- 3.70 Although there is variation in the degree of change in these indicators, overall, this is indicative that the local residents perceive continued positive change in physical appearance and quality of their area in the Glasgow GoWell East End study area; and feel safer and generally more satisfied in their neighbourhood.

⁴⁸ GoWell East is a community longitudinal study of the East End area in Glasgow most affected by Games investment. Further details in the Post Games Report.

3.71 Nevertheless, it is clear too that local residents recognise there is still some way to go in the regeneration of the physical environment in the East End.

Summary

3.72 The evidence is clear that hosting major multi-sport events are not a panacea for long running social and economic challenges, and even beneficial short term economic impact is not guaranteed. However, the evidence to date is that the Games have contributed to longer term economic legacies for business, in the labour market, in tourism and events and for the physical environment in the East End of Glasgow.

4. ANNEX A – METHODOLOGY NOTE

- 4.1 The XX Commonwealth Games were successfully delivered through a strategic partnership between the Scottish Government, Glasgow City Council, Glasgow 2014 Ltd (the Organising Committee) and Commonwealth Games Scotland.
- 4.2 Two key programmes of activities enabled the preparation for and delivery of the XX Commonwealth Games:
- Games related capital spend programme, led by Glasgow City Council preparing the Games venues and Athletes' Village
 - The activities of the Games organising, the Organising Committee (OC), incorporated as Glasgow 2014 Ltd, and Police Scotland who were responsible for the Games' Safety and Security budget

Games Related Capital Programme

- 4.3 The Games related capital spend programme was led by Glasgow City Council and covered a number of capital investment streams. The investment in the Games venues and Athletes' Village was a major component, amounting to £530 million of investment over a six year period leading up to the Games. This includes capital works contributions from the OC towards Games Venues and Athletes' Village construction and refurbishment costs totalling to £70 million.
- 4.4 Table 4.1 provides a summary of the levels of investment in Games venues and the Athletes' Village development, along with construction start and competition dates and the location of the physical asset. In some cases this may not reflect to total levels of investment in a particular asset as there may be additional works post 2014 which are not modelled in this report.

Table 4.1. Games Venues and Athletes' Village Actual Spend, 2009 – 2016

Games Venues and Athletes' Village	Start Date	Completion Date	OC Contribution* (£000)	Total Cost (£000s)
Glasgow City				
Athletes' Village	Oct 2010	Sep 2016	9,100	223,081
Cathkin Braes Mountain Bike Trails	Apr 2012	Dec 2012	600	643
Emirates Arena including Sir Chris Hoy Velodrome	Jan 2010	May 2012	13,200	116,311
Glasgow National Hockey Centre	Jun 2012	Jun 2013	5,100	5,889
Hampden Park	Oct 2013	Nov 2014	24,200	27,696
Kelvingrove Lawn Bowls Centre	Nov 2010	Sep 2011	1,200	1,181
Scotstoun Sports Campus Precinct	Apr 2012	Dec 2012	2,500	2,517
SECC Precinct (Scottish Hydro Arena)	Feb 2011	May 2013	-	112,000
Tollcross International Swimming Centre	Jun 2011	Feb 2013	13,600	18,777
		Subtotal	69,500	508,095
Rest of Scotland				
Barry Buddon Shooting Centre	Feb 2014	Apr 2014	-	4,020
Royal Commonwealth Pool	Aug 2009	Feb 2012	-	37,100
Strathclyde Country Park	Oct 2013	Mar 2014	500	1,080
		Subtotal	500	42,200
TOTAL			70,000	550,295

Source: Glasgow City Council. Audit Scotland, Commonwealth Games – Third Report

Note: * OC contributions assumed to support spend over the period 2009-2014 only.

- 4.5 Using the information in Table 4.1, the number of months activity per year is calculated from 2009⁴⁹ through to 2016. Using this information, proportions of total activity per year are calculated and, therefore, estimated spend per year. Economic impact estimates (direct, indirect and induced effects) are calculated at the Scotland levels for the year 2009 to 2014, with allowances made for imports from outside Scotland (23%) and taxes on products (10%).
- 4.6 The economic impact estimates do not include some post Games spending on conversion at the Athletes' Village Development. Out of the total £550 million investment in Games venues and the Athletes' Village it is estimated that £530 million was spent between the years 2009 and 2014, inclusive.
- 4.7 To estimate the Glasgow level effect of the Games related capital spend programme on the Games venues and the Athlete's Village, the total Scotland levels effects are split into direct and indirect and induced effects. The direct effects are then allocated to the region where the asset is located, i.e. either Glasgow City or the rest of Scotland. The indirect and induced effects at the detailed industry level are distributed across Scottish local authorities using industry level employment weights across Scotland. For example, a local authority with a relatively large share of the sector's employment accrues a relatively large share of the indirect and induced impacts.
- 4.8 The same procedure is followed to estimate the impact of the OC capital contribution, except it is explicitly assumed that full contribution of £70 million is fully accounted for in the years 2009 to 2014.

Activities of Organising Committee (incl. Safety & Security budget)

- 4.9 The Games themselves were delivered by the Organising Committee – Glasgow 2014 Ltd – with a total budget of £454 million. A separate safety and security budget of £89.1 million was

⁴⁹ In the case of the Athletes' Village where some of the site acquisition and land remediation are incurred pre 2010/11, this are assumed to have been incurred in 2009/10.

managed by Police Scotland.⁵⁰ The total spend to deliver the Games, including safety and security, was £543 million.⁵¹

4.10 In practice, a significant proportion of the safety and security budget was operationalised by the OC, with the remaining managed directly by Police Scotland.⁵² Police Scotland was responsible for providing police support during the Games and for arranging and overseeing security arrangements at each Games venue. Almost three quarters (£66 million) was spent during 2014/15 with a further 22 per cent (£20 million) spent in 2013/14.

Expenditure Analysis

4.11 In order to model the overall economic impact of spending by Games organisers, financial information provided by the Organising Committee and the Safety and Security budget has been used to build up a detailed picture of the pattern of spend across sectors of the economy in Scotland, and spending outside Scotland.

4.12 Games organisers provided the Games Legacy Economic Evaluation (GLEE) group, under strict commercial confidentiality, detailed invoice information for the financial years 2013/14 and 2014/15. In addition, the Games organisers, Glasgow 2014, provided a table which reconciled OC expenditures with the Games lifetime budget. This provided information on both invoice expenditure for which full details were provided and other expenditure where invoice records were not readily available⁵³.

⁵⁰ This took the Glasgow 2014 Ltd safety and security budget of £27.7 million, along with £25.1 million from the Organising Committees contingency budget, and added £37.7 million of new Scottish Government funding.

⁵¹ This also includes the OC contribution of £70 million to the Games Venues and Athletes' Village construction and refurbishment capital costs.

⁵² Records show that around 70% of the total safety and security budget was operationalised by Glasgow 2014 Ltd.

⁵³ Detailed Glasgow 2014 Ltd financial information were computerised and, therefore, easily accessible for all activities after April 2013. For activities taking place prior to this date less granular information is available with expenditure activities by broad Division / Department of Function Area (FA). The reconciliation of expenditure patterns provided by Glasgow 2014 has been, in some instances, supplemented with detail available in published Statements and Accounts for Glasgow 2014 Ltd or provided by Police Scotland to Audit Scotland.

4.13 This has been completed in conjunction with official Glasgow 2014 Ltd Statements of Accounts and actual spend figures published by Audit Scotland to estimate that exact pattern of spend by Glasgow 2014 (including the Safety and Security budget) from the inception of the Organising Committee in 2007 up until its liquidation in early 2015. Overall, 94% of total Games actual spending has been identified through these sources.

Table 4.2. Games Organisers Spend Reconciliation Compared Against Audit Scotland Reported Actual Spend

Games Budget Areas	Identified Spend (£m)	Unidentified Spend (£m)	Actual Spend (£m)
Village and venues	145	3	148
<i>Of which: OC Capital Contributions</i>	67	3	70
Games services	68	0	68
Staff and volunteers	64	6	70
Broadcasting	28	3	31
Corporate services	25	10	35
Technology	33	6	39
Ceremonies	25	3	28
Communications & marketing	23	2	25
Sport	7	1	8
Safety and security	88	1	89
Other	3	(1)	2
Total	509	34	543

Source: Glasgow 2014 Ltd, Audit Scotland.

4.14 Table 4.2 provides a summary of the identified and unidentified Games spend by Games Budget Areas with a direct comparison to actual reported spend by Audit Scotland. Note that the variations in reported expenditure by Games organisers is primarily the result of the different treatment of the Safety and Security budget between

the Glasgow 2014 budget, the Glasgow 2014 published Accounts & Statements and the reconciliation provided by the OC⁵⁴.

4.15 Table 4.3 provides some more detail on source of the information which has been used to identify spend for each Games Budget Area. For expenditure from April 2013 onward, individual spend lines have been identified either through the detailed invoice record – which was provided by Games organisers by Functional Area (FA) on a quarterly basis – or the other spending lines by Games Budget Area provided by Glasgow 2014 Ltd is a bespoke reconciliation. For expenditures made prior to April 2013, Games organisers have identified most (but not all) spend by Games Budget Area.

⁵⁴ Note that the announcement to revisit the governance structures for the Safety & Security budget were only made in December 2012, after some initial planning has already been undertaken by Glasgow 2014 Ltd.

Table 4.3. Games Organisers Spend, Identified (by Type) and Unidentified Spend

Games Budget Areas	Identified Spend (£m)			Un-identified Spend (£m)	Actual Spend (£m)
	Financial Years (2013/14 – 2014/15)		Financial Years (2007/08 – 2012/13)		
	Invoiced Spend	Other Spend	Other Spend		
Village and venues	96.2	11.0	38.0	3	148
<i>Of which: Capital Contribution</i>	17.8	11.0	38.0	3	70
Games services	53.0	5.5	9.1	0	68
Staff and volunteers	3.5	39.4	21.0	6	70
Broadcasting	27.9	-	-	3	31
Corporate services	8.7	8.2	8.4	10	35
Technology	29.8	3.3	-	6	39
Ceremonies	22.1	2.6	-	3	28
Comms & marketing	11.4	7.5	4.5	2	25
Sport	7.3	-	-	1	8
Safety and security	55.2	33.1	-	1	89
Other	0.4	2.1	-	(1)	2
Total	315.5	112.7	81.0	34	543

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts.

4.16 In order to model the impact of the spending, we make the assumption that the unidentified spend in each Games Budget Area were deployed in patterns similar to that described by the identified spend. This assumption is justified on the observation that:

- Objectives and activities of Games organisers remained largely focused on the same objective of delivering safe, secure and successful XX Commonwealth Games
- Unidentified spend only makes up a small proportion (6%) of the total Games budget and, therefore, assumptions concerning its distribution would have only marginal effects – even in the extreme

4.17 The remaining unidentified expenditure is then distributed across Game Budget Areas such that total spend for each Games Budget Area equals the actual outturn spend reported by Audit Scotland.

4.18 The increment allocated to invoiced and other spend prior to April 2013 is set to reflect the split between invoiced and other spend from April 2013 onwards. Results can be seen in Table 4.4.

4.19 The next step in the Glasgow 2014 Ltd (including Safety & Security) budget analysis is to present spend across individual financial years – 2007/08 through to 2014/15. To achieve this:

- Invoiced spend for 2013/14 and 2014/15 was provided by Glasgow 2014 Ltd on a quarterly basis, this was straightforward to distribute across quarters
- Other spend for 2013/14 and 2014/15 was distributed across financial years in proportion with the distribution of invoiced expenditure for the same Games Budget Area⁵⁵
- Invoiced and Other spend for 2007/08 through to 2012/13 was distributed in proportion to the distribution of expenditures as reported in the Glasgow 2014 Ltd Statements and Accounts for 2007/08 through to 2012/13

⁵⁵ A slightly different treatment was used for the Safety and Security Other expenditure line where is reported that Police Scotland that £66 million of the £89 million Safety & Security budget was spent during 2014/15.

Table 4.4. Games Organisers Reconciliation – Identified Spend

Games Budget Areas	Identified Spend (£m)				Actual Spend (£m)
	Financial Years		Financial Years		
	2013/14 – 2014/15		2007/08 – 2012/13		
	Invoiced	Other	Invoiced	Other	
Village and venues	96.2	11.0	1.9	39.0	148
<i>Of which: Capital Contribution</i>	17.8	11.0	1.9	39.0	70
Games services	53.0	5.5	0.4	9.2	68
Staff and volunteers	3.5	39.4	0.3	26.8	70
Broadcasting	27.9	-	3.1	0.0	31
Corporate services	8.7	8.2	3.3	14.8	35
Technology	29.8	3.3	5.3	0.6	39
Ceremonies	22.1	2.6	3.0	0.3	28
Communications & marketing	11.4	7.5	0.8	5.3	25
Sport	7.3	-	0.7	0.0	8
Safety and security	55.2	33.1	0.4	0.2	89
Other	0.4	2.1	-0.1	-0.4	2
Total	315.5	112.7	19.1	95.7	543

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

4.20 The results from this exercise are presented in Table 4.5, and then on a calendar years basis in Table 4.6⁵⁶. Note in this second step that:

- Since detailed financial data provided by Glasgow 2014 shows no invoice payments made after Q3 2014/15, it is assumed that there is no Games expenditure in 2015 at all

⁵⁶ Note that a) since detailed financial data provided by Glasgow 2014 shows no invoice payments made after Q3 2014/15, it is assumed that there is no Games expenditure in 2015 at all, and b) in 2007, there is expenditure recorded for only the latter three quarters of the year.

- In 2007, there is expenditure recorded for only the latter three quarters of the year

Table 4.5. Games Organisers Reconciliation – Spend by Financial Year, £million, 2007/08 – 2014/15

Games Budget Areas	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Actual Spend (£m)
Village and venues	1.0	2.4	2.9	5.9	10.0	18.7	65.0	42.2	148
<i>Of which: Capital Contribution</i>	1.0	2.4	2.9	5.9	10.0	18.7	25.3	3.5	70
Games services	0.2	0.6	0.7	1.4	2.3	4.3	12.7	45.8	68
Staff and volunteers	0.7	1.6	1.9	3.9	6.6	12.4	36.2	6.6	70
Broadcasting	0.1	0.2	0.2	0.4	0.8	1.4	27.9	0.0	31
Corporate services	0.4	1.1	1.3	2.6	4.4	8.3	8.3	8.7	35
Technology	0.1	0.3	0.4	0.8	1.4	2.7	14.9	18.3	39
Ceremonies	0.1	0.2	0.2	0.5	0.8	1.5	16.1	8.6	28
Comms & marketing	0.1	0.4	0.4	0.9	1.5	2.8	8.5	10.4	25
Sport	0.0	0.0	0.1	0.1	0.2	0.3	3.2	4.1	8
Safety and security	0.0	0.0	0.0	0.1	0.2	0.3	22.3	66.0	89
Other	0.0	0.0	0.0	-0.1	-0.1	-0.2	1.4	1.1	2
Total	2.8	6.8	8.2	16.5	28.0	52.4	216.4	211.9	543

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

Table 4.6. Games Organisers Reconciliation – Spend by Calendar Year, £million, 2007 – 2014

Games Budget Areas	2007	2008	2009	2010	2011	2012	2013	2014	Actual Spend (£m)
Village and venues	0.7	2.1	2.8	5.1	9.0	16.5	30.6	81.2	148
<i>Of which: Capital Contribution</i>	<i>0.7</i>	<i>2.1</i>	<i>2.8</i>	<i>5.1</i>	<i>9.0</i>	<i>16.5</i>	<i>13.2</i>	<i>20.2</i>	70
Games services	0.2	0.5	0.6	1.2	2.1	3.8	5.0	54.6	68
Staff and volunteers	0.5	1.4	1.8	3.4	5.9	10.9	30.9	15.1	70
Broadcasting	0.1	0.2	0.2	0.4	0.7	1.3	28.2	0.0	31
Corporate services	0.3	0.9	1.2	2.3	4.0	7.3	8.8	10.2	35
Technology	0.1	0.3	0.4	0.7	1.3	2.4	13.1	20.7	39
Ceremonies	0.1	0.2	0.2	0.4	0.7	1.3	15.8	9.3	28
Comms & marketing	0.1	0.3	0.4	0.8	1.3	2.4	7.5	12.1	25
Sport	0.0	0.0	0.1	0.1	0.2	0.3	2.8	4.5	8
Safety and security	0.0	0.0	0.0	0.1	0.1	0.3	9.0	79.4	89
Other	0.0	0.0	0.0	-0.1	-0.1	-0.2	1.0	1.4	2
Total	2.1	5.8	7.8	14.4	25.2	46.3	152.8	288.5	543

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

4.21 As a check of the approach undertaken, it is useful to triangulate the distribution of spend across financial years (as modelled) against the distribution implied by Glasgow 2014 Ltd Statements & Accounts for 2007/08 through to 2013/14, adjusted for Police

Security costs not part of Glasgow 2014 Ltd accounts⁵⁷. As can be seen in Table 4.7, divergences are not significant.

Table 4.7. Games Organisers – Distribution of Expenditures – Comparison with Accounts, 2007/08 – 2014/15

Games Budget Areas (including Safety and Security budget)	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	Total
Statements & Accounts	0%	1%	1%	2%	4%	7%	84%	100%
Games Budget Model	1%	1%	2%	3%	5%	10%	79%	100%

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

Procurement Spend Vector

4.22 The next stage of the analysis is to construct a bespoke spend vector which captures that pattern of spend by Glasgow 2014 Ltd over the years of its operation to the delivery and hosting of the Games. The pattern reflects the spending by industry type using the Scotland Input-Output industrial classification (IOC) which is based on the Standard Industrial Classification System (2007)⁵⁸. This is achieved in two distinct steps:

- First, the detailed invoice record by Functional Area (FA) for 2013/14 and 2014/15 provided by Glasgow 2014 Ltd is used to extract procurement and other spend by Games Budget Area⁵⁹
- Second, the OC's capital works contribution (both through procurement and other spend) is removed from the analysis, as the capital expenditure is already included in the Games related capital spend programme estimates. This brings total

⁵⁷ Note that at the end of 2014, Glasgow 2014 Ltd issued liquidation accounts which covered the period from April 2013 through to September 2014 and therefore does not include data for Q4 2014 as is reported by Glasgow 2014 Ltd and modelled here.

⁵⁸ <http://www.ons.gov.uk/ons/guide-method/classifications/current-standard-classifications/standard-industrial-classification/index.html>

⁵⁹ Note the aggregate distribution of procurement and other spend across financial and calendar years follow the exact same procedure as described in the production of Table 4.5 and Table 4.6.

expenditure by the Glasgow 2014 Ltd (including the Safety & Security budget) to be modelled down by £70 million, from £543 million to £473 million.

4.23 Results are presented in Table 4.8 and Table 4.9. It is worth noting that the sum of procurement and other spend equals actual spend for each Games Budget Area – see Table 4.10.

Table 4.8. Games Organisers Reconciliation (excl. capital contribution) – Procurement Spend by Calendar Year, £million, 2007 - 2014

Games Budget Areas	2007	2008	2009	2010	2011	2012	2013	2014	Procurement Spend (£m)
Village and venues (excl. OC Contribution)	0.0	0.0	0.0	0.0	0.0	0.0	19.6	58.7	78
Games services	0.0	0.0	0.0	0.0	0.1	0.1	3.1	50.0	53
Staff and volunteers	0.0	0.0	0.0	0.0	0.1	0.1	2.8	0.7	4
Broadcasting	0.1	0.2	0.2	0.4	0.7	1.3	28.2	0.0	31
Corporate services	0.1	0.2	0.2	0.4	0.7	1.3	4.1	5.0	12
Technology	0.1	0.3	0.4	0.7	1.2	2.1	11.9	18.5	35
Ceremonies	0.1	0.1	0.2	0.4	0.6	1.2	14.5	8.0	25
Comms & marketing	0.0	0.0	0.1	0.1	0.2	0.3	4.4	7.1	12
Sport	0.0	0.0	0.1	0.1	0.2	0.3	2.8	4.5	8
Safety and security	0.0	0.0	0.0	0.1	0.1	0.2	8.3	46.9	56
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0
Total	0.3	0.9	1.2	2.2	3.8	6.9	100.0	199.7	315

Source: Glasgow 2014, Statements & Accounts, Scottish Government calculations.

Table 4.9. Games Organisers Reconciliation (excluding capital contribution) – Other Spend by Calendar Year, £million, 2007 – 2014

Games Budget Areas	2007	2008	2009	2010	2011	2012	2013	2014	Other Spend (£m)
Village and venues (excl. OC Contribution)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Games services	0.2	0.5	0.6	1.2	2.0	3.7	1.9	4.6	15
Staff and volunteers	0.5	1.4	1.8	3.4	5.9	10.8	28.0	14.4	66
Broadcasting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Corporate services	0.3	0.7	1.0	1.9	3.2	6.0	4.7	5.2	23
Technology	0.0	0.0	0.0	0.1	0.1	0.2	1.2	2.2	4
Ceremonies	0.0	0.0	0.0	0.0	0.1	0.1	1.3	1.3	3
Comms & marketing	0.1	0.3	0.4	0.7	1.2	2.1	3.1	5.0	13
Sport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Safety and security	0.0	0.0	0.0	0.0	0.1	0.1	0.7	32.4	33
Other	0.0	0.0	0.0	-0.1	-0.1	-0.2	0.8	1.2	2
Total	1.0	2.9	3.9	7.1	12.4	22.9	41.8	66.4	158

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

Table 4.10. Games Organisers Reconciliation (excluding OC’s capital works contribution)– Total Procurement and Other Spend, £million, All Years (2007 – 2014)

Games Budget Areas	Procurement Spend (£m)	Other Spend (£m)	Actual Spend (£m)
Village and venues (excl. Capital Contribution)	78	0	78
Games services	53	15	68
Staff and volunteers	4	66	70
Broadcasting	31	0	31
Corporate services	12	23	35
Technology	35	4	39
Ceremonies	25	3	28
Communications & marketing	12	13	25
Sport	8	0	8
Safety and security	56	33	89
Other	0	2	2
Total	315	158	473

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

Other Spend Components

4.24 To run the economic impact model, a bespoke spending vector is required which allocates all spending by calendar year, Scotland Input-Output industrial classification (IOC) and region – Glasgow, Clyde Valley, rest of Scotland, and outside Scotland (rest of UK and rest of world) – where the spending took place.

4.25 For the procurement data (adjusted for the OC contribution to the Games related capital spend programme) this is achieved by matching the OC invoice record with the Interdepartmental Business Register (IDBR) in order to associate SIC codes and regions of the local operating units of each Glasgow 2014 Ltd supplier. This produces a bespoke procurement spend vector for Glasgow 2014 Ltd which assigns direct expenditure by IOC and region across

calendar years which can be scaled to the total procurement spend as set out in Table 4.8.

4.26 However, for the other spend lines, assumptions need to be made as to the sector and region of the direct expenditure. The Games Budget Areas where there is other expenditure are:

- Staff and volunteers
- Corporate services
- Communications & marketing
- Technology
- Other
- Games services
- Ceremonies
- Safety and security

4.27 It is assumed that in the majority these are essentially expenditures by Glasgow 2014 Ltd on itself. This is dominated by the figure of £66 million spend on workforce costs, followed by £23 million, £15 million, and £13 million spent on Corporate services, Games services, and Communications & marketing respectively.

4.28 The activities that these other expenditures represent are assumed to broadly reflect those of the public sector and are therefore, assumed to follow the pattern of 'Public Administration' direct expenditure in the Scotland Input-Output classification system within the Glasgow City region – both where the offices of Glasgow 2014 Ltd and the event being organised is based.

4.29 For the Safety and Security budget, since the 'Public Administration' Input-Output classification system includes police and emergency services, this is where this is assigned. For this other expenditure line it is assumed that the direct expenditures are made across Glasgow 2014 host local authorities in proportion with the number of events (capacity times the number of sessions) held in each host local authority. Given this assumption, 98% of Safety and security other expenditure is directly deployed in Glasgow with 1% each in the Clyde Valley and the rest of Scotland.

Table 4.11. Game Organisers (excluding OC Capital Contributions and including Safety & Security Budget) Expenditure by Location (Glasgow, Clyde Valley and Rest of Scotland) by Calendar Year, £million, All Years (2007 – 2014)

Game Organisers Expenditure (Excluding Capital Contributions and Including Safety & Security Budget)	2007	2008	2009	2010	2011	2012	2013	2014	Actual Spend (£m)
Games Procurement (excl. Capital Contribution)	0.3	0.9	1.2	2.2	3.8	6.9	100.0	199.7	315
Bespoke Vector (Regionalised)									
Glasgow 2014 Other Spend Public Admin (Glasgow)	1.0	2.9	3.9	7.1	12.4	22.8	41.1	34.0	125
Police Scotland Spend (Safety & Security) Public Admin (Regionalised)	0.0	0.0	0.0	0.0	0.1	0.1	0.7	32.4	33
<i>Glasgow</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.7</i>	<i>31.9</i>	33
<i>Clyde Valley</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.3</i>	0
<i>Rest of Scotland</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.2</i>	0
Total	1.3	3.7	5.0	9.3	16.2	29.8	141.8	266.1	473

Source: Glasgow 2014, Glasgow 2014 Statements & Accounts, Scottish Government calculations.

Additional Activities

Sponsorship Activities

4.30 We also consider other economic activity which resulted directly from the activities Glasgow 2014 Ltd, including sponsorship and merchandising.

4.31 Sponsorship was a major source of commercial revenue for Glasgow 2014 Ltd, earning the organisation £43.4 million. This commercial revenue solely represents the income earned for providing the right for sponsors to associate their brand with that of the Glasgow 2014 XX Commonwealth Games. It does not include any expenditure undertaken by sponsors to 'activate' their official sponsorship status. It is reasonable to assume a proportion (50%) of sponsor fees would have been spent globally to activate official sponsorship status. Glasgow 2014 Ltd (with their knowledge of the activation activity of sponsors) have indicated that this is a conservative assumption. It is then assumed that 20% of this is spent in Scotland in the advertising and marketing sector. Again, this conservative assumption is made on the basis that the Glasgow 2014 official sponsors are likely to have pre-existing commercial relationship with marketing and advertising supplies which given the profile of the sponsors are likely to be global in nature.

4.32 Table 4.12 sets out central impact estimates at Glasgow and Scotland from the activities of Games sponsors activating their Glasgow 2014 sponsorship.

Merchandising Activities

4.33 Glasgow 2014 Ltd earned £1.8 million in merchandising licencing fees from the sale of Glasgow 2014 branded goods.

4.34 However, the total expenditure associated with the sales of official merchandising is substantially larger as the licencing income received by Games organisers only represents a small proportion of total official merchandising sales.

4.35 It is, therefore, not felt necessary to include an additional treatment as the total merchandise sales will largely be captured by the Games Visitor Impact Study. Furthermore, as there may be sales of Games branded merchandise purchased by individuals not visiting the Games (see Games Visitor Study) it is not felt that there is significant risk of double counting by not discounting Glasgow 2014 Ltd merchandising licencing revenues.

Table 4.12. Games Sponsors Sponsorship Activation – Estimated Gross Output, GVA and Employment Supported, £000s and FTE Jobs, 2014

	Spending (Output) (£000s)	GVA (£000s)	Employment (FTE)
Glasgow City			
Direct	2,295	1,586	31
Indirect	184	103	3
Induced	207	112	2
Total	2,686	1,801	36
Clyde Valley			
Direct	339	234	5
Indirect	155	82	2
Induced	223	122	2
Total	717	438	9
Rest of Scotland			
Direct	1,227	848	17
Indirect	656	355	9
Induced	858	449	8
Total	2,741	1,653	34
All Scotland			
Direct	3,861	2,668	52
Indirect	996	541	14
Induced	1,288	683	12
Total	6,144	3,892	78
Taxes on products			
Direct	499		
Total Spending	4,360		

Source: Data and intelligence from Glasgow 2014. Scottish Government Input-Output Model 2011 v4.06.

Note: Due to rounding some figures may not sum to totals.



Social Science in Government