

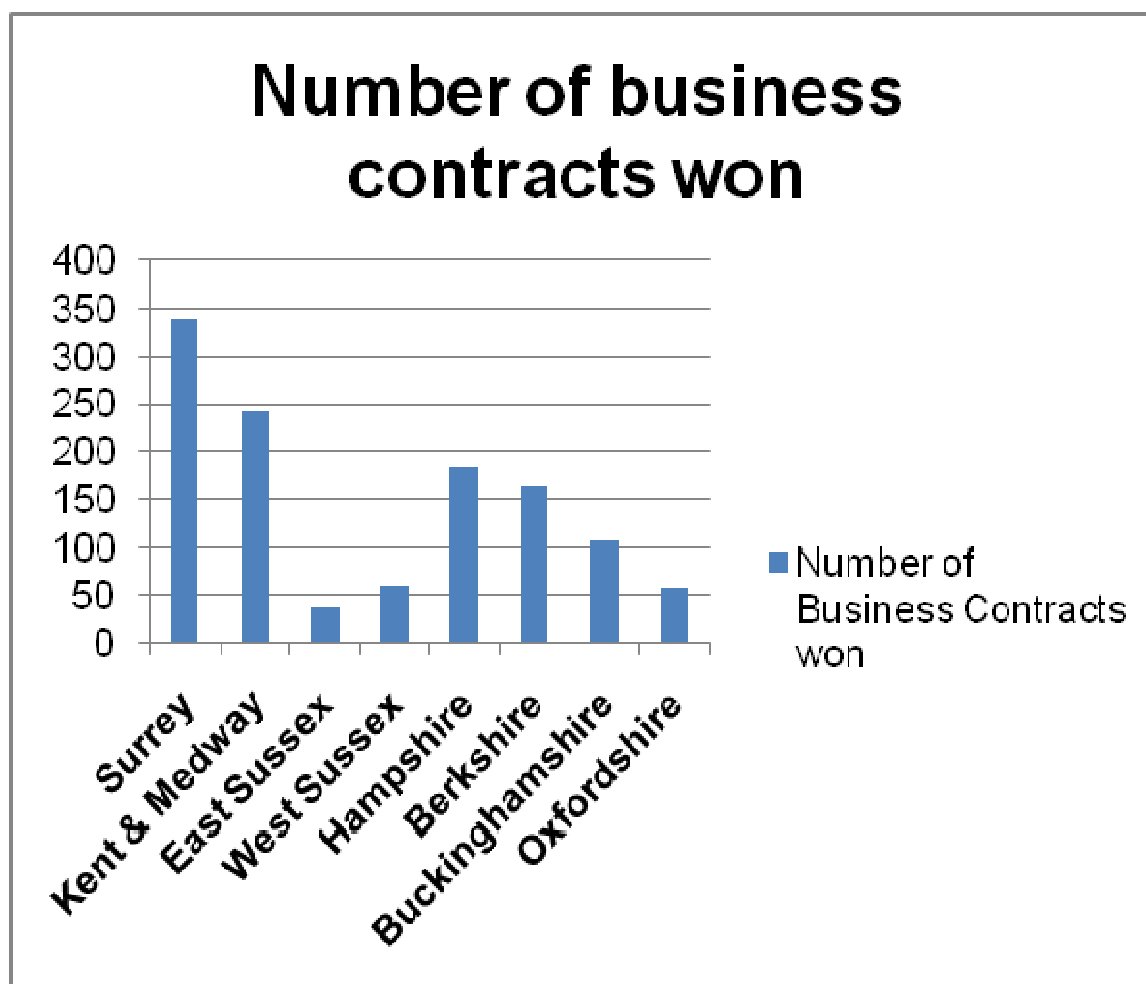
Cost Benefit Analysis – Olympic and Paralympic Programme

Appendix A - Table 2 Background Information

Contracts Won

The value of Games related contracts won by Surrey companies is about £800 million.

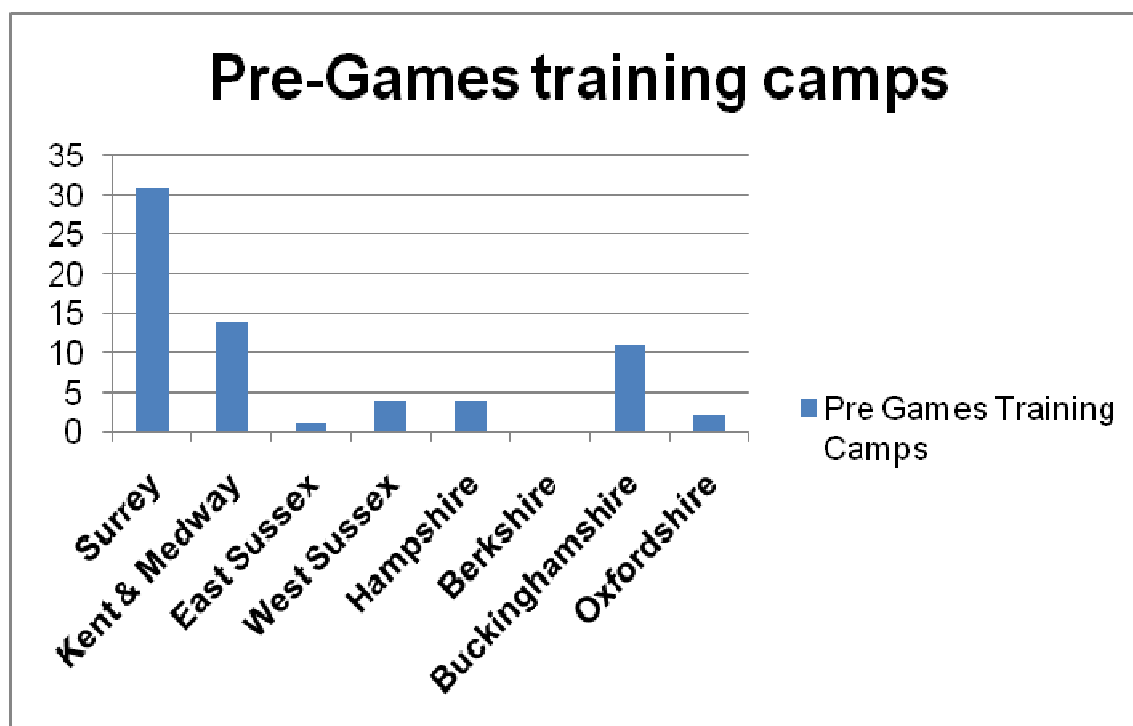
- More than 1,800 businesses across Surrey received presentations from the 2012 team during 2011-12.
- More than 4,300 businesses registered on 'Competefor'.
- High profile 'Inspire Mark' business events were delivered in Dorking, Woking, Guildford & Esher, with 350 attendees at the largest event and 1,500 attendees in total.
- Over 5,000 businesses received leaflets in the build up to the events.
- Over 750 businesses signed up to 'GoSurrey LinkedIn' to receive updates on Games-related news.



Pre Games Training Camps

A number of cycling teams stayed in Surrey in preparation for the road cycling events. Team GB, Australia, The Netherlands, Canada, New Zealand and Team USA are all known to have based themselves in Surrey accommodation. Their accommodation and food alone brought £50,000 into the local economy. Other nations which Surrey hosted include; Nigeria, Cayman Islands, Dominica, Sweden, Oman, Singapore, China, Croatia, Estonia, Guatemala, Malta, Mauritius, Mongolia, Philippines, Spain, Costa Rica, Ecudaor, Mexico and Bangladesh.

- We promoted sporting venues in Surrey to 200 Olympic teams and 150 Paralympic teams, sending them over 500 promotional messages.
- We hosted 43 visits from foreign teams.
- 35 training camps were based in Surrey, the highest number in the south east.
- The training camps contributed over £700,000 to Surrey's economy.



Olympic Cycling Events – Estimation of Economic benefit

Introduction

Surrey County Council hosted the following Olympic events as part of the London 2012 Games:

Men's Road Cycling Event on 28 July 2012, attracting 500,000 spectators
Women's Road Cycling Event on 29 July 2012, attracting 300,000 spectators
Men's and Women's Time Trial Events on 1 August 2012, attracting 200,000 spectators

Objectives

To estimate the extent to which the Road Cycling events raised awareness of Surrey and the amount of money spent by spectators at these events.

To examine:

- How much more additional revenue was brought into Surrey by spectators
- Whether the expenditure was displaced in other parts of the Surrey economy
- Whether the expenditure acted as a catalyst for further expenditure
- The impact of additional expenditure on employment/GVA

It should be noted that this calculation is based on industry standard norms used for the Tour of France and Tour of Britain.

Estimated Visitor Expenditure

Total estimated expenditure per group for overnight visitors is £165, and for day visitors is £95. This figure is broken down in the table below and based on smaller cycling events that have taken place in the UK in the past (figures in parentheses, based on the Tour of Britain Economic Impact report 2011):

Area of Expenditure	Average
Expenditure per overnight group	(average group size 2.2)
Accommodation	£50 (43)
Food and Drink	£30 (22)
Entertainment	£10 (9.75)
Local Travel	£15 (10)
Merchandise	£15 (14)
Shopping / souvenirs	£20 (14)
Other (petrol/parking/etc)	£25 (23)

Economic Impact of Visitor expenditure

It is assumed that the individual spend was £85 (compared to the spend for the Tour of Britain of £76)

Gross Expenditure Estimate

Total Attendance	Ave Exp per group	Ave group size	Total Expenditure
1,000,000	£ 85	2.2	£38,600,000

Deadweight Adjustment

Deadweight describes the proportion of gross expenditure that would have happened in the area anyway, even if the Olympic events hadn't taken place. For example, families that had travelled into the area for a meal but happened to watch the event while they were there.

Total Expenditure	Deadweight Factor	Total Deadweight	Deadweight Adjustment gross exp
£38,600,000	12%	£4,825,000	£33,775,000

Leakage Effects

Because the races occurred over a large area there is no guarantee that all the spend happened in Surrey or benefited Surrey companies. Therefore a 'leakage' value of 5% has been used to adjust the deadweight adjusted gross expenditure figure.

Expenditure after Deadweight	Leakage Factor	Total Leakage	Leakage Adjustment expenditure
£33,775,000	5%	£1,689,000	£32,086,000

Displacement Effects

Displacement refers to the extent to which the visitor expenditure is offset against a reduction in expenditure elsewhere. It is assumed that for this event, the majority of spectators wanted to come to the Games since the dates were advertised so far in advance and they were free Olympic events.

Leakage adjustment Expenditure	Displacement Factor	Total Displacement	Displacement Expenditure
£32,086,000	10%	£3,208,600	£28,877,400

Multiplier Effects

These occur in addition to race spectators' expenditure and capture the knock-on supply chain effects that beneficiary businesses may experience as a result of replacing their stock and also personal expenditure by employees.

In line with studies of the same nature (Super League Grand Final, World Half Marathon and Tour of Britain) the multiplier value is assumed to be 1.5.

Displacement Adjusted Expenditure	Multiplier Ratio	Multiplier Value	Net Total Expenditure
£28,877,400	1.5	£14,438,700	£43,316,100

Procurement Impacts

The Surrey Olympic Cycling Events required expenditure by the London Organising Committee for the Olympic and Paralympic Games (LOCOG) and their partners. This expenditure will have generated its own economic impact.

Much of the procurement has a national impact, but a proportion has a benefit to Surrey companies. After applying deadweight, leakage, displacement and multiplier adjustments, the procurement impact is estimated at £500,000.

Summary

The net total economic benefit in Surrey during the cycling events is estimated at £43,856,000.

Surrey Ambassadors

The "in-kind" value of the work carried out by the Surrey Ambassadors and the Greater London Authority (GLA) grants calculated as follows:-

		Notes
No of Ambassadors	420	
Ave. Hours worked	15	Ambassadors worked 3 x 5 hour shifts
Total person hours	6300	
In-kind hourly rate	£7.75	Based on figures established for in-kind contributions e.g. European grant applications
Total in-kind value	£48,825.00	
No. of Uniforms	450	
GLA grant per item	£34.00	Contribution to uniform and welfare costs
Total GLA grant	£15,300.00	

