

Working Paper 47

Spending time 2011 update

By **Margarethe Theseira** and **Ben White**



copyright

**Greater London Authority
April 2011**

Published by

Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

www.london.gov.uk

enquiries **020 7983 4000**

minicom **020 7983 4458**

ISBN: **978-1-84781-433-3**

Cover photograph

© Getty Images

For more information about this publication, please contact:

GLA Economics

telephone 020 7983 4922

email glaeconomics@london.gov.uk

GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics form a basis for the policy and investment decisions facing the Mayor of London and the GLA group.

GLA Economics uses a wide range of information and data sourced from third party suppliers within its analysis and reports. GLA Economics cannot be held responsible for the accuracy or timeliness of this information and data.

The GLA will not be liable for any losses suffered or liabilities incurred by a party as a result of that party relying in any way on the information contained in this report.

Contents

Executive summary	2
1. Introduction.....	5
2. Demographics.....	7
3. Income and expenditure	8
4. Tourism.....	14
5. Employment	19
6. Working in the leisure industry	27
7. Value of London's leisure industry.....	30
Appendix A. London's demographics.....	33
Appendix B. Local Area Tourism Impact model borough level spend estimates 2007 (£ millions)	38

Executive summary

What we do with our spare time is an important aspect of our quality of life and of the offer that London makes to its residents, visitors and businesses. The leisure industry is an important part of London's status as a major centre for culture. The focus of this report is on how people spend their money on various leisure activities and the consequences this has in terms of employment within London's leisure sector.

Average London household expenditure on leisure is £46.80 per week compared to a UK average of £39.10 – this is 16.5 per cent higher. London households spend more than the average for the UK in nearly all leisure categories defined in this paper as watching and playing sports; visiting the cinema, theatre and museums; eating at restaurants and cafes and purchasing take away meals; and drinking alcohol away from the home. The only category Londoners spend less is for gambling payments.

Londoners have higher average wages than in the rest of the country with full time London resident workers having a 25.2 per cent pay premium. However London has a high cost base so it may be expected that enjoying food and drinks and trips to the cinema will be pricier in the capital than elsewhere in the country. Leisure spend is discretionary and so it is important to take into account the higher costs of living in the city when considering leisure preferences. By controlling for expenditure relative to income we show that London households do not spend proportionally more in total on leisure activities compared to households in the rest of the country. However they do have a different profile for leisure activities with a stronger preference for take aways and snack food, playing and watching sports, visiting cinemas, theatres and museums and going to restaurants and cafes. They spend a relatively lower proportion on gambling payments, alcoholic drinks away from the home and take away meals eaten at home.

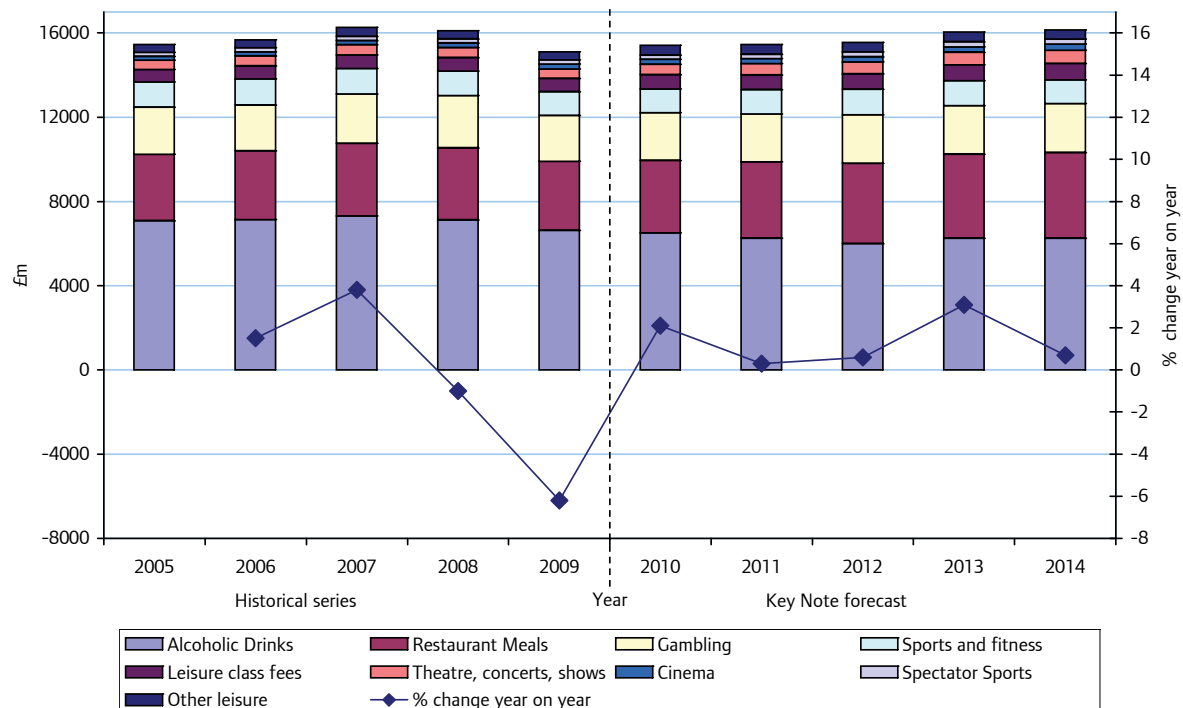
London attracts many tourists both domestic and from overseas. The large spend by tourists helps to provide an environment that encourages a diverse range of leisure opportunities in the city. During 2009 overseas tourists spent £8.3 billion in London. Spend by overseas tourists has increased by 5.3 per cent per annum between 2002 and 2009. Day visitors to the City spent an additional £12 billion and domestic visitors spent £2 billion. The number of domestic overnight tourists to London was relatively stable between 2006 and 2009.

There has been high job growth in the leisure industry and it remains an important contributor to the London economy and an area that offers valuable employment opportunities for younger workers. In 2008 the leisure industry employed 306,000 people around 7.3 per cent of the London employee workforce. The London leisure industry has experienced a phenomenal growth in the ten years between 1998 and 2008 providing an additional 64,000 jobs and creating more than one in every seven of the net new jobs during that period. The leisure industry is a key employer of young people with 26.8 per cent of its workers being aged 16 to 21 years whereas this drops to 6.3 per cent in non-leisure industries.

The recent recession has had a significant impact on spending on leisure activities with a reduction in customer spending on leisure by 1 per cent between 2007 and 2008 and a large reduction of 6.2 per cent from 2008 to 2009. The amount spent by customers in the leisure industry within the UK was worth £60.4 billion in 2009 with London's estimated share of this being £15.1 billion.

Key Note predict that due to the recession and market saturation lower growth can be expected in the leisure sector with forecast growth of 4.7 per cent between 2010 and 2014. The growth by sub sector is forecast as follows: cinema (26.3 per cent), theatre, concerts and shows (25 per cent), spectator sport (22.6 per cent), restaurant meals (17.7 per cent), leisure class fees (14.8 per cent), and gambling (3.3 per cent). A decline is expected in other leisure (-6.7 per cent), alcoholic drinks (-3.8 per cent) and sports and fitness (-0.5 per cent).

Consumer expenditure on leisure activities in London (historic series 2005 to 2009 and forecasts from 2010 to 2014)



Source: Key Note Market Review 2010 *Leisure outside the home*, November 2010 adjusted for London by GLA Economics

Factors that may increase growth in the leisure industry in London include:

- Increase in resident population (particularly within the age group 25-44 years)
- Greater participation in sport and sports viewing (the Olympic Games influence)
- Greater numbers and amount spent by overseas tourists in the City.

Factors that may moderate growth in the leisure industry in London include:

- Wage growth is likely to be slow in the short term which may encourage people to make greater use of their in-house entertainment options.
- A reduction in disposable income related to inflation levels and increased taxation.
- Increasing use of internet for entertainment, watching TV and cheaper access to films and music may discourage people from leaving their homes to seek leisure options.
- Fewer overseas tourists or less spent per visitor.

The growth of the leisure industry brings about increases in employment and incomes and has many wider social benefits. However there are also downsides. Some activities such as drinking can give rise to problems of noise and pollution and can lead to health consequences. Gambling can turn into an addiction. Therefore, the leisure industry is subject to legislation and regulation to try and minimise the negative effects of the industry.

There are two proposals from government that may impact on the drinking section of the leisure industry. The first is the government's plan to ban retailers selling alcohol at below the price of duty + VAT. The second is to overhaul the 2003 Licensing Act. Both of these reforms will have costs implications for businesses within the alcohol trade.

1. Introduction

According to the National Time Use Survey people spend most of their time asleep, followed by working or studying and then watching the television/dvd and listening to radio/music. Table 1.1 shows that these activities took up more than half of an average person's day (13 hours and 38 minutes out of the 24 hours available). However for most people it is how they choose to spend their leisure time that is most memorable. The average man had 5.25 hours of leisure time per day and the average women had 4.53 hours of leisure time per day. How people choose to spend their leisure time has consequences for the London economy.

Table 1.1: Results of the Time Use Survey 2005 by gender

	Hours and minutes per day	
	Males	Females
Sleep	8.04	8.18
Resting	0.43	0.48
Personal care	0.40	0.48
Eating and drinking	1.25	1.19
Leisure		
Watching TV/DVD and listen to radio/music	2.50	2.25
Social life and entertainment/culture	1.22	1.32
Hobbies and games	0.37	0.23
Sport	0.13	0.07
Reading	0.23	0.26
All leisure	5.25	4.53
Employment and study	3.45	2.26
Housework	1.41	3.00
Childcare	0.15	0.32
Voluntary work and meetings	0.15	0.20
Travel	1.32	1.22
Other	0.13	0.15

Notes

People aged 16 and over.

Source: 2005 Time Use Survey, Office for National Statistics

What we do with our spare time is an important aspect of our quality of life and of the offer that London makes to its residents, visitors and businesses. The leisure industry is an important part of London's status as a major centre for culture. London has 22 national museums, 55 major theatres and 92 public art galleries. In comparison New York has 16 national museums and 39 major theatres whilst Paris has 19 national museums and 59 public art galleries. Leisure activities are also closely related to cultural activities, where there is also a Mayoral strategy.¹ According to Transport for London, in 2008/09, 27.5 per cent of trips by London residents were for leisure purposes.²

¹ For further details see <http://www.london.gov.uk/who-runs-london/mayor/publications/culture/draft-cultural-strategy>

² Table 3.5, Travel in London Report 2, Transport for London, 2010

The focus of this report is on how people spend their money on various leisure activities and the consequences this has in terms of employment within London's leisure sector. The findings of this report updates and extends GLA Economics' previous research into this area that highlighted the importance of the leisure industry to London.³

It considers the factors that influence overall trends in the take up of leisure activities – demonstrating that London is fundamentally different to that of the rest of the UK in terms of its demography, patterns of income and expenditure and employment structure within the leisure sector. The impacts of tourism on the leisure industry are also considered. The report highlights changes in the industry over the past ten years showing that there has been high job growth and that it remains an important contributor to the London economy and an area that offers valuable employment opportunities for younger workers.

For the purpose of this report, we adhere to our previous definition of the leisure industry looking at restaurants, bars, sports stadiums and sports activities, gambling and betting, and museums and visitor attractions in terms of employment. We do not include shopping although this is also seen as a leisure activity. Retail is complex involving both the purchase of goods and experiences. While some aspects may be viewed as leisure activities such as buying gifts or the latest fashion, others may be chores such as the weekly grocery shop. Retail and leisure are often interdependent. People may shop and then go to a café or visit a cinema. The scale and breadth of retailing in London is so large that GLA Economics produced a series of retail studies covering various aspects of this sector.⁴

We examine people's spending on leisure activities and break this down by age and income levels. Some leisure activities take place in the home such as watching the television. Some leisure activities are genuine public goods, such as a stroll along London's South Bank or a run in the park. In this report, leisure is more narrowly defined as activities that happen outside the home, where people spend time and money going out and about in London.

The growth of the leisure industry brings about increases in employment and incomes and has many wider social benefits. However there are also downsides. Some activities such as drinking can give rise to problems of noise and pollution and can lead to health consequences. Gambling can turn into an addiction. Therefore, the leisure industry is subject to legislation and regulation to try and minimise the negative effects of the industry.

There are two proposals from government that may impact on the drinking section of the leisure industry. The first is the government's plan to ban retailers selling alcohol at below the price of duty + VAT. The second is to overhaul the 2003 Licensing Act. Both of these reforms will have costs implications for businesses within the alcohol trade.

³ <http://www.london.gov.uk/spending-time-londons-leisure-economy>

⁴ These reports can be found online at

http://legacy.london.gov.uk/mayor/economic_unit/workstreams/retail.jsp

2. Demographics

London's population characteristics and projected growth are key drivers of the leisure economy. London is the 23rd largest city in the world⁵ and home to over ten per cent of Great Britain's population with 7.6 million people living within its boundaries. The density of population means that London is able to offer a huge variety of leisure activities for people to enjoy.

The age structure of London's population affects income and expenditure, time available to participate in leisure and preferences for which activities are undertaken. Also some age groups are legally barred from engaging in certain activities such as drinking or gambling.

When compared to the country as a whole, London's population is skewed towards younger age groups with a higher proportion of children in the 0-4 years group and a substantially higher proportion of people in the 25-34 year group. London has a lower proportion of people aged over 55 than the rest of Great Britain.

London's population is projected to grow at a faster rate than for the rest of the country with an additional 1.2 million people expected to be residing within the city by 2031. London also has a higher proportion of households with dependent children than in the rest of the country. For a more detailed description of London's demographics please refer to Appendix A.

⁵ <http://www.citymayors.com/statistics/largest-cities-mayors-1.html>

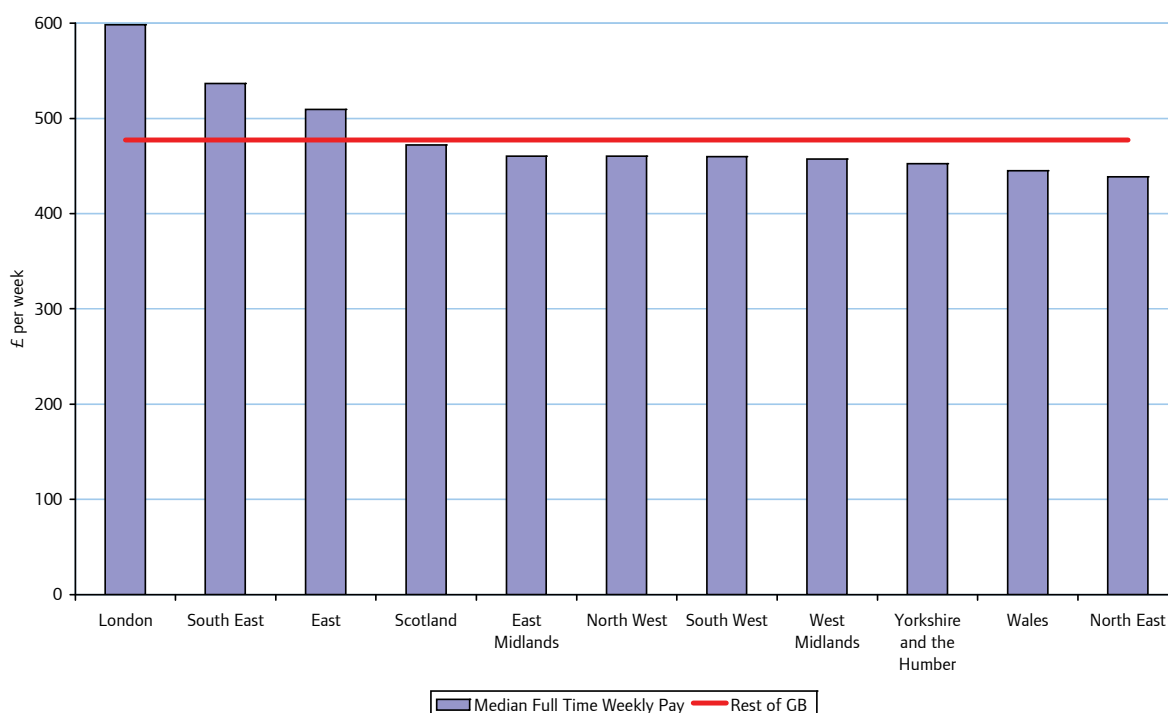
3. Income and expenditure

Leisure expenditure is likely to increase as a proportion of total expenditure as incomes rise – in economic terms it is a luxury good – so people's wages are likely to be very significant for the leisure industry. In this section the effect that income and expenditure have on the leisure industry are considered.

Figure 3.1 shows the median⁶ gross weekly pay of full time workers by Government Office regions with the red line representing the rest of Great Britain. Median gross weekly pay of London residents is £599 compared to an average of £477 in the rest of GB and £439 in the lowest paid region (the North East). Since the pay series began in 2002, the London pay premium has been consistent with the medium gross weekly pay of full time workers being 25.2 per cent higher than the median pay for the rest of Great Britain.

These data refer to people who are employed so do not capture individuals who are self employed. The data is presented on a residency basis meaning that the population being considered are those people who live in London rather than those who work in the City. Including commuters who work in London but live elsewhere captures higher paid earners and raises the median gross weekly pay to £627. It is likely that many commuters make use of London's leisure opportunities after work which is a positive boost to the London leisure industry.

Figure 3.1: Median gross weekly pay of full time workers



Annual Survey of Hours and Earnings ONS (2009)

⁶ Median gross weekly pay of full time workers is the amount the middle worker is paid when ranked in order of pay while gross refers to the pay before income tax and national insurance. The median salary is used because if the mean salary were used then a few high earners could skew the results.

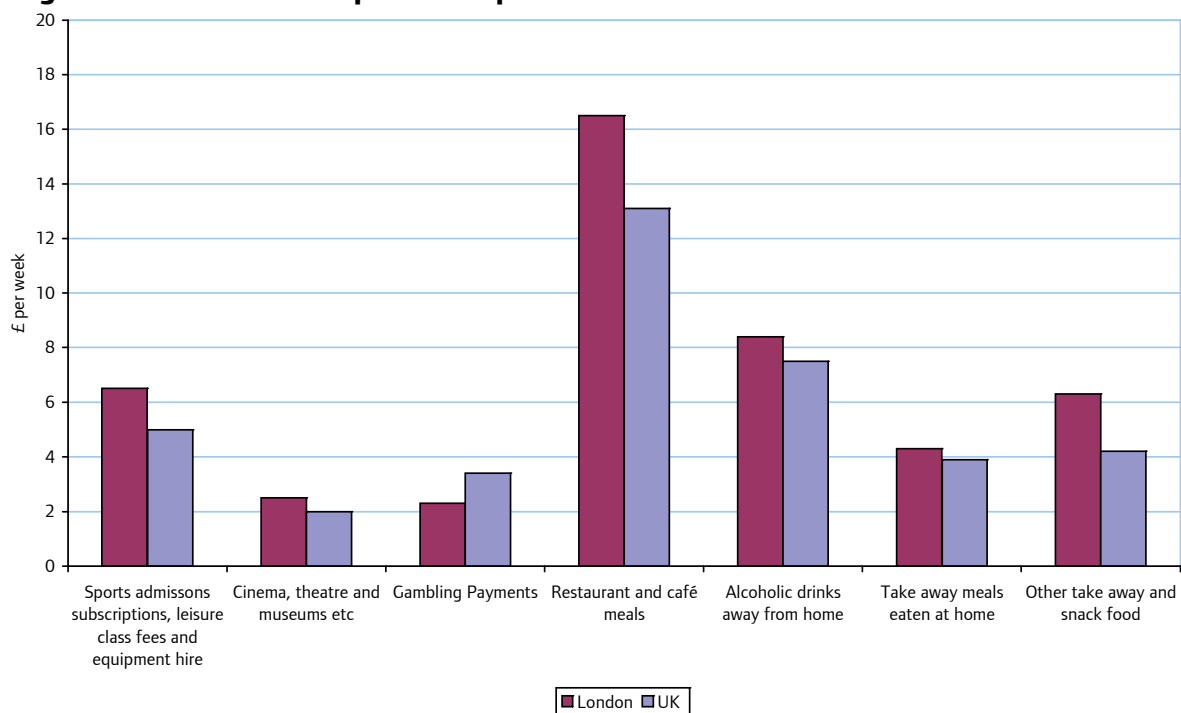
Figure 3.2 shows expenditure per week in pounds by household for London and the UK. The data comes from the Living Costs and Food Survey (LCFS) where sample households report spending in various categories during a two week period. The latest such survey was conducted in 2009.⁷

There is no formal definition of the leisure industry and the definition used in this paper depends on data availability. For analysing expenditure seven categories have been selected from the 2009 edition of the Living Costs and Food Survey.

Average London household expenditure on leisure is £46.80 compared to a UK average of £39.10 – this is 16.5 per cent higher. Figure 3.2 shows that in all categories except gambling payments, Londoners spend more than the average for the UK.

The level of spending across categories varies with the largest amount spent on restaurant and café meals. The average London household spends £16.50 per week on restaurant and café meals – 3 per cent of total household expenditure.

Figure 3.2: Household expenditure per week



Source: *Family Spending A Report on the 2009 Living Costs and Food Survey (2009)*

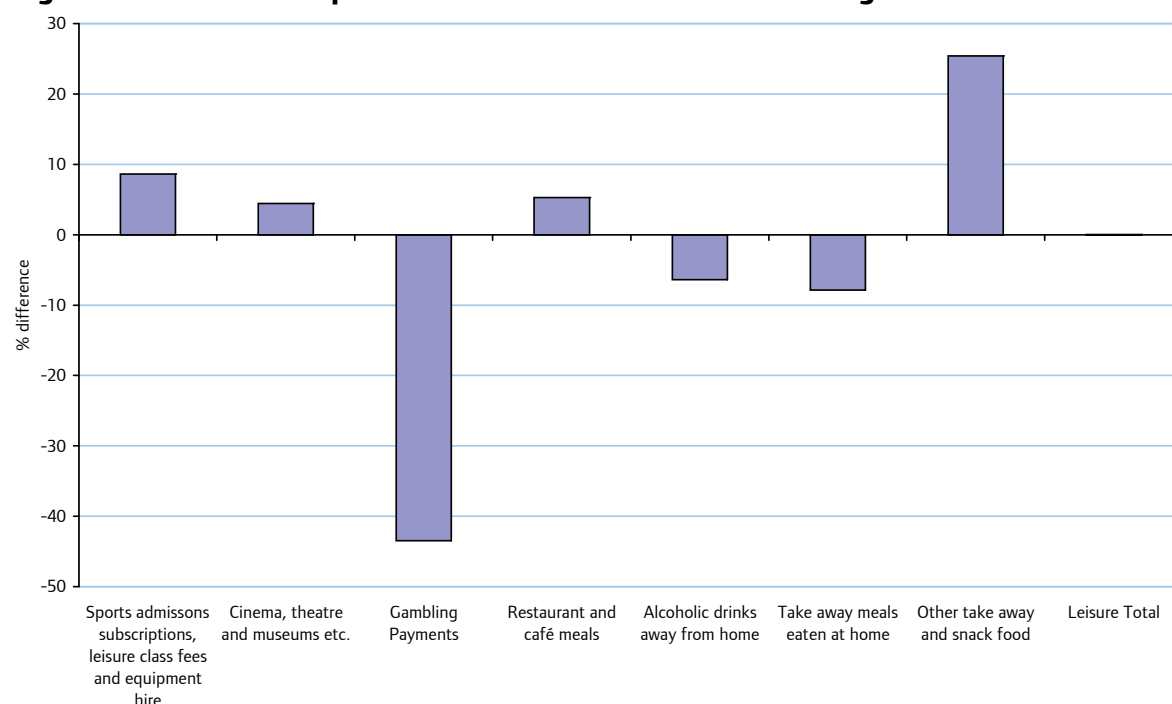
On average, London households earn more than households in the rest of the country and spend more as an absolute amount on leisure activities than the rest of the country. However London has a high costs base particularly when it comes to housing. The average London

⁷ Section 3: income and expenditure draws heavily on data from the Living Costs and Food Survey (LCFS). “The LCFS is designed primarily as a survey of household expenditure on goods and services. Respondents, including children keep a detailed diary of expenditure for two weeks.” It surveys 6,000 household across the UK. The category ‘gambling payments’ is not a good or service but contains many financial transactions which take the form of bets and winnings. It is therefore advisable not to focus on absolute levels of gambling payments but simply to use it for comparison between regions.

household spends 22.1 per cent of their total expenditure on housing compared with just 17.6 per cent for the UK as a whole. The average price paid for a terraced house in London in Quarter 4 2010 was £281,935 compared with £133,281 in the UK,⁸ which equates to a 115 per cent London premium. The housing constraint faced by London means they have less discretionary expenditure than total expenditure figures would suggest.

Figure 3.3 explores the preferences of London households compared to the rest of the country taking into account differences in total expenditure. If London households had the same preferences as the rest of the UK but were simply wealthier, then each bar in the graph would be at the zero value. As a proportion of income, London households are no different from those in the rest of the country but they have a stronger preference for other take away and snack food, sports admissions, subscriptions, leisure class fees and equipment hire, trips to the cinema, theatre and museums, and going to restaurants and cafes. They spend a lower proportion on gambling payments, alcoholic drinks away from home and take away meals eaten at home.

Figure 3.3: London's expenditure relative to the UK controlling for income



Source: *Family Spending - A Report on the 2009 Living Costs and Food Survey (2010)*

By using further data from the LCFS we can break down expenditure by age of the household reference person for the leisure categories. The LCFS is carried out on the household rather than the individual level. This means that when looking at age we refer to the age of the reference person (the person who chooses to fill in the survey).

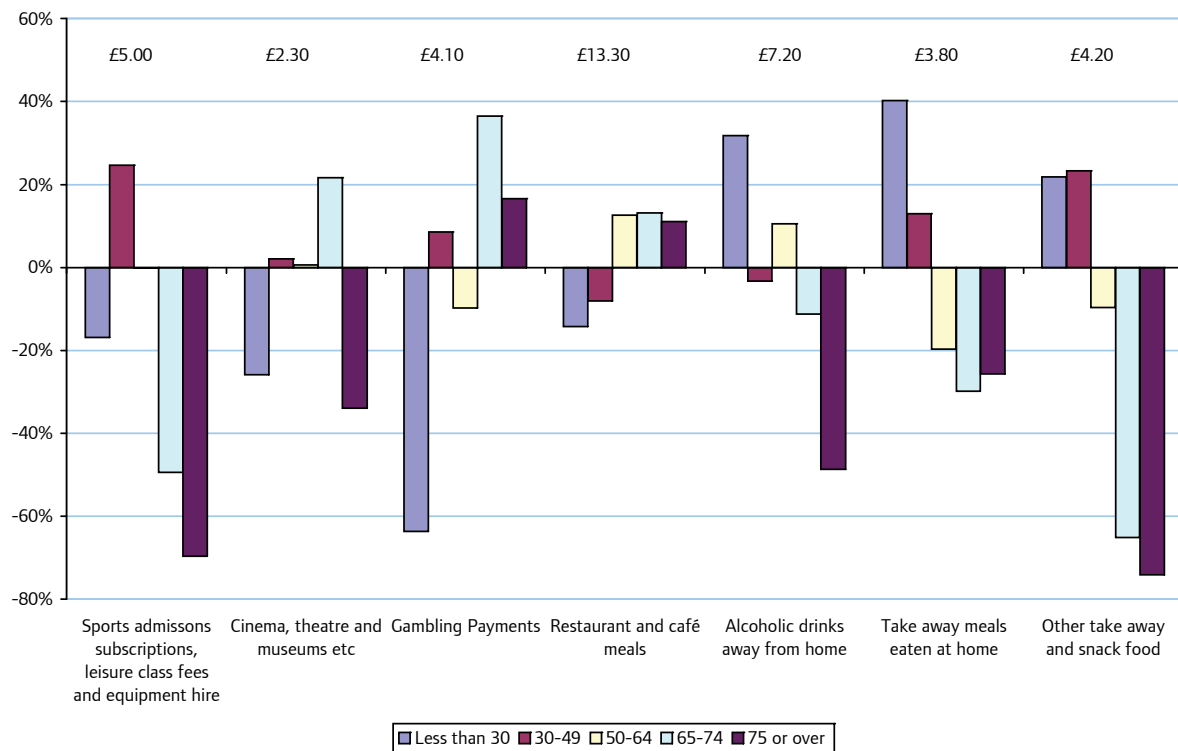
As London's demographic profile is different from the rest of Great Britain, it is useful to look at the preferences for various age groups for leisure activities. By comparing each category's

⁸ Nationwide 2011

share of expenditure to all households we can see that different age groups have different preferences. This data is only available on a national level.

Figure 3.4 examines preferences across different age ranges. For the under 30s the strongest preferences are for take away meals eaten at home and drinking alcohol away from the home. This age range spends the least amount on gambling payments and less than the average on cinemas, theatres and museums, and sports admissions. For those aged 30-49 the leisure preferences are for sporting events, take-aways and gambling. For the over 50s restaurants and café meals are a leisure preference with less spent on take aways. Older Londoners (those over 65) spend less on sporting events and alcoholic drinks away from the home.

Figure 3.4: Expenditure by age of household reference person relative to average household



nb Average amount spent per week per category is given above the bars

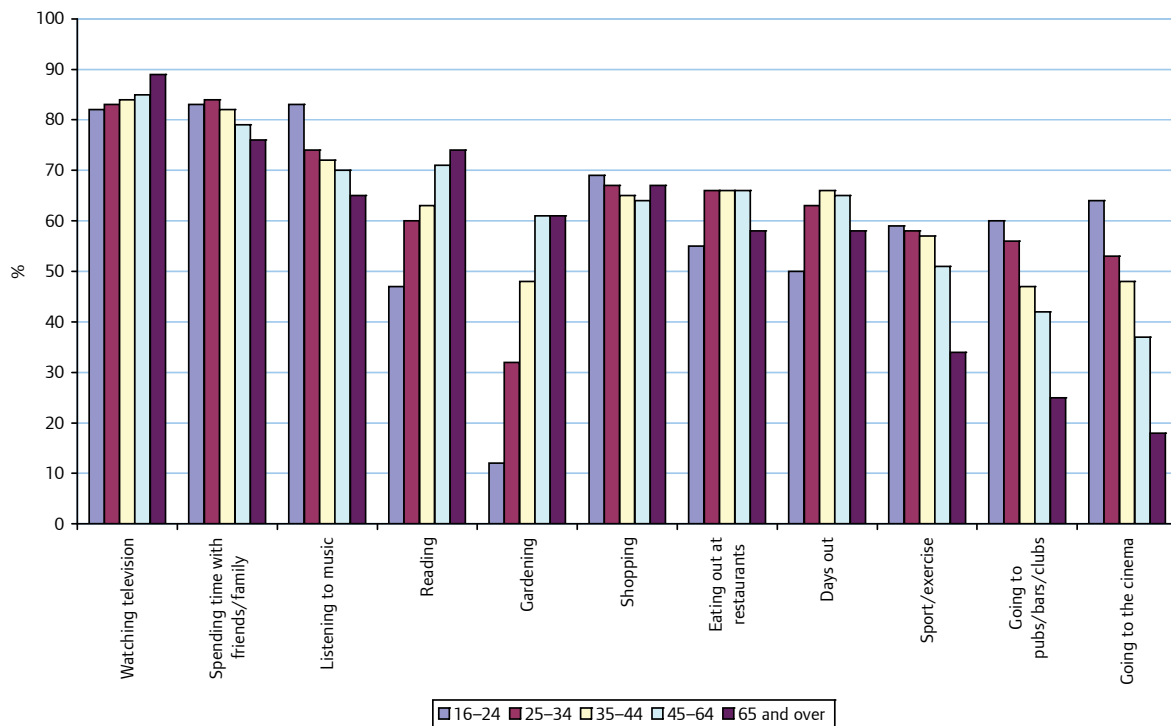
Source: Family Spending - A Report on the 2008 Living Costs and Food Survey (2009)

Figure 3.5 shows how people said they were spending their free time in 2007/08 by age category.⁹ As a general guide, on the left hand side of the graphic are activities that tend to be either free or low cost to partake in and on the right hand side are activities which are more costly.

There seems to be a positive relationship between what different age groups report doing in their spare time and the amount spent by those different age groups.

⁹ Unfortunately the age categories used in the Living Costs and Food Survey are different from Taking Part: The National Survey of Culture, Leisure and Sport survey so making direct comparison is impossible.

Figure 3.5: Activities carried out in their spare time by age group in England



Source: *Taking Part: The National Survey of Culture, Leisure and Sport*, Department for Culture, Media and Sport (2008)

Age is not the only factor which influences decisions about leisure activities although it is clearly important. Another factor is the income of the household - those households with limited income may choose to limit expenditure on leisure activities to cover spend on essential items such as housing, food and clothes. Data on expenditure by decile group is not available for London but is available for the UK as a whole. The data provided in Figure 3.6 is used to indicate what richer households spend their money on. This is useful in the context of London because London has more higher income households than the UK average.

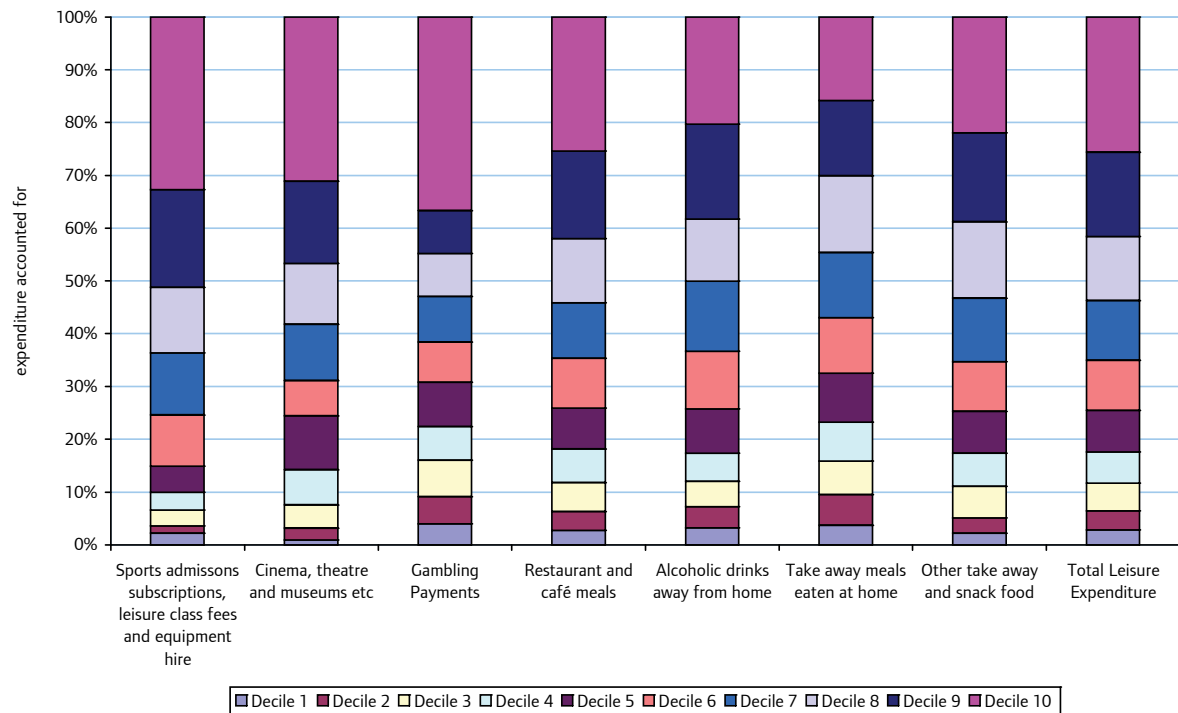
Figure 3.6 shows expenditure in the leisure categories broken down by gross income deciles for the UK. Group 1 is the poorest with households having a gross income of up to £158 per week whereas the highest earning households, group 10, have a gross weekly income of at least £1,348. As would be expected a much larger share of money spent on the leisure industry is spent by the 10th decile than the 1st decile but there are clearly differences across the categories. In the category 'Take away meals eaten at home', the low income deciles account for a larger percentage than the same deciles account for in total leisure. A likely explanation is that take away meals eaten at home are a cheaper option than restaurant and café meals so as household income increases households shift their consumption from take away meals toward restaurant and café meals.

In London 1.06 million people aged over 16 take part in sport at least three times a week.¹⁰ Income clearly affects participation in 'Sports admissions subscriptions, leisure class fees and

¹⁰ Sport England Active People Survey 08/09

equipment hire' where there are fees associated with it with greater spend from the wealthiest 50 per cent of people in this category than in their average spend. As there are many free sporting opportunities e.g. playing football in a local park then lower income people may be selecting to participate in these instead.

Figure 3.6: Expenditure by income decile



Source: Family Spending - A Report on the 2008 Living Costs and Food Survey (2009)

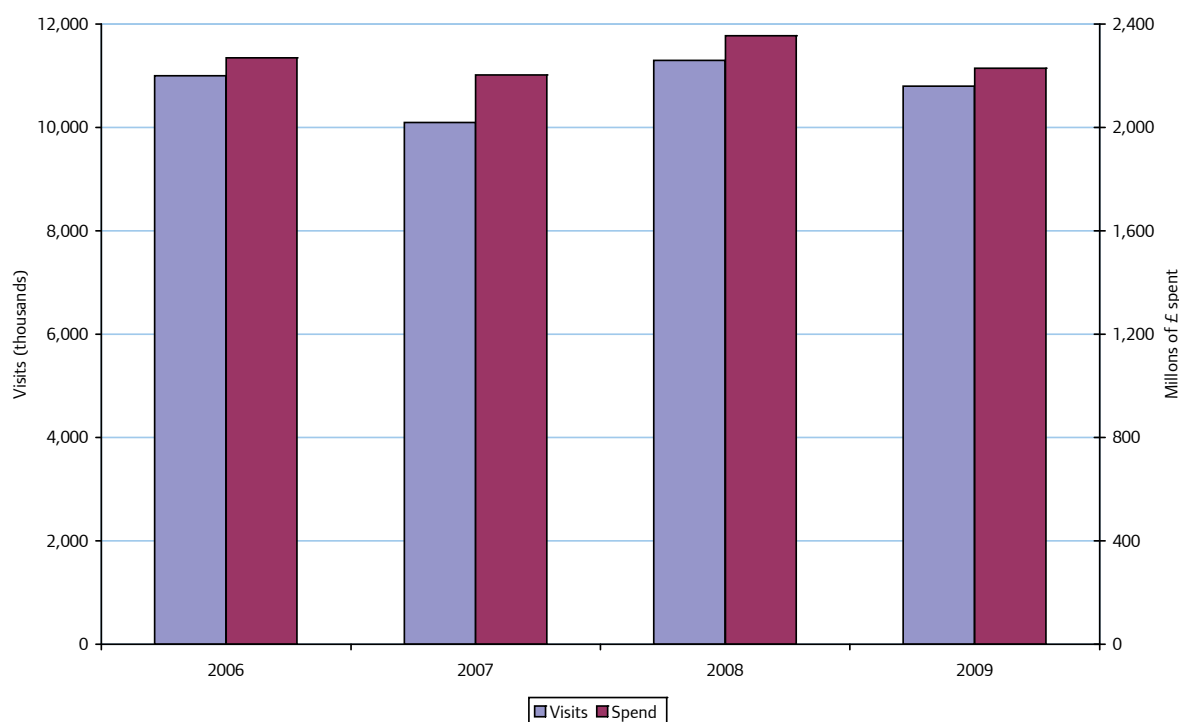
4. Tourism

Spend by tourists is a major contributor to the London leisure industry and it is to this which we now turn.

Tourism is defined very broadly by the Office for National Statistics and includes people who are carrying out activities that they would not usually carry out for three hours or more as day visitors. This overlap means that comparing the total size of the leisure sector to the size of the tourism sector will seriously underestimate the contribution made by residents to the leisure sector. Tourism also includes activities that are not included in the definition of the leisure industry used for this report such as hotels which make up a large part of the tourism spend. The fundamental reason for this overlap is that leisure and tourism are not sectors in the traditional sense but rather they relate to demand for products and services rather than supply of these services.

Figure 4.1 shows the number of visits to London and amount spent by domestic tourists in the last four years. This is a relatively stable situation where there has been virtually no change in either the number of visits or amount spent.

Figure 4.1: Visits and expenditure by domestic overnight tourists to London 2006-2009



Source: UK Tourism Survey (2009)

Figure 4.2 shows the number and spend by overseas tourists in London from 2002 to 2009. Over this period the number of visits increased by 2.8 per cent per annum and spending increased by 5.3 per cent per annum. In 2009 overseas tourists spent £8.3 billion in London.

Figure 4.2: Visits and expenditure by overseas tourists to London 2002-2009



Source: *International Passenger Survey (2009)*

Figures 4.1 and 4.2 show that even though tourism is important for London's leisure economy, growth has not outpaced the growth rates of expenditure or employment in the leisure industry so the share contributed to the leisure industry by tourism has stayed broadly constant.

To help understand how tourists impact on different boroughs within London, the London Development Agency developed a Local Area Tourism Impact (LATI) Model that uses London level tourism data from nationally run surveys of overseas and domestic visitors (both those staying overnight and in London on day trips). There are several reports providing detailed analysis of this model so within this report we provide headline figures only.

The national surveys provide London level expenditure data split into the following categories:

- Accommodation
- Eating and Drinking
- Shopping
- Entertainment
- Other

In order to produce borough level estimates, the LATI model uses the most robust information available to share out London level tourism expenditure in each of these five categories. Expenditures by overseas, domestic and day visitors in each of the categories are summed to provide an estimate of the total value of tourism to each borough.

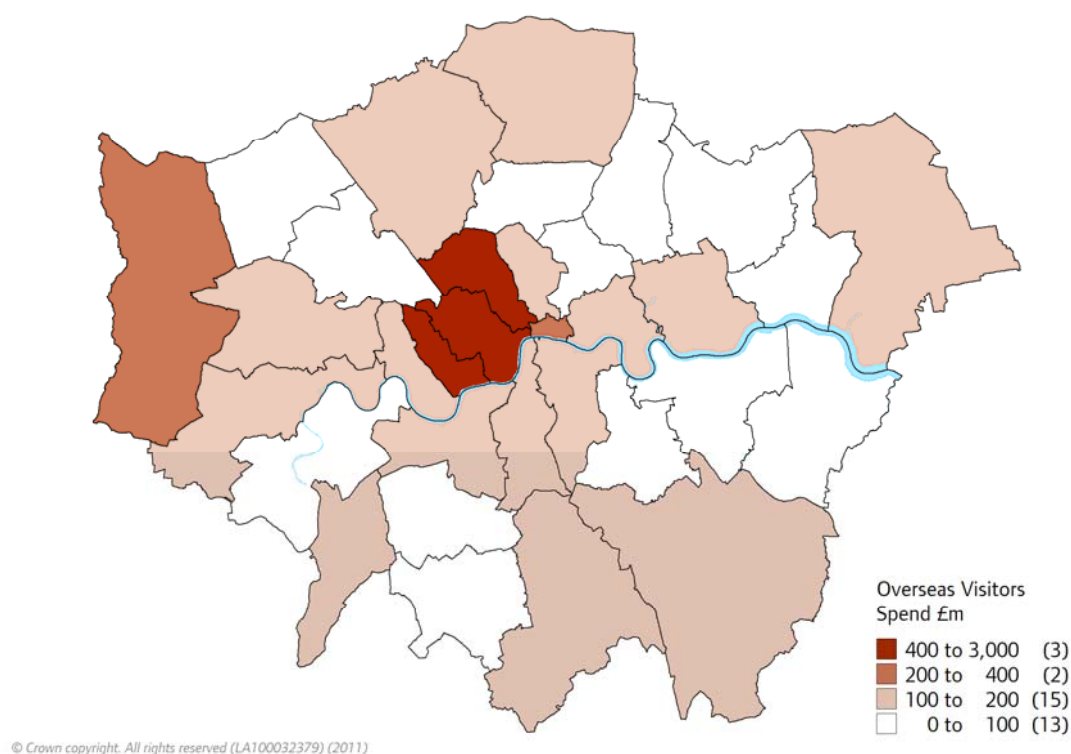
For the most part borough level employment data is used to disaggregate London level expenditure. Employment data relevant to the categories of expenditure is sourced from the Annual Business Inquiry (ABI) conducted by the Office for National Statistics (ONS).

Supporting information from a survey of visitors and a survey of accommodation providers is used to help share out expenditure in some of the categories.

The borough level estimates of tourism expenditure are suitable for comparative purposes and are a reasonable measure of tourism turnover or 'output'. However, expenditure is unlikely to fully capture the economic role of tourism in supporting income and jobs. Only a share of tourism spending will actually be direct value added to a region if it takes place on goods and services partly or wholly produced outside of the host economy. In addition, expenditure taken in taxes by central government does not represent direct value added to a local economy.

The LATI model shows that tourism impact varies per borough with the largest spend occurring in the central London boroughs of Westminster, Kensington and Chelsea and Camden as shown in Figures 4.3 to 4.5.¹¹ The boroughs that benefit the least from tourism spend include Barking and Dagenham, Lewisham, Sutton, Hackney and Waltham Forest.

Figure 4.3: Local Area Tourism Impact model borough level spend estimates 2007 of overseas visitors (£ millions)



¹¹ Individual borough figures are given in Appendix B

Figure 4.4: Local Area Tourism Impact model borough level spend estimates 2007 of domestic overnight visitors (£ millions)

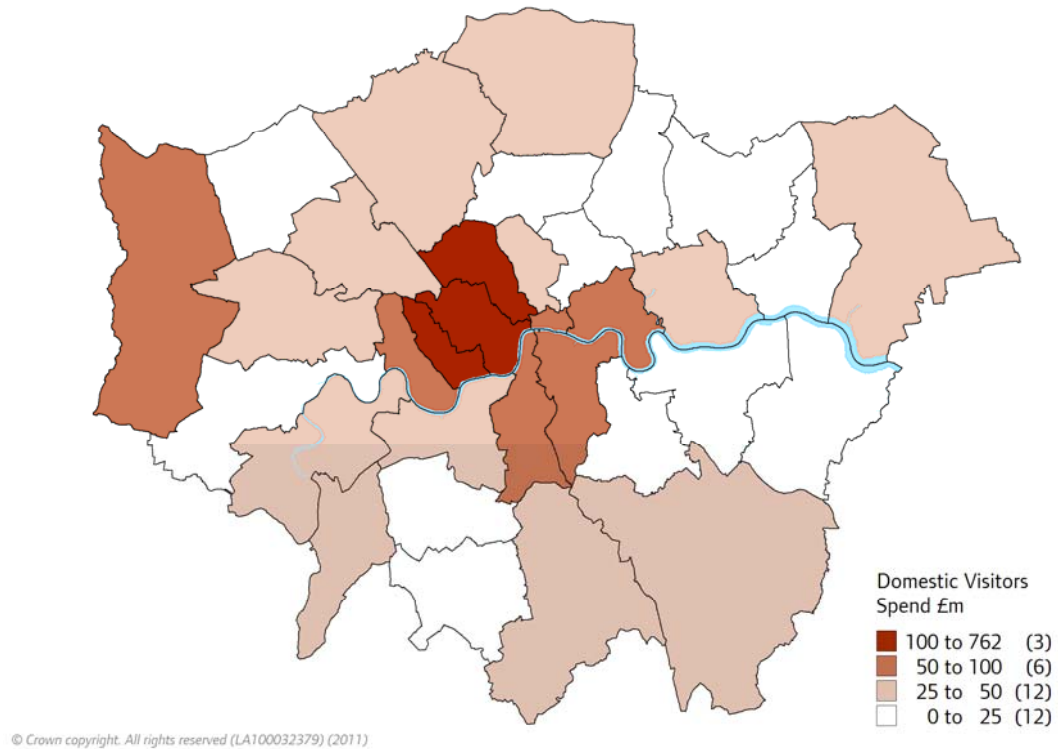
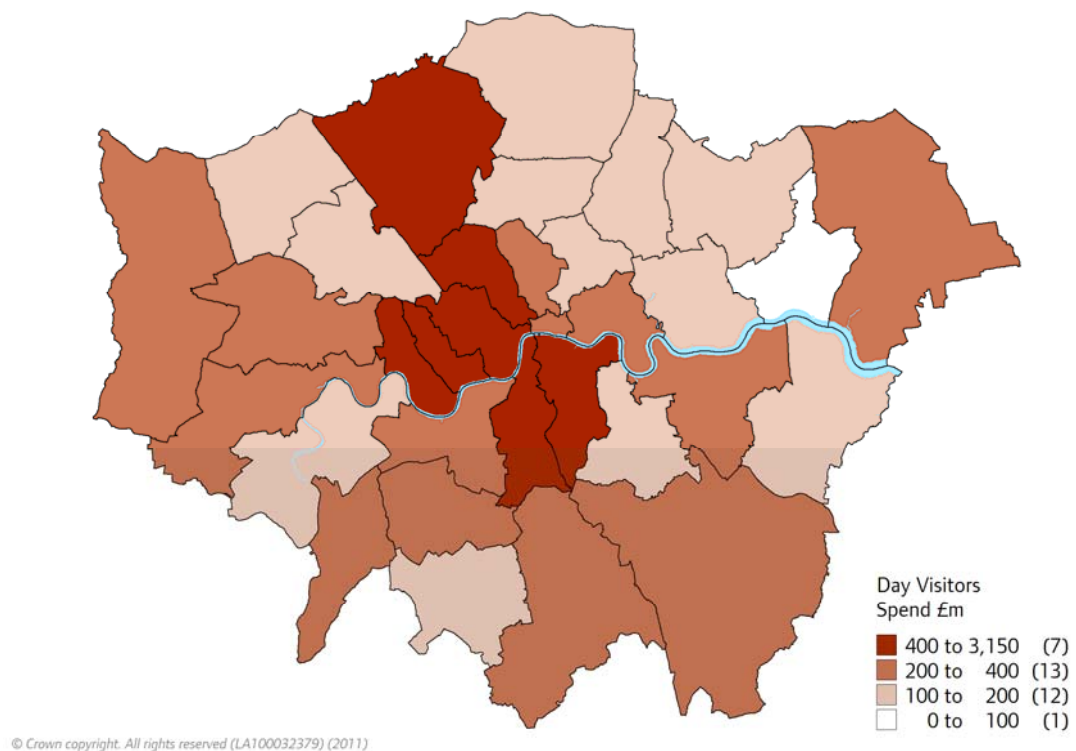


Figure 4.5: Local Area Tourism Impact model borough level spend estimates 2007 of day visitors (£ millions)



Note: Indicative borough level day visitor estimates for 2007 were derived from the LDA's own experimental London level day visitor estimates. As such the borough level day visitor estimates should be treated with caution and the 2007 day visitor estimates are not comparable with those from previous years. They are intended only to give a best estimate of the scale of day visitor tourism in each borough from the currently available data.

Source for figures 4.3 to 4.5: Local Area Tourism Impact Model 2007, London Development Agency for further details see <http://www.lda.gov.uk/publications-and-media/publications/lati.aspx>

5. Employment

The previous sections analysed the demand side of the leisure industry by examining household expenditure and showed that London households have different expenditure patterns from the UK average when it comes to the leisure industry. It also explored the impact of tourism on London as a whole and per borough. This next section examines the supply side by looking at the amount and the nature of employment in the leisure industry.

Numbers of jobs within the leisure industry

The definition used for the sector in the employment section is different from that used in the expenditure sections. This is because the data comes from different sources and therefore is not comparable. In this section the leisure industry is broken down into six sub sectors; dining, drinking, entertainment, sporting, gambling and visiting, see Table 5.1. The employment data is based on 4 digit Standard Industrial Classification codes from the Annual Business Inquiry (ABI) survey.¹² The SIC codes are on a business unit basis which focuses on sector not occupation. This means that not every employee under SIC code 5540 is a barperson; they could be a cleaner or a book keeper, but they will work at a premises which identifies itself as a bar. Conversely there could be people who work in business premises that does not identify as a bar but they would still identify their occupation as barman.

Table 5.1: Definitions of leisure sub-sectors using Standard Industrial Classification codes

Dining	5530 : Restaurants
Drinking	5540 : Bars
Entertainment	9213 : Motion picture projection 9231 : Artistic and literary creation and interpretation 9232 : Operation of arts facilities 9234 : Other entertainment activities not elsewhere classified
Gambling	9271 : Gambling and betting activities
Sporting	9261 : Operation of sports arenas and stadiums 9262 : Other sporting activities 9304 : Physical well-being activities
Visiting	9233 : Fair and amusement park activities 9252 : Museum activities and preservation of historical sites and buildings 9253 : Botanical and zoological gardens and nature reserve activities 9272 : Other recreational activities not elsewhere classified

Table 5.2 highlights the importance of the leisure industry as a source of employment for London. In 2008 the leisure industry employed 306,000 people around 7.3 per cent of the London employee workforce. For Inner London 7.7 per cent of employment is within the leisure industry. This is slightly lower in Outer London where the leisure industry provides 6.8 per cent of all employment.

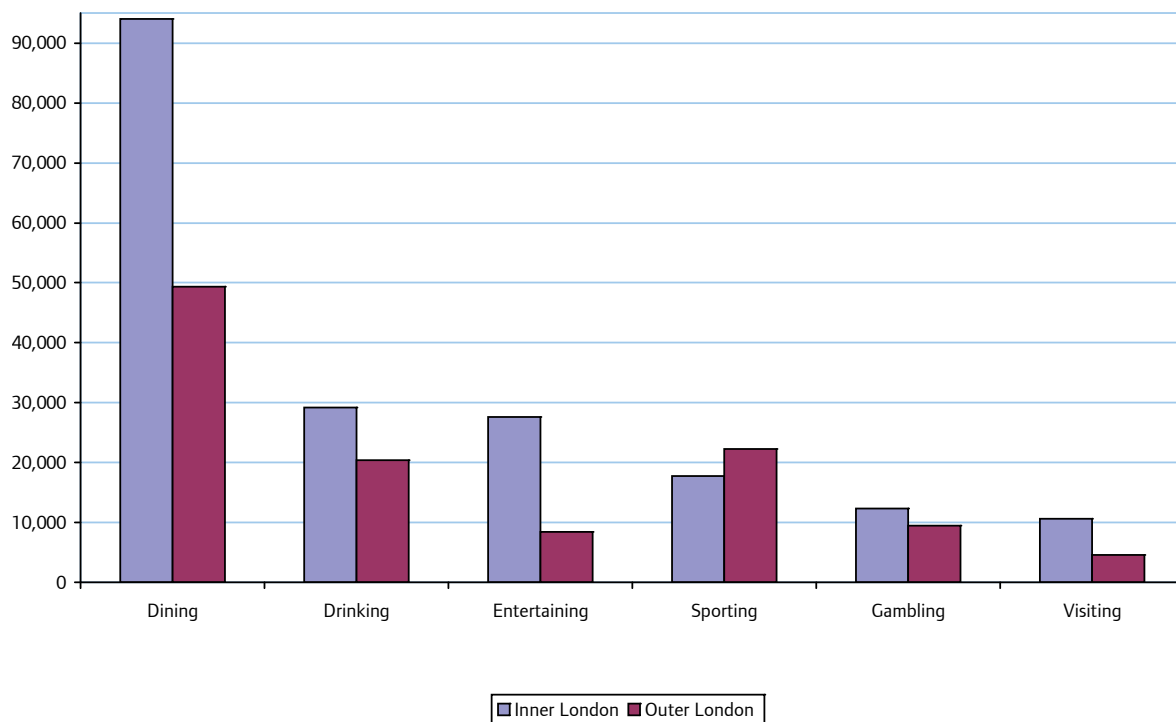
¹² In 2009 the ONS started a new employment survey called the Business Register and Employment Survey. For this report we use the Annual Business Inquiry to enable us to see how employment has changed within the leisure industry over the past decade.

Table 5.2: Employment in London by industry sub sector

		Dining	Drinking	Entertaining	Sporting	Gambling	Visiting	Leisure Industry	All jobs
Greater London	Number	143379	49548	36107	40065	21831	15186	306116	4167927
	per cent of total employment	3.4	1.2	0.9	1.0	0.5	0.4	7.3	
Inner London	Number	94024	29163	27665	17762	12344	10618	191576	2491458
	per cent of total employment	3.8	1.2	1.1	0.7	0.5	0.4	7.7	
Outer London	Number	49355	20385	8442	22303	9487	4568	114540	1676469
	per cent of total employment	2.9	1.2	0.5	1.3	0.6	0.3	6.8	

Source: Annual Business Inquiry 2008, Office for National Statistics

Figure 5.1: Number of jobs by leisure activity in 2008



Source: Annual Business Inquiry 2008, Office for National Statistics

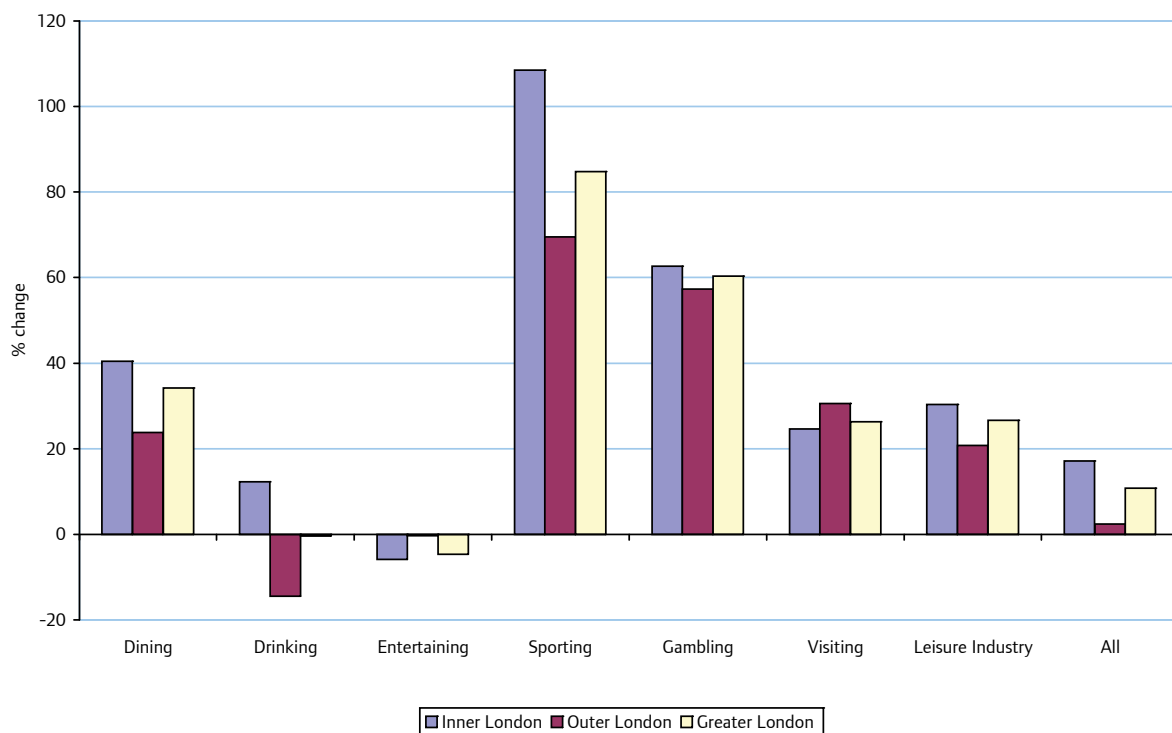
Figure 5.1 looks at employment by leisure sub sector for Inner and Outer London.¹³ It can be seen that dining dominates employment in the leisure sector. This is partly to be expected as data from the Expenditure and Food Survey, seen earlier, showed that

¹³ Unfortunately, due to small sample sizes, looking at employment by sub sector on a Borough basis is not possible.

expenditure on restaurant and café meals is the main component of expenditure in the leisure sector. In 2008, dining provided 94,000 jobs in Inner London and 49,000 in Outer London, a total of 143,000 jobs and 46.8 per cent of all jobs in the leisure industry in the capital.

Inner London provides more employment opportunities for all sub sectors of leisure except for Sporting jobs than Outer London. There is a strong positive correlation between the population of a borough and the number of sporting jobs in the Borough which suggests people participate in sporting activities where they live.

Figure 5.2: Growth in employment by sector 1998-2008



Source: *Annual Business Inquiry 2008*

Figure 5.2 shows the percentage change in employment from 1998-2008 in sub sectors of the leisure industry. There has been 26.6 per cent growth in employment in the leisure industry across Greater London with most of this occurring in Inner London a rate of growth far outstripping the total growth in employment in London of 10.8 per cent over the same period.

There has been striking growth in the sporting activities sub-sector growing by 84.8 per cent in the period. London's sporting sector has expanded by an average of 6.3 per cent per annum growth from 1998 to 2008 far more rapidly than across England as a whole where sporting jobs have increased by 1.6 per cent over the same period.¹⁴ The gambling sector has also seen a growth of 60 per cent in London over this period. It is important to keep in mind

¹⁴ http://www.sportengland.org/research/economic_importance_of_sport.aspx

Figure 5.1 as well as Figure 5.2 because, although the sporting and gambling activities have shown very large percentage increases in employment (84.8 per cent and 60.3 per cent respectively), the total numbers employed in these sectors still remain relatively small compared to the dining sector with 62,000 employed in sporting and gambling combined compared to 143,000 employed in the dining sector.

The entertaining sector actually shrank by 4.6 per cent for Greater London between 1998 and 2008 with most of this decline happening in Inner London. The drinking sector, which is the second biggest sector in the leisure industry, has also declined by 0.5 per cent in Greater London. Drinking as a leisure activity has also altered its geographic profile with growth of 12.3 per cent in Inner London but a decline of 14.4 per cent in Outer London. A reduction in employment related to drinking could be due to a decline in the average units of alcohol consumed per adult in England which dropped from 17.2 to 14.9 for men and 6.5 to 6.3 for Women between 1998 and 2006.¹⁵

Borough analysis of employment

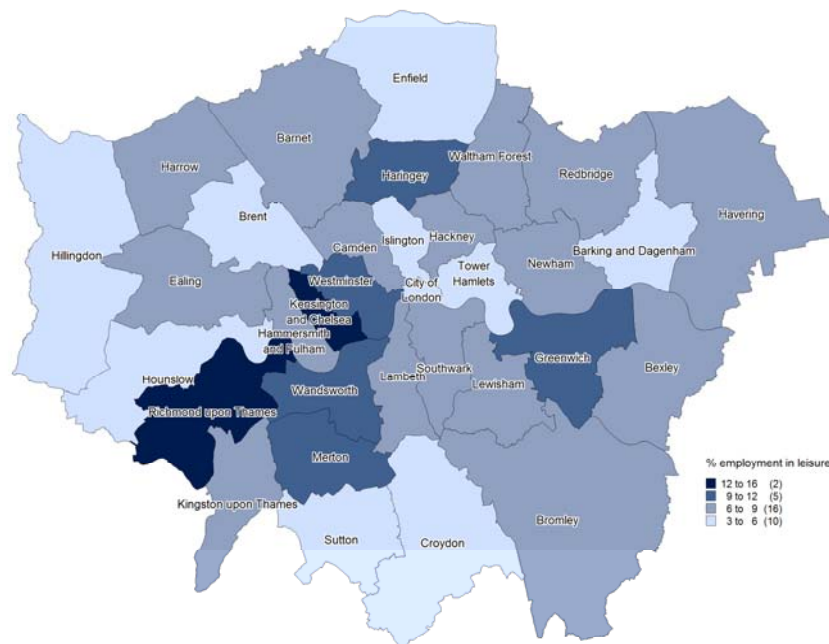
Figure 5.3 shows the percentage of jobs in the leisure industry out of all jobs in each London borough and compares this to Inner, Outer and Greater London and the rest of Great Britain. The Borough refers to where the workplace is rather than the residence of the employee.

There is a wide variation between boroughs in terms of the importance of employment in the leisure industry. Only 3.4 per cent of jobs in the City of London are within the leisure industry while Kensington and Chelsea have 15.5 per cent of its jobs within it. This may reflect the high-income status of Kensington and Chelsea's residents, as richer households tend to spend much more than lower income households on leisure activities. The median gross weekly full time residents' employee wage in Kensington and Chelsea is £933, some 55.9 per cent above the median gross weekly full time residents wage for Greater London which is £599). Kensington and Chelsea is also home to many leisure opportunities that may attract people to the borough. Richmond upon Thames also has a relatively high proportion of employment in the leisure industry at 12 per cent.

The City of London and Tower Hamlets have a high employment density due to the large number of financial and business services offices located there. Therefore the leisure industry has a low percentage of employment in these locations when compared to other boroughs. A similar explanation can also be provided for Hillingdon where Heathrow provides a large number of jobs.

¹⁵ General Household Survey, Office for National Statistics, 2008

Figure 5.3: The leisure industry's share of employment by borough



Source: Annual Business Inquiry 2008
OS Crown Copyright Greater London Authority (LA10032379)

Factors influencing the variation in the size of the leisure sector across different boroughs include the income levels of local residents, the range of attractions available to enjoy, the mix of people from different religions as some do not permit gambling or drinking alcohol and the age structure of the local population. Local borough planning authorities may also discourage the growth of certain types of leisure options such as allowing land use class changes to enable for take-away outlets.¹⁶

Change in employment within the leisure industry between 1998 and 2008

Figures 5.4 and Figure 5.5 show employment growth between 1998 and 2008 in Inner London and Outer London boroughs respectively. By comparing the employment growth in the leisure industry to employment growth in all industries it can be seen where the largest increases in jobs in the leisure industry have occurred and also where the growth in employment in the leisure industry has outpaced overall employment growth.

Total employment has increased much more in Inner London than Outer London. Employment in Outer London grew by 2.5 per cent over 10 years compared to growth of

¹⁶ The GLA commissioned analysis to examine the requirement for retail floorspace for consumer goods which has detailed breakdowns by borough of expected consumer spend and the resulting requirements for retail floorspace. This report is available at <http://www.london.gov.uk/who-runs-london/mayor/publications/planning/consumer-expenditure-report>

17.1 per cent in Inner London. From this it would be expected that employment in the leisure industry should also increase faster in Inner London than Outer London, with employment in the leisure industry increasing by 30.4 per cent in Inner London and 20.8 per cent in Outer London. This holds true across 30 boroughs with only three (Brent, Croydon and Islington) having employment in the leisure industry growing at a slower pace than all employment.

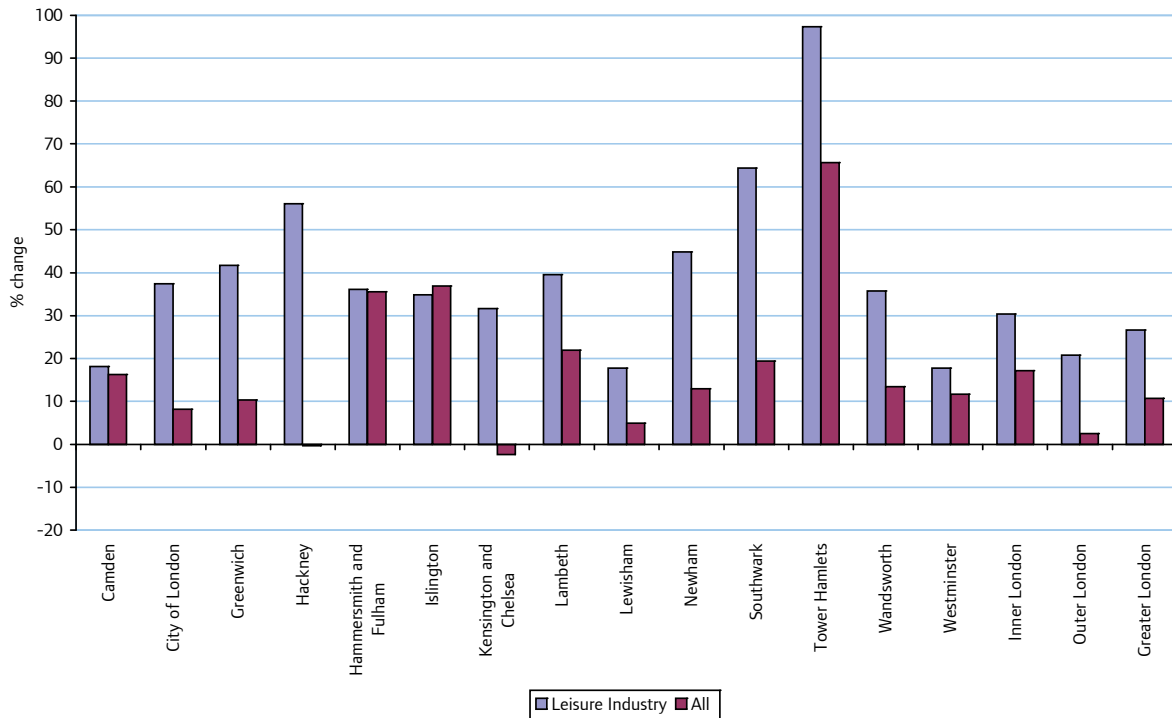
In Inner London (Figure 5.4) Hackney stands out as where employment in the leisure industry has grown by 56.0 per cent in spite of total employment declining by 0.4 per cent. This is likely to be because of an increase in the number of restaurants in Shoreditch, Hoxton and Dalston an area in the south west of the borough adjacent to the City of London. Since 2005 Hackney has had a growth in highly qualified local residents stimulating demand for local cafes and bars. The decline in total employment in Hackney is partially due to the conversion of employment land to housing, nearly 19,000 sqm of employment land has been converted which has impacted on the borough's employment density figure and the total number of jobs in the borough. There has also been an increase in creative industries and technology jobs of which many are self employed and start up companies (these jobs will not then be recorded in the ABI employment data).¹⁷

Tower Hamlets has had by far the biggest percentage increase in employment of all the London Boroughs (65.6 per cent) but the leisure industry increased even faster (97.3 per cent). Both of these increases are likely to have been caused by the expansion of Canary Wharf which not only increased employment but also increased its population – and particularly, high income elements – as new employees have moved to the borough. The new employees are likely to have high paying jobs (many work in the financial sector) which means they will spend more on the leisure industry increasing employment in the sector.

Boroughs are of very different sizes but in terms of the leisure industry one borough stands out: Westminster. Westminster contains the world renowned entertainment area known as the West End which for the purposes of this report includes the wards West End and St. James. The West End makes up 14.1 per cent of all employment in the leisure industry in London. This degree of concentration is exceptional and is in part driven by tourists. Westminster has a very large share of the visits made by tourists to London – 37.5 per cent of overseas visitors, 34.6 per cent of domestic tourists and 25.7 per cent of day visitors cite Westminster as the main borough that they visit when in London. Within the two wards of the West End 11.6 per cent of employees are in the leisure industry compared to the Inner London average of 7.7 per cent.

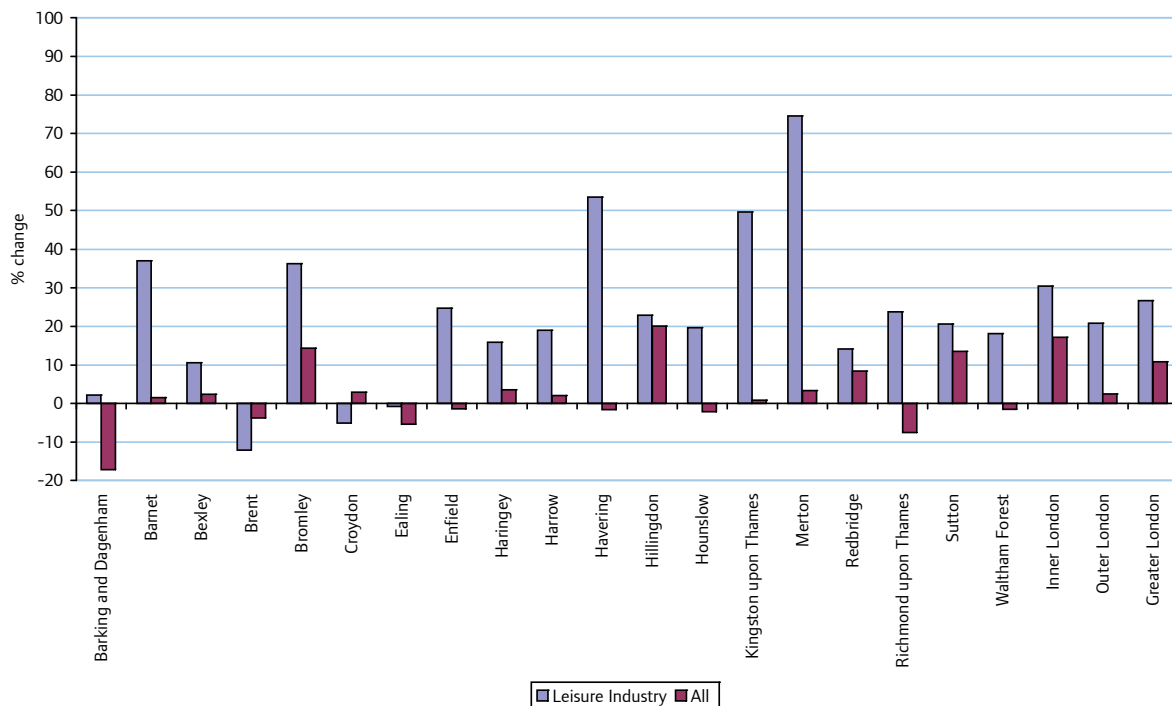
¹⁷ Contextual information provided by Shawnee Keck from Hackney Council Economic Development Team using Hackney Local Development Framework, 2010; Hackney Local Economic Assessment, 2010; ABI 2009, BETA Model 2011

Figure 5.4: Growth in employment from 1998 to 2008 by borough in Inner London



Source: Annual Business Inquiry 2008, Office for National Statistics

Figure 5.5: Growth in employment from 1998 to 2008 by borough in Outer London



Source: Annual Business Inquiry 2008, Office for National Statistics

Outer London (Figure 5.5) shows a more diverse picture with all employment declining in 8 out of the 19 Outer London boroughs but employment in the leisure industry declining in only 3 out of the 19 Boroughs – Brent, Croydon and Ealing. Merton, Kingston upon Thames and Havering show the largest percentage increases in leisure employment in Outer London with growth rates of over 40 per cent and added 6,764 leisure jobs to these boroughs.

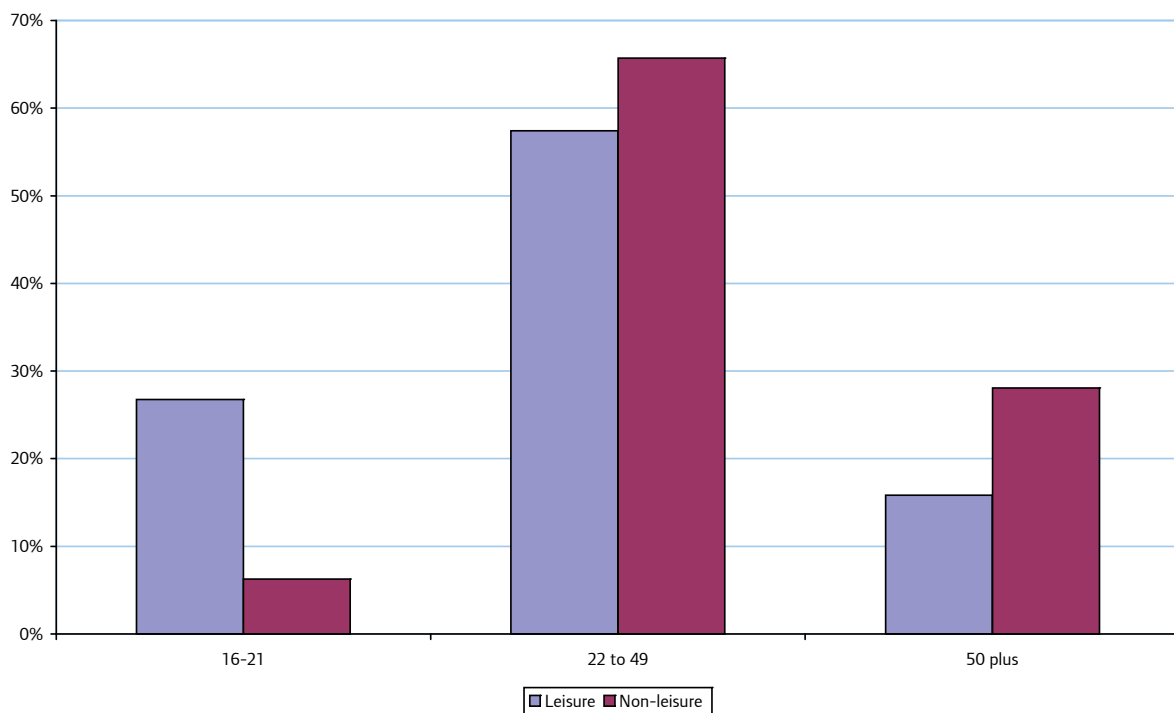
These figures demonstrate that the London leisure industry has experienced a phenomenal growth in the ten years between 1998 and 2008 providing an additional 64,000 jobs and creating more than one in every seven of the net new jobs during that period.

6. Working in the leisure industry

The previous section has shown the remarkable growth in jobs in the leisure sector in London. We now turn to examine the nature of the jobs that the leisure sector provides by profiling the employee structure of the industry and examining hourly pay.

Figure 6.1 shows the share of workers in the leisure and non-leisure industries by age group. There is a substantial difference in the age profile between the two groups with young people making up 26.8 per cent of workers in the leisure industry but only 6.3 per cent in non-leisure industries – this is in spite of the limited activities that workers under 18 can carry out in bars and pubs due to legal restrictions. This is important because 16 – 21 year olds often have a lower level of qualifications than older age groups as they may still be in training or have chosen to leave the educational system.

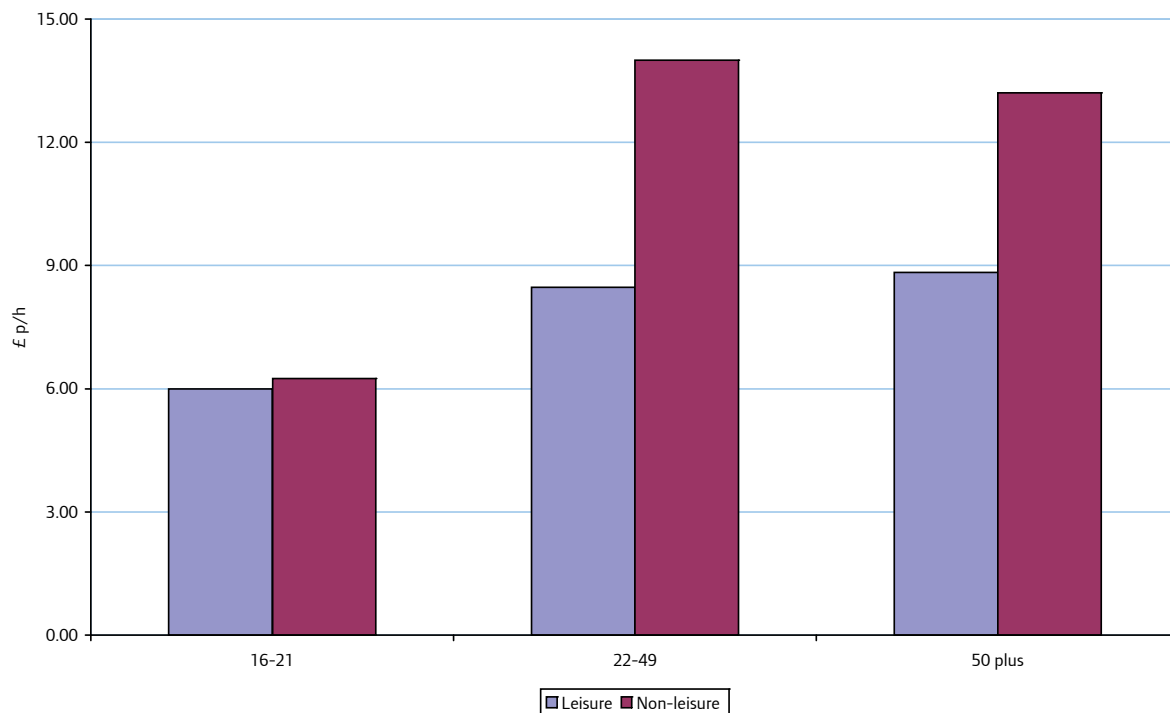
Figure 6.1: Share of employees by age in London



Source: Annual Population Survey 2009, Office for National Statistics

Figure 6.2 shows the median hourly pay in the leisure industry and all non-leisure industries for different age groups. It shows that wages are lower in the leisure industry than the non-leisure industries but the difference is small for the youngest age group, 16-21 year olds.

Figure 6.2: Median hourly pay in London by age and industry for full and part- time workers



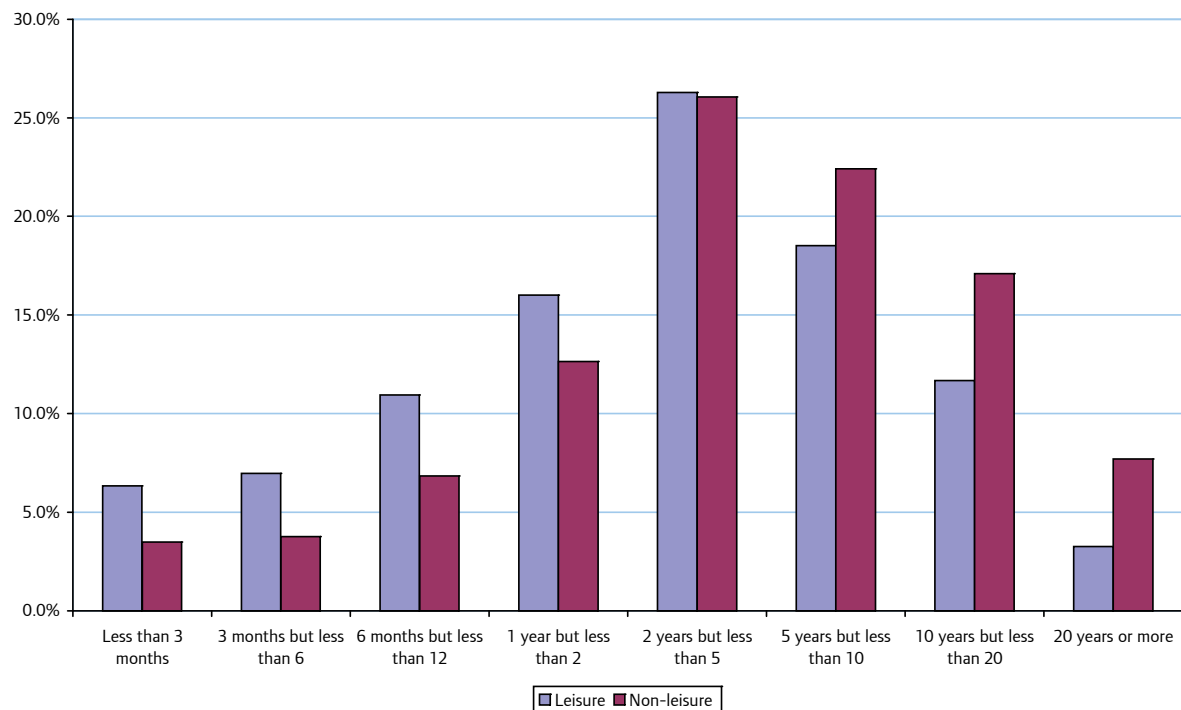
Source: Annual Population Survey (2009), Office for National Statistics

For the 16-21 age group there is a very small difference in pay between leisure (£6 per hour) and non-leisure industries (£6.25 per hour) despite that a greater proportion of leisure industry workers are part time (66.2 per cent compared to 51.1 per cent in all other industries) and part time workers are usually paid less.¹⁸ This could explain the preference of young workers to work in the leisure industry. Job opportunities are very important for young people as they suffer from the highest rate of unemployment of any age group. The relatively low wages for older staff in the leisure industry compared to non-leisure industries could also be a deterrent for older age groups seeking employment in this sector and may help explain the dominance of younger workers in the leisure sector.

The pay scales within the leisure industry do not increase that much with the age of the worker increasing to £8.47 per hour for those aged 22 – 49 years and to £8.83 per hour for those aged over 50 years. In contrast the non- leisure industries median wage is £14.00 per hour for those aged 22 – 49 years and £13.20 per hour for those aged over 50 years. There are many potential reasons behind this which requires further analysis but it should be noted that the difference are based on age only and not related to skill levels and experience nor do they include any remuneration from potential customer tips for those working in the leisure industry.

¹⁸ Annual Population Survey 2009, Office for National Statistics.

Figure 6.3: Length of time with current employer for 22-49 year olds



Source: Annual Population Survey 2009, Office for National Statistics

Figure 6.3 shows the length of time 22-49 year old workers have been with their current employer. We look at this age range as this makes up the largest proportion of workers in the leisure industry (57.4 per cent). Workers in the leisure industry are less likely to have been with their current employer for more than a year than workers in non-leisure industries. 24.2 per cent of workers have had their current job for less than a year in contrast to 14.1 per cent in the non-leisure industries.

The leisure industry has a distinctive labour force characterised by younger workers, low pay and workers holding jobs for a shorter length of time than in other industries. The industry provides a vital first step into the job market for younger workers as this age group are hardest hit by unemployment.

7. Value of London's leisure industry

In GLA Economics' first report on London's leisure industry we calculated London's market share to be a quarter (25 per cent) of the national industry turnover some £9.38 billion of the national market 37.89 billion in 2003. Assuming that this share has remained constant, this section updates the value of London's leisure industry using the latest Key Note market report.¹⁹

The early 2000s were a period of buoyant growth for the leisure sector as demonstrated by the growth in employment shown earlier within this report. Figure 7.1 highlights that the recent recession had a significant impact on spending on leisure activities with a reduction in customer spending on leisure by 1 per cent between 2007 and 2008 and a large reduction of 6.2 per cent from 2008 to 2009. The amount spent by customers in the leisure industry within the UK was worth £60.4 billion in 2009 with London's estimated share of this being £15.1 billion.

Key Note defines their leisure categories as shown in Table 7.1

Table 7.1: Key Note category definitions

Sub-sector	Definition
Alcoholic drinks	Measured by alcohol sold outside of the home (excluding supermarket and off-licence sales).
Restaurant meals excluding alcohol	Spending by UK consumers (excluding business accounts and foreign tourists) on sit-down meals, evaluated as the expenditure on meals and non-alcoholic drinks.
Gambling	Net spending (i.e. total stakes less winnings)
Sports and fitness;	Subscriptions to sports clubs/centres; ad hoc fees and charges (mainly pay per play charges e.g. swimming pool entry); sports equipment
Leisure class fees; Theatres, concerts, shows; Spectator sport; Other leisure	Key Note estimates (Specific Leisure) based on Consumer Trends categories, National statistics website
Cinema (box office)	Box office receipts

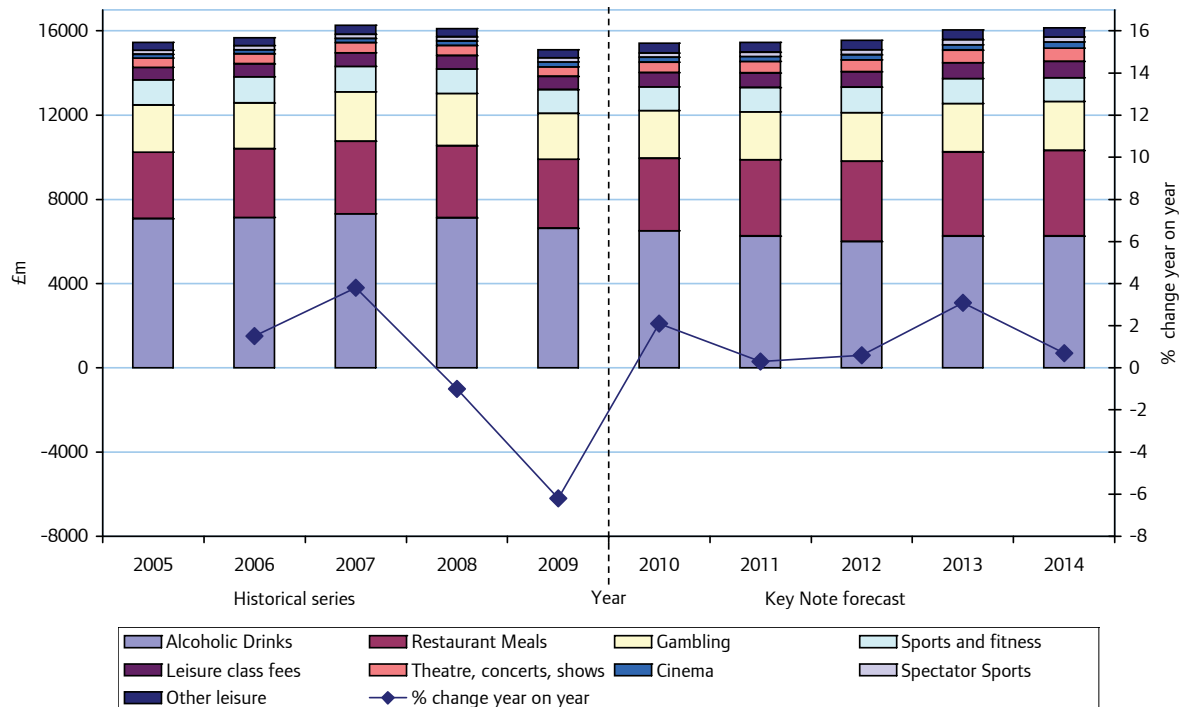
Source: Key Note Market Review 2010 Leisure outside the home, November 2010.

Key Note predict that due to the recession and market saturation lower growth can be expected in the leisure sector with forecast growth of 4.7 per cent between 2010 and 2014. The growth by sub sector is forecast as follows: cinema (26.3 per cent), theatre, concerts and

¹⁹ Key Note Market Review 2010 Leisure outside the home, November 2010.

shows (25 per cent), spectator sport (22.6 per cent), restaurant meals (17.7 per cent), leisure class fees (14.8 per cent), and gambling (3.3 per cent). A decline is expected in other leisure (-6.7 per cent), alcoholic drinks (-3.8 per cent) and sports and fitness (-0.5 per cent).

Figure 7.1: Consumer expenditure on leisure activities (historic series 2005 to 2009 and forecasts from 2010 to 2014)



Source: Key Note Market Review 2010 Leisure outside the home, November 2010 adjusted for London by GLA Economics

Factors that may increase growth in the leisure industry in London include;

- Increase in resident population (particularly within the age group 25-44 years)
- Greater participation in sport and sports viewing (the Olympic Games influence)
- Greater numbers and amount spent by overseas tourists in the City.

Factors that may moderate growth in the leisure industry in London include;

- Wage growth is likely to be slow in the short term which may encourage people to make greater use of their in-house entertainment options.
- A reduction in disposable income related to inflation levels and increased taxation.
- Increasing use of internet for entertainment, watching TV and cheaper access to films and music may discourage people from leaving their homes to seek leisure options.
- Fewer overseas tourists or less spent per visitor.

The growth of the leisure industry brings about increases in employment and incomes and has many wider social benefits. However there are also downsides. Some activities such as drinking can give rise to problems of noise and pollution and can lead to health

consequences. Gambling can turn into an addiction. Therefore, the leisure industry is subject to legislation and regulation to try and minimise the negative effects of the industry.

There are two proposals from government that may impact on the drinking section of the leisure industry. The first is the government's plan to ban retailers selling alcohol at below the price of duty + VAT. The new rules would prevent the sale of:

- litre of vodka for less than £10.71
- 440ml lager for less than 38p
- litre of cider for less than 40p
- 700ml whisky for less than £8²⁰

The other major government initiative is to overhaul the 2003 Licensing Act. This will be through the Police Reform and Social Responsibility Bill currently at its Committee Stage in the Commons. The proposals in the Bill include charging a fee for late-night licenses, making it easier for communities to have their say on local licensing matters, doubling the fine of £20,000 for those found persistently selling alcohol to children and overhauling the temporary event notices so that existing loopholes can no longer be exploited. It also allows Primary Care Trusts, for the first time, to have a say in licensing processes.²¹

Both of these reforms will have costs implications for businesses within the alcohol trade.

²⁰ <http://www.homeoffice.gov.uk/media-centre/news/booze-crackdown>

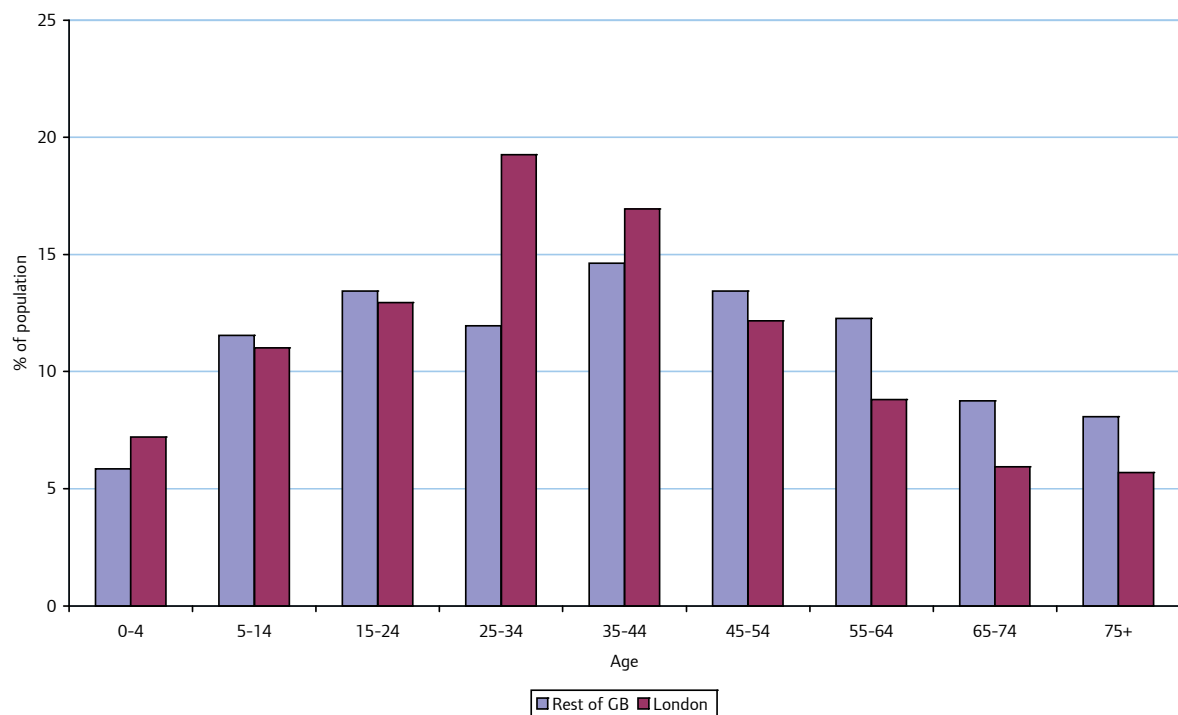
²¹ <http://www.publications.parliament.uk/pa/cm201011/cmbills/116/11116.61-67.html#j108>

Appendix A. London's demographics

Figure A1 shows the population structure of London compared with the rest of Great Britain by age group.

It is likely that the two peaks in the chart are linked as people in the age group 25-34 have young children in the 0-4 age group. Further evidence of a high percentage of families can be seen in Figure A5 which shows London having the highest rate of households with dependent children.

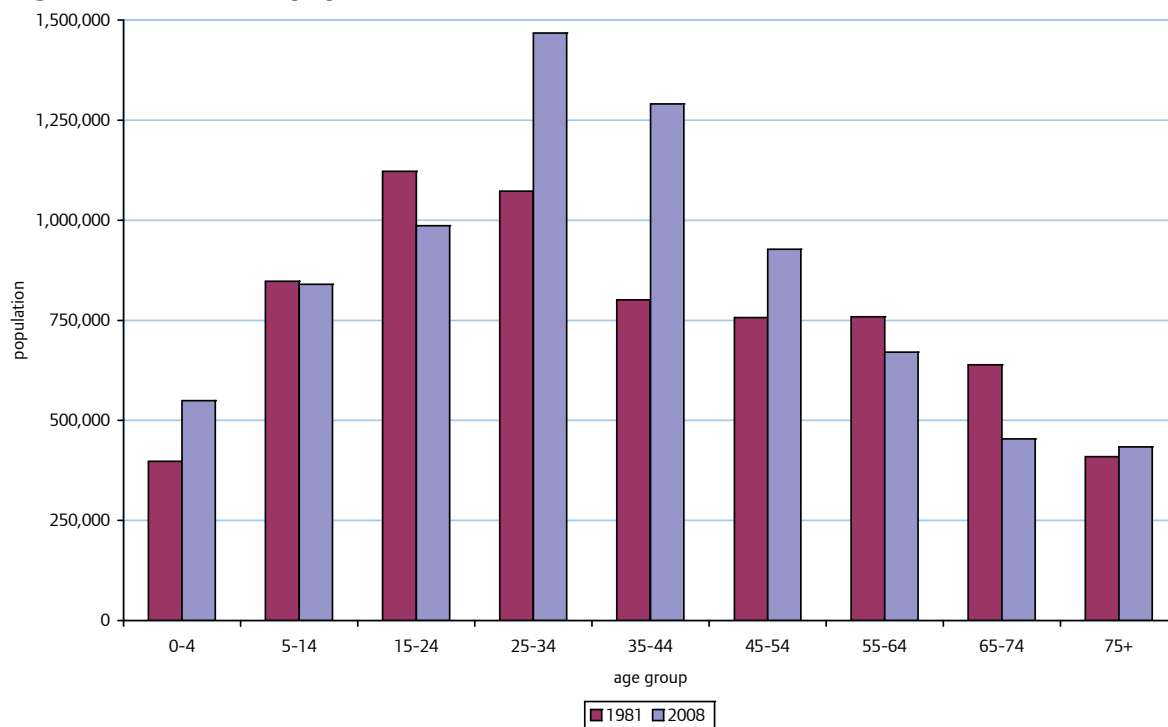
Figure A1: Population by age



Source: ONS mid-year population estimates (2010)

The total London population has increased from 6.8 million in 1981 to 7.6 million in 2008. Figure A2 shows London's population by age group in 1981 and 2008. Since 1981 there has been an increase in the proportion of people aged between 25 and 54 and those aged 4 and under. There has been a decrease in older people aged between 55 and 74 years with a slight increase in those aged over 75 years.

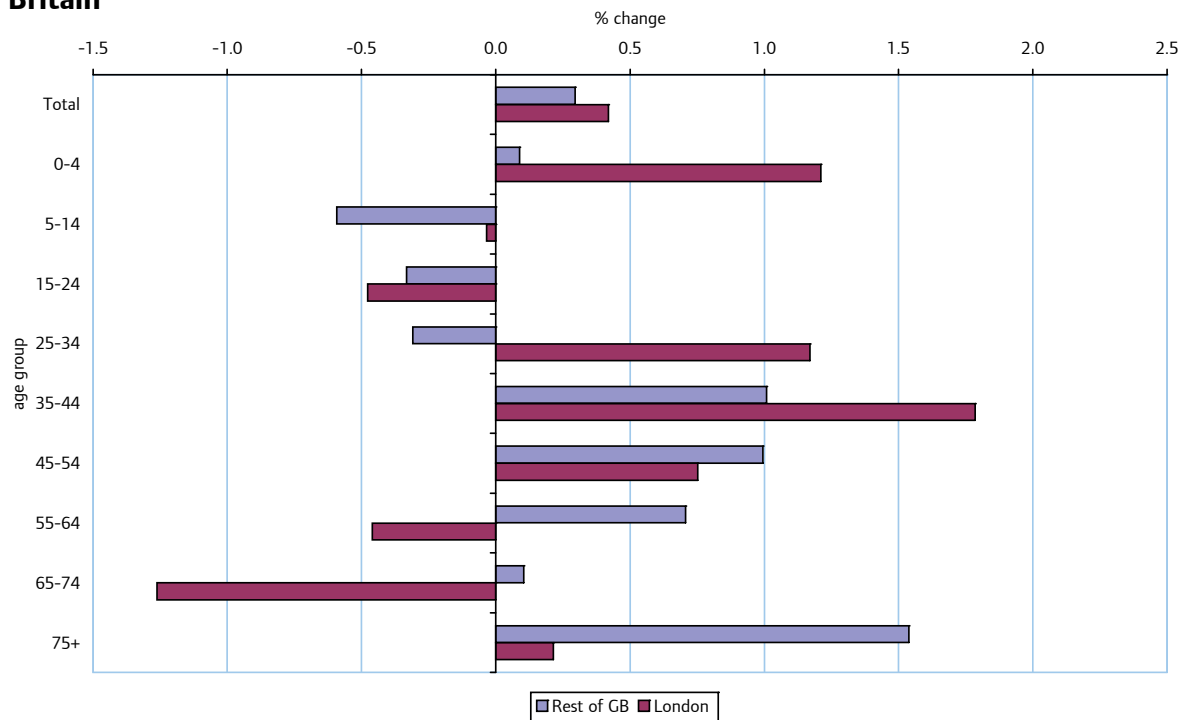
Figure A2: London's population structure 1981 and 2008



Source: ONS mid-year population estimates (2010)

Not only is London a growing city it attracts different age groups when compared to the rest of the country. Figure A3 shows the percentage change in each age group from 1981-2008 and demonstrates that changes in London have been a lot more dramatic than in the rest of Great Britain. Over the last 27 years the fastest growing age group in London has been the 35-44 year olds with an average of 1.8 per cent growth per annum. The 25-34 cohort have been the second fastest growing age group with 1.2 per cent growth per annum. There has also been a reduction in the 65-74 year old age group.

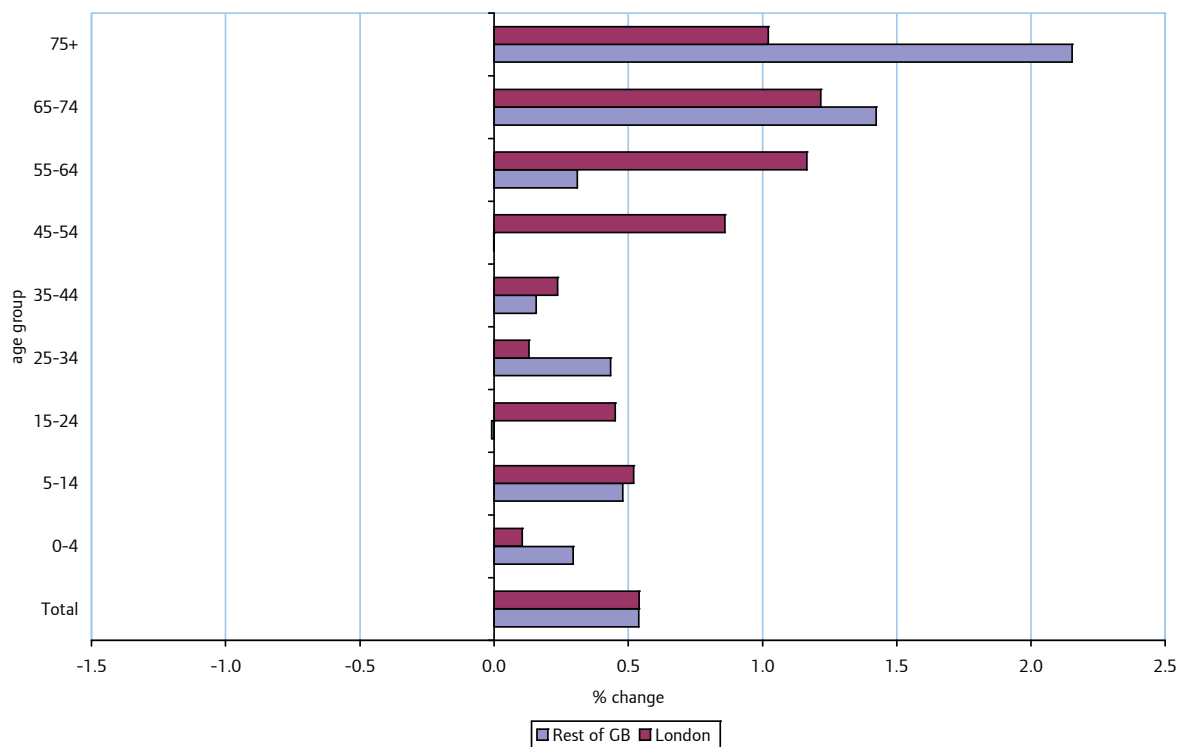
Figure A3: Annual change in age groups 1981-2008 for London and the rest of Great Britain



Source: ONS mid-year population estimates (2010)

Future projections for the period 2008-2031 show London's population is expected to reach around 8.8 million by 2031 and Great Britain's total population to reach 68.9 million with positive increases in almost every age group for both London and the rest of Great Britain. What is noticeable is that the rate of increase in total population in London in the next 23 years is 0.6 per cent per annum compared with an increase of 0.4 per cent per annum in the last 27 years. The increase in the over 65 groups is large in relative terms but the absolute numbers in these groups are relatively small compared to younger age groups.

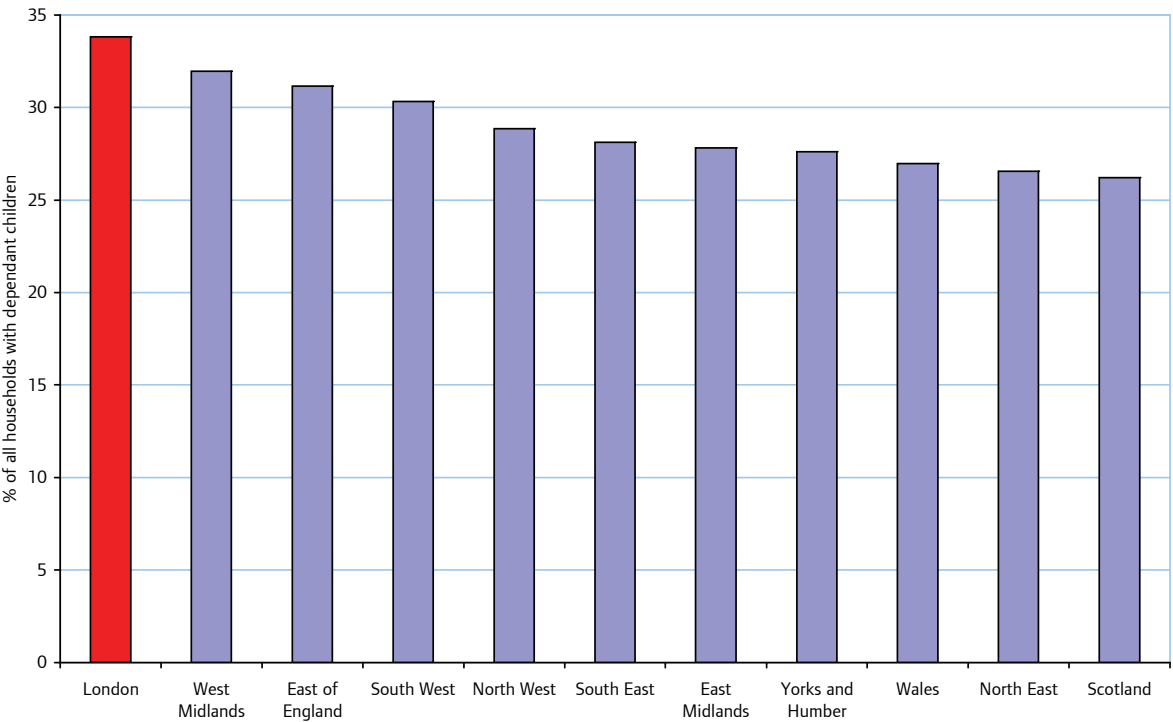
Figure A4: Predicted population change by age group 2008-2031



Source: DMAG (2010), ONS (2009)

London's proportion of households with dependent children is the highest of all Great Britain's Government Office Regions. This is shown in Figure A5. Dependent children are persons aged under 16, or aged 16-18 and in full-time education, in the family unit, and living in the household. The high rate of households with children is not only likely to make these households larger but also to make them poorer per se (as children do not earn a wage). Having children in the household will have an impact on the amount and type of leisure activities undertaken.

Figure A5: Percentage of households with dependent children



Source: General Household Survey (2006)

Appendix B. Local Area Tourism Impact model borough level spend estimates 2007 (£ millions)

Spend	Overseas visitors	Domestic visitors	Day visitors
Barking and Dagenham	35	10	69
Barnet	162	37	451
Bexley	81	22	151
Brent	97	25	182
Bromley	130	31	268
Camden	589	162	782
City of London	240	64	378
Croydon	162	42	342
Ealing	191	42	392
Enfield	135	38	192
Greenwich	78	21	202
Hackney	65	18	125
Hammersmith and Fulham	183	62	465
Haringey	75	18	158
Harrow	91	21	134
Havering	121	33	205
Hillingdon	326	80	290
Hounslow	111	24	218
Islington	144	45	256
Kensington and Chelsea	986	240	866
Kingston-upon-Thames	111	25	224
Lambeth	148	65	433
Lewisham	61	17	114
Merton	68	17	246
Newham	133	46	154
Redbridge	82	20	147
Richmond-upon-Thames	89	27	176
Southwark	162	55	490
Sutton	61	15	128
Tower Hamlets	176	76	392
Waltham Forest	59	15	136
Wandsworth	115	28	282
Westminster, City of	2,927	762	3,136
TOTALS	8,192	2,204	12,184

Note: Indicative borough level day visitor estimates for 2007 were derived from the LDA's own experimental London level day visitor estimates. As such the borough level day visitor estimates should be treated with caution and the 2007 day visitor estimates are not comparable with those from previous years. They are intended only to give a best estimate of the scale of day visitor tourism in each borough from the currently available data.

Source: Local Area Tourism Impact Model 2007, London Development Agency for further details see <http://www.lda.gov.uk/publications-and-media/publications/lati.aspx>

Other formats and languages

For a large print, Braille, disc, sign language video or audio-tape version of this document, please contact us at the address below:

Public Liaison Unit

Greater London Authority
City Hall, The Queen's Walk
London SE1 2AA

Telephone 020 7983 4100

Minicom 020 7983 4458

www.london.gov.uk

You will need to supply your name, your postal address and state the format and title of the publication you require. If you would like a copy of this document in your language, please phone the number or contact us at the address above.

Chinese

如果需要您母語版本的此文件，
請致電以下號碼或與下列地址聯絡

Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি (কপি) চান, তা হলে নীচের ফোন নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

GLAECONOMICS

Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

Tel: 020 7983 4922

Fax: 020 7983 4674

Minicom: 020 7983 4458

Email: glaeconomics@london.gov.uk

www.london.gov.uk/mayor/economic_unit

MAYOR OF LONDON