



Forest Heath
District Council

Deloitte.

Newmarket Horseracing Industry

Local, national and international impact of the Horseracing Industry in Newmarket

September 2015



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Executive Summary

This report examines the local economic footprint, national importance to British Racing and international standing of the Newmarket Horseracing Industry (“NHRI”). Racing is considered to include racehorse owners, trainers, breeders, stable staff, racecourses, sales houses and associated services such as veterinary practices that primarily provide services to racing entities.

Horseracing is Britain’s biggest sport after football by many metrics including taxation generated, employment, attendance at events and capital investment. Racing provides a unique combination of “pure” sport, a close inter-relationship with the betting industry, deep links into the rural economy and a wider leisure offering to the British public.

British Racing is highly regarded on the international stage with a rich history and aspirational status. It is the location where many of world’s leading races are staged and top horses trained. Newmarket plays an important role in this status.



LOCAL

- 8,500 direct and indirect jobs (3,285 direct) ⁽¹⁾
- £208m economic contribution (direct, indirect and induced) ⁽¹⁾
- An industry that has grown in the last five years despite a significant contraction in the British Racing industry
- 1,000+ registered racehorse owners with horses trained in Newmarket
- Very substantial inward investment from international investors in the NHRI - £75m+ annual expenditure by the largest of these investors
- Over 340,000 annual visitors to the two racecourses

NATIONAL

- Headquarters of Racing in Britain
- c.28% of all British Flat/dual-purpose horses trained in Newmarket, making it the largest UK training centre by a factor of 4
- Driver and epicentre of the vital international investment in British Racing, also acts as an enabler for non-Racing investment by many of these parties
- Newmarket Racecourses’ prize money is the single largest in Britain ⁽²⁾
- Centre for British Breeding industry, progeny of Newmarket standing stallions responsible for over 75% of prize money won by British bred horses

INTERNATIONAL

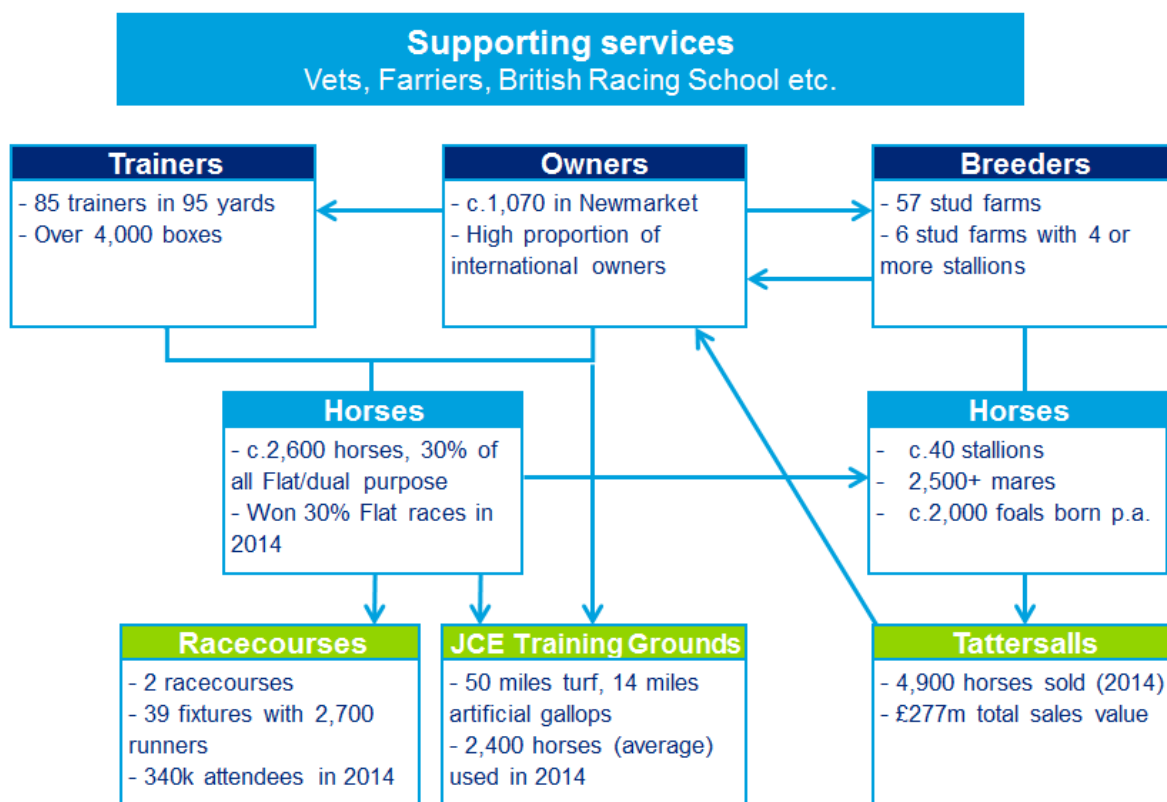
- A unique racing centre – no comparable location in the world with the same history, scale, diversity and concentration of racing interests
- Used as a unique selling point of British Racing to international investors
- The HQ of many of the world’s largest global racing investors - including Darley/Godolphin and Juddmonte
- Home of Tattersalls, the largest bloodstock auction house in Europe

Notes

1. Figures as per the SQW Report *Newmarket’s Equine Cluster* (2014). SQW have stated a conservative approach has been adopted in some areas. This view has also been stated in a number of the consultations.
2. Excludes prize money paid for British Champions Day which is staged at Ascot.

Racing's infrastructure in Newmarket – a cluster of excellence

The figure below sets out the different entities involved in the Newmarket Horseracing Industry.



Horses in training - significant recent growth in number of Newmarket trained horses despite British Racing falls

- The number of horses in training in Newmarket has grown by c.10% between 2008 and 2014 to an average of c. 2,600, despite an 11% fall in horses in training in British Racing. Newmarket has therefore become increasingly important as a training centre and now accounts for 28% of British Flat and Dual Purpose horses.
- Horses trained by Godolphin were responsible for c.75% of this increase. In addition, a number of horses owned by individuals from Qatar who have become very significant investors in British Racing since 2008 are now trained in Newmarket, with further increases expected in 2015. Nonetheless, horses owned by smaller scale owners also increased in the period.

Owners – racehorse owners, many being international investors, are the primary driver of economic activity in Newmarket through their purchase of horses and training and racing expenditure

- Over 1,000 registered owners had horses trained in Newmarket in 2014, which will translate to significantly more individuals given that registered owners include many partnerships and syndicates.
- The vast majority of these owners live outside Newmarket. A high proportion are international owners, particularly those with the most horses, with 14 of the top 20 owners by number of horses trained in Newmarket being non-UK domiciled in 2014. Nonetheless, Newmarket caters for owners of all scales.
- The largest of the established international investors are Darley/Godolphin (the largest by a significant margin) and Juddmonte Farms, which between them have an estimated annual total expenditure of over £75m – a significant proportion in the Newmarket area being on the wages of the 800+ direct employees and expenditure with Newmarket trainers, stud farms, veterinary practices etc. Newmarket now also benefits from a significant proportion of the investment into British Racing by Qatar based individuals with additional international investors/owners from outside of the Middle East, including the USA and China/Hong Kong.
- The current levels of prize money in Britain are such that, on average, less than 25% of training costs (on average over £25,000 in Newmarket) are recovered. Such low levels of financial return make it even more

important that the ownership experience is rewarding, and the ability of an owner to see their horses in training in an iconic and safe environment is an important part of this.

Trainers – Newmarket boasts many of Britain’s top Flat trainers, part of the attraction of the training centre to many major owners

- The 85 trainers in Newmarket predominantly focus on Flat racing, and vary in size from yards of 200 boxes to those with fewer than ten, total capacity being c.4,000. The trainers employ over 2,000 people directly, and support substantially greater employment through associated expenditure by the yards and in the local economy by their employees.
- Over the last ten years, typically six to eight of the top 15 Flat trainers (based on prize money won) have been based in Newmarket. This concentration of top trainers is a key part of the attraction of Newmarket.

Training facilities – Newmarket’s training facilities are already the best in Britain and are internationally recognised. The proposed investment in new gallops and training yards would support a substantial increase in horse numbers, hence economic activity

- The Jockey Club Estates (“JCE”) owned and operated gallops are the most extensive, diverse and high quality in Britain. Well over 90% of horses trained in Newmarket use these gallops, with the Bury-side currently close to capacity.
- JCE have advanced plans for a multi-million pound uphill gallop on the Racecourse side and the building of new training yards, (including ‘starter’ yards), which in combination are considered to be able to support at least an additional 750 horses. This would equate to c.£20m in training and associated fees, much of it being local expenditure.

Racecourses – Newmarket’s two racecourses stage a high quality fixture list paying competitive prize money and attracting over 340,000 annual attendees to the area

- Newmarket is unique in having two separate turf racecourses each with their own facilities. The July Course and Rowley Mile together stage 39 fixtures between April and November, including many of the top British Flat races. They are attended by 340,000 people (3rd highest in Britain) including 90,000 to the pioneering Newmarket nights fixtures which include post-racing music concerts.
- The total prize money paid by Newmarket in 2014 of £9.5m was the highest paid by any British racecourse if British Champions Day (in which the Jockey Club is the largest shareholder) at Ascot is excluded. Prize money in 2015 is forecast to increase to £10.5m, including through the £2m+ Dubai Future Champions Festival to be staged in October.
- Newmarket trained horses are critical to the health of many other racecourses, providing more than 20% of total runners at a number of the country’s top racecourses.

Breeders – Newmarket studs’ high quality bloodlines mean it is the centre of the British Breeding industry, attracting horses and breeders from across Britain and internationally

- The British Breeding industry is focused on Newmarket where it directly employs over 800 people. The six Newmarket studs with multiple standing stallions are responsible for a significant proportion of the employment, benefit from a number of the world’s most valuable stallions and drive activity at many of the other Newmarket studs.
- The British Breeding industry has experienced marked declines in production since 2008, but production levels attributable to Newmarket have been much more resilient. The numbers of foals produced by Suffolk and Cambridgeshire breeders decreased by less than 1% between 2008 and 2014 compared to a 28% fall in the rest of the Britain.
- The quality of bloodlines now based in Newmarket is considered to be the strongest ever as illustrated by the high nomination fees (cost of a mating) for the top stallions including Frankel, the highest ever rated racehorse. Newmarket stallions covered over 3,300 mares in 2014.

Tattersalls - the dominant bloodstock sales house in Europe which attracts a broad range of domestic and international customers to Newmarket

- Vendors at Tattersalls consist largely of British and Irish breeders. 70% of buyers are international, made up of individuals from over 40 countries. Tattersalls therefore provides the platform for a significant export of British Racing.
- In 2014 Tattersalls sold over 4,900 horses for £277m, representing over 85% of all sales at the major British sales houses. Global bloodstock values fell sharply between 2007-2010 but Tattersalls values have recovered and now exceed pre-recession levels.

Other horseracing entities – internationally respected institutions that play a vital role in both supporting the NHRI and selling British Racing

- Veterinary practices – Newmarket's two largest practices are amongst the world's top equine facilities, and are viewed as one of the critical factors to the success of the NHRI.
- The British Racing School – a charitable organisation, the largest provider of training to the British Racing industry. Its reputation for quality training means it also provides extensive services to international students.
- The National Stud – the Jockey Club's thoroughbred breeding and educational operation providing apprenticeship training for individuals wishing to enter the breeding industry. It is also open to the public for much of the year, with over 18,000 visitors in 2014.
- Jockey Club Rooms – this historic building in Newmarket services both Jockey Club members and external functions. It contains an extensive history of British horseracing and often performs an important role in showcasing and promoting British Racing to existing or potential investors.
- The current British Horseracing Museum located on the Newmarket High Street will be incorporated into the new National Heritage Centre for Horseracing and Sporting Art. This £15m project, incorporating the rebuilding of the Palace House Stables, is forecast to attract 50,000 annual visitors when it opens in 2016.

International comparisons - there is no location in the world comparable to Newmarket in terms of the scale, diversity and concentration of Racing operations

- Research conducted for this report confirmed that the area around The Curragh in Ireland and Chantilly in France were the closest comparators to Newmarket. However, the Curragh has a much lower number of horses and Chantilly has no major breeding operations.
- Newmarket is currently the headquarters of some of the largest international Racing organisations with interests across several countries and continents (including the Curragh and Chantilly). The global nature of these operations means it is possible to re-distribute horses and activities relatively easily, hence it is important for Newmarket and British Racing that its current advantages are protected.

Planning and economic development considerations

- There are specific planning policies in place in Newmarket, which highlight the importance of the Racing industry to the town, seek to safeguard Racing's interests and identify criteria against which development proposals relating to the Racing industry are to be assessed. Racing has been an active participant in the consultation stages of the development plans.
- Informed by the review of other locations and our wider planning experience, it is considered that the horseracing strategy and policies of the development plans recognise the importance of the NHRI and cover the principal issues arising. Based on recent hearings the policies have been supported and weight placed upon them by Inspectors on Appeal.
- However, there are clear tensions and concerns as to how these planning policies are applied to specific development proposals, notably in respect of the proposed Hatchfield Farm and Meddler Stud developments (increased traffic levels being the biggest issue for Hatchfield Farm, loss of horseracing land for Meddler Stud).
- Despite the tensions arising from some proposed developments, it is evident that the NHRI continues to play a positive role in seeking appropriate ways to develop the town. Set out below is a summary of some of the existing and potential developments/initiatives that were identified during our work as being consistent with

maintaining and enhancing Newmarket's position as a global centre of excellence for horseracing, whilst also facilitating general economic growth for the town. It also sets out a number of high level recommendations which could assist in this respect.

Racing related growth

- Building of hill gallop to make the Racecourse side gallops more attractive, hence increase trainer and horse numbers.
- Building of starter yards.
- Leverage 'Discover Newmarket' to increase the scale and frequency of horseracing tours to showcase the town and industry. The Palace House Project has the potential to play a valuable role in this respect.
- Investigation of whether any other British Racing operations could be encouraged to relocate to Newmarket.
- Appropriate and sympathetic development of affordable housing to provide for a growing horseracing workforce.
- Partnership approach with major international investors in horseracing in Newmarket to support specific economic development goals and projects, including those to revitalise the High Street.

Other developments

- Commission a Highways Study to identify the nature of the highway conflicts of concern and practical ways in which they may be resolved.
- Preparation of planning policy documents providing more specific guidance on topics of concern for the horse racing industry, e.g. horse movements and criteria for the development of road crossing points; or area based development briefs if there are parts of the town where this is justified to protect horse racing interests.
- Ensure the NHRI is fully represented in the development of the Newmarket Neighbourhood Plan (commissioned in early 2015), and continues to play a role in the initiative identified in the Prince's Foundation Report.
- Investigate whether other suitable Newmarket projects could access funding from the Heritage Lottery Programme (Palace House Stables having benefitted already).
- Investigate any options to upgrade the transport infrastructure – specifically railway facilities (the station and/or capacity).
- Investigate potential for the Community Infrastructure Levy ("CIL) to contribute to equestrian safety infrastructure improvements (should CIL be adopted by Forest Heath District Council).
- Using this report as part of the supporting evidence lobby the appropriate government and other entities to gain official regional, national (including Royal Newmarket) and international status for the town, and in turn benefit from related funding/fiscal support.

Introduction

Background

Horseracing is the dominant industry upon which Newmarket has been formed and for which the town has established an international reputation.

Newmarket and the surrounding area is the location for a significant cluster of horseracing activity. Its prominence can be seen through the Jockey Club Estates (“JCE”) operated gallops, numerous training yards (the majority within the town), paddocks owned by stud farms and two racecourses. These drive significant numbers of jobs and economic activity. The SQW report *Newmarket’s Equine Cluster: the economic impact of the horseracing industry centred upon Newmarket* (published January 2014) estimated that the Racing industry contributes over £200m to the local economy.

In addition to this significant local economic footprint, the town has national significance (being known as the headquarters of British Racing) and an international reputation for high quality horseracing activities.

Forest Heath District Council, on behalf of West Suffolk Councils, the collective body for Forest Heath District Council and St. Edmundsbury Borough Council, commissioned Deloitte to examine the NHRI’s local economic footprint, its national importance and its international standing in Racing. The report is intended to be used as a resource to help inform future policies towards the protection of the industry, enhancements, promotion and investment by the public and private sector.

Methodology

The information contained in this report has been primarily been gathered through a combination of:

- Extensive consultations with Newmarket Racing organisations and British Racing bodies - over 20 consultations were performed (see Appendix 1 for listing);
- Data supplied directly by stakeholders in Newmarket and British Racing;
- Site visit to The Curragh (Ireland), being the racing centre most comparable to Newmarket; and
- Additional primary research and analysis performed by Deloitte.

In respect of quantifying the local economic impact of the NHRI we have primarily relied on the SQW report “*Newmarket’s Equine Cluster: the economic impact of the horseracing industry centred upon Newmarket*”. This report was commissioned to provide “*an up-to-date understanding of the scale and economic significance of the horseracing industry centred in Newmarket*”.

It estimates the economic impact for 2012, with the research and field work taking place in 2013, and was issued in January 2014. It was not therefore considered practical or sufficiently valuable to re-perform the detailed financial analysis that underpinned that report. We note that the report acknowledges it adopted a conservative approach in some areas and a number of our consultations drew attention to this.

Wherever possible we have sought to set out appropriate information and quantitative analysis to provide support to the views of consultees. For the majority of cases this has been possible, but it is inevitable that some views are not capable of being evidenced in this way. In this case it is still important that any commonly reported qualitative factors are set out as they provide useful context to the attractions of racing in Newmarket.

The report includes information and analysis for 2014 wherever possible, or if not the latest available year. Time series data has been provided in many areas, to help the reader understand how the NHRI and British Racing has changed in recent years, typically since 2008. British Racing has undergone a challenging period since then, driven

by the economic downturn, with many sectors of Racing having suffered a contraction. It is therefore particularly instructive to understand how Racing operations in Newmarket have performed over that period.

Our field work was substantively completed by April 2015, and a draft report submitted to Forest Heath District Council. Relatively limited amendments were made to this draft report, and subsequent drafts, between April and July 2015 following reviews by Council representatives. It has not however been updated for any significant new data that may have become available or changes in circumstances which have occurred since April 2015.

Definition of area of Newmarket and Racing

For the purposes of the local economic impact the bounds of the study adopted by SQW have been used, being a radius of 25 miles as the racing cluster around Newmarket and a narrower radius of 10 miles when considering the spending of local employees. However, we note that the large majority of Newmarket's Racing operations are located in an even smaller area than this.

The analysis of Newmarket Racing operations has focused on the training, breeding and racing of thoroughbred horses in the Newmarket area. Whilst there are additional equine interests including sport and endurance horses, these have not been specifically examined, although some businesses such as the veterinary practices serve all types of horses.

Report structure

The report is structured into the seven sections as described below:

Section 1: History of Newmarket – brief overview of how racing has developed in Newmarket.

Section 2: Scale of British Racing – high level discussion of the scale, geographic spread and international standing of British Racing, racing being the second biggest sport in Britain by many metrics.

Section 3: Newmarket's racing operations – looks at the different sectors of Racing in Newmarket (trainers, training facilities, racehorse owners, breeding, racecourses, Tattersalls and other supporting services) both in isolation and also in how they interact with each other through the operation of a cluster. The section also sets out where appropriate the importance of each of the Newmarket located businesses/participants to British Racing.

Section 4: Local economic footprint - sets out the employment and economic activity generated by Racing in Newmarket, via summarising elements of the SQW Report.

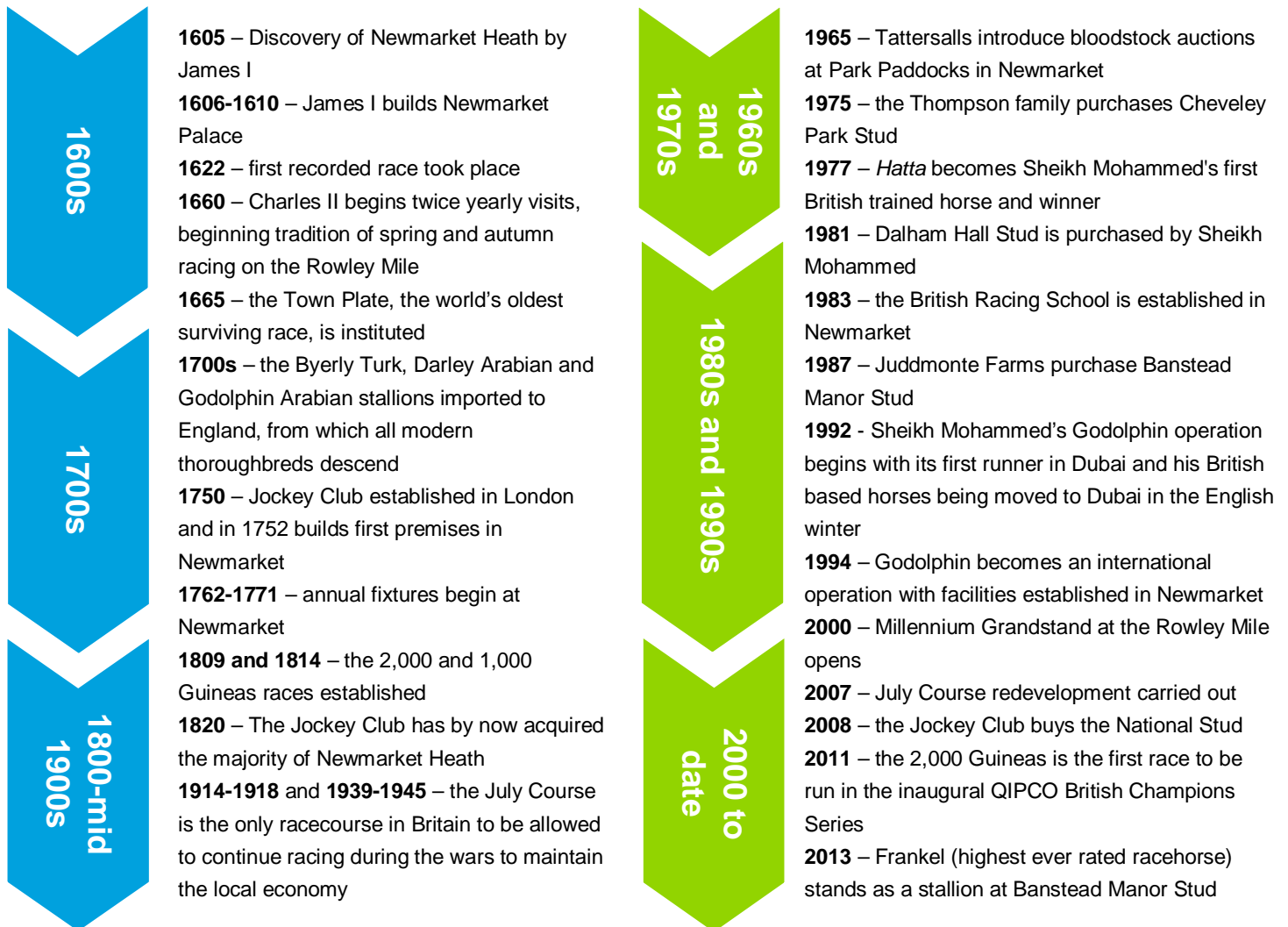
Section 5: International comparisons - examines how Newmarket compares to other major Racing centres located outside Britain, including more detailed comparisons to activities at The Curragh and Chantilly (France), being the two places considered most similar to Newmarket.

Section 6: Planning policy considerations - summarises the planning regulations in place designed to safeguard horseracing interests in Newmarket, and comments on how these compare to regulations to protect racing elsewhere and promote motorsport at Silverstone.

Section 7: Initiatives and next steps – summarises the existing and potential initiatives identified during the project as being consistent with maintaining and enhancing Newmarket's position as a global centre of excellence, whilst also facilitating general economic growth for the town.

1 History of Newmarket

Newmarket has developed over the course of three centuries into a worldwide centre of excellence for thoroughbred racing and breeding. Some key events from the 17th century onwards are shown in the timeline below concerning horseracing institutions and how investment from overseas has influenced the town's development. The presence of the Jockey Club has been instrumental, and although its regulatory functions returned to London in the 1960s it still has a strong presence in Newmarket.



2 Scale of British Racing

This section briefly sets out the scale and international standing of British Racing. Racing provides a unique combination of “pure” sport, a close inter-relationship with the betting industry, deep links into the rural economy and a wider leisure offering to the British public. It also takes place over a broad base, from the popular grass roots racing of Point-to-Point up to the hosting of many of the world’s top races and festivals.

Racing is Britain’s second biggest sport by many measures including tax generated, employment and is comfortably the best attended after football - close to 10% of the total sports attendances in 2014 was at racing fixtures. Racing’s major festivals comprised four of the top ten attended sporting events in 2014, with the Derby at Epsom remaining the single best attended day’s sport in Britain.

Flat racing is a global sport taking place in over 60 countries worldwide, while Jump racing is dominated by Britain, Ireland and France. Britain is a leading nation for both codes, hosting a number of the leading Flat races globally each year including Royal Ascot, and the most popular Jump racing fixture in the world, the Cheltenham Festival.

Key measures of Racing

Three *Economic Impact of British Racing* reports have been prepared by Deloitte for the British Horseracing Authority (“BHA”) (the latest in 2013), which provide an indication of the sport’s economic footprint based on a number of metrics. The table below shows selected key measures used in the reports to illustrate the scale of British Racing in 2008, 2012 and, where available, 2014.

Key measures of British Racing			
	2008	2012	2014
Total economic impact of British Racing	£3.39bn	£3.45bn	n/a
Core British Racing industry expenditure	£1.05bn	£1.11bn	n/a
British Racing’s capital expenditure	£486m (2005-2008)	£203m (2009-2012)	n/a
British Racing’s tax contribution	£325m	£276m	n/a
Core industry employment (FTE)	18,600	17,400	n/a
British betting industry’s gross win on British racing^(A)	£1.05bn	£710m	n/a
Average number of horses in training	15,349	13,716	13,646
Number of racehorse owners	9,539	8,215	7,631
Total racecourse attendances	5.7m	5.58m	5.8m
Foal crop and world ranking	5,920 (6 th)	4,366 (7 th)	4,328 ^(B)

(A) Excluding offshore internet companies
(B) 2014 foal crop world ranking not yet available
Source: BHA; Deloitte Economic Impact of British Racing.

Positive movement Negative movement

The majority of metrics declined between 2008 and 2012, largely due to the economic downturn. However, the industry demonstrated considerable resilience over this period. In real terms the core Racing industry shrunk by 1.2% p.a. from 2009-2012 (after adjusting for inflation) which was not substantially worse than the contraction of the UK economy.

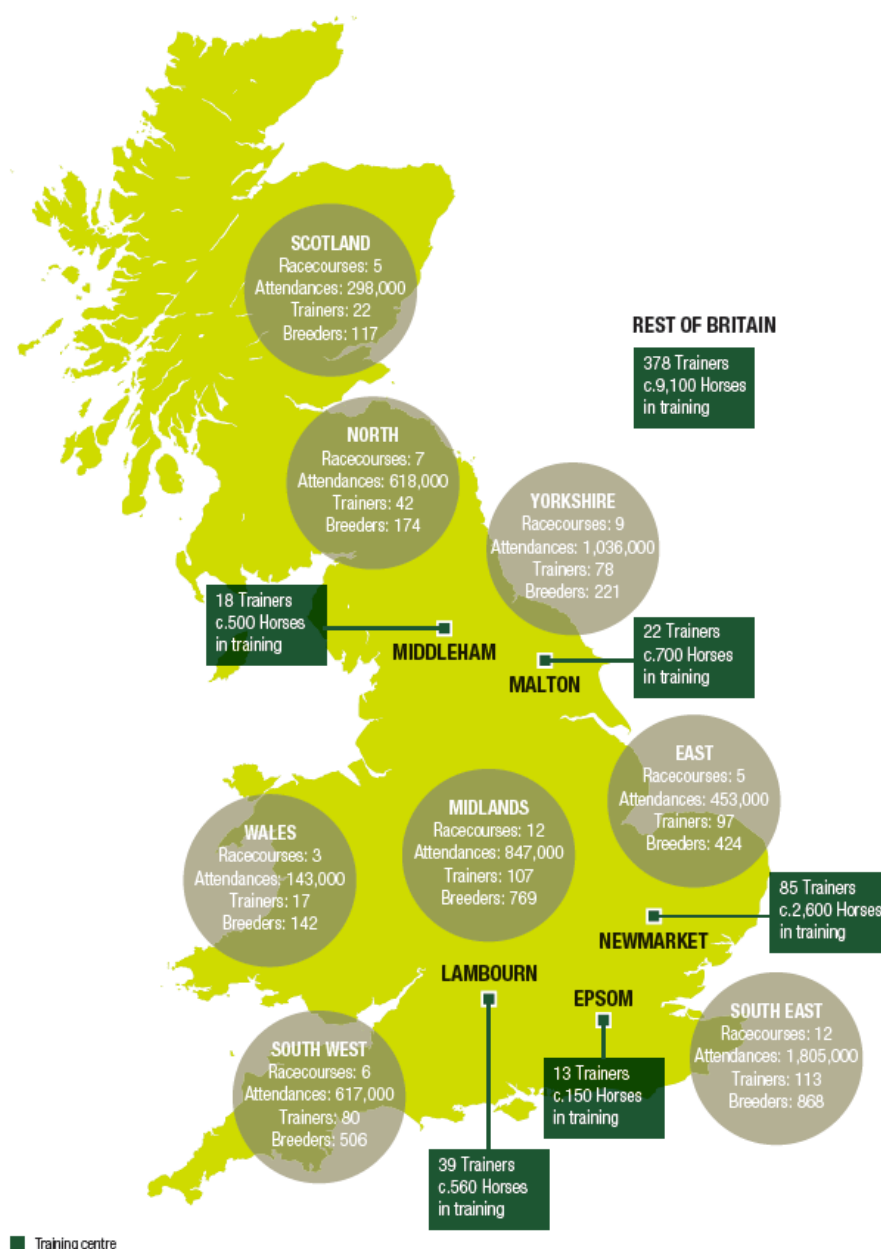
Core industry employment in 2012 was 17,400 FTE (Full Time Equivalent), representing over 20,000 full and part time positions in total. A significant number of jobs flow from Racing’s core activities into secondary employment, estimated at over 26,000, and including those working in the broader equine industry and other roles emerging from the ‘ripple effect’ of the Racing industry through the wider economy. When direct, indirect and associated employment (including betting) is accounted for, the total exceeds 85,000.

Regional spread

Racing exists throughout Britain, and all regions of the country are represented by racecourses, trainers and breeders specifically.

- Many racecourses are centred around those conurbations with the highest populations, notably the South East (with six racecourses being within a 30 mile radius of central London), the Midlands, North West and Yorkshire, but a significant number of others are located in more rural areas.
- Around a third of trainers are based in one of the five recognised training centres including a much higher proportion of larger trainers.
- The Breeding industry also has a presence throughout Britain, with almost all counties containing recognised breeders.

Whilst racing is therefore a national sport, there still exist areas of particular concentration, notably around the five recognised training centres. In terms of both the number of trainers in the region and the number of horses in training, Newmarket is by some margin the biggest of these.



Note: Horses in training based on 12 month averages of horses using gallops in 2014 for Newmarket, Lambourn and Epsom. Middleham and Malton based on number of 2014 runners by Central Facility user trainers. 2014 attendances to nearest 1,000.

Source: JCE, BHA.

International standing

British Racing is highly regarded on the international stage. Its heritage and reputation around the globe means that it continues to attract an increasingly diverse set of major international investors. Racehorse ownership in Britain benefits from an 'aspirational' status, as seen by its high social standing and patronage of the Monarchy, which is in contrast to some other racing nations. This has been a major factor in attracting overseas investment in British Racing.

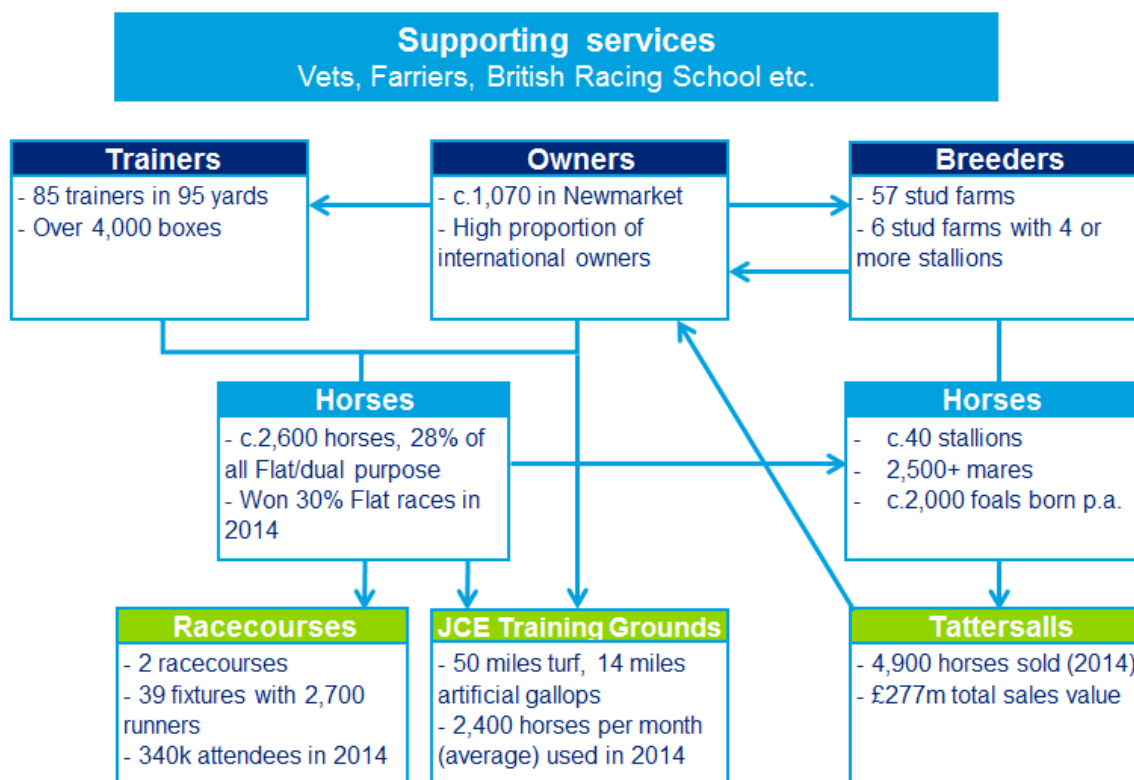
With Flat racing being the much more international of the two codes than Newmarket, as the headquarters of British Racing and dominated by the Flat code, is the natural location for this international investment to focus on. The quality of British racing is illustrated by:

- Of the 406 performances listed as the best in the world in the 2014 World Thoroughbred Rankings, 56 (14%) were from British trained horses. Britain therefore is one of the leading nations for owners to train their horses.
- Britain continues to stage many of the world's leading races by quality. Two of the top eight performances from horses anywhere in the world in 2014 were at British racecourses.

3 Newmarket's racing operations

This section outlines the key constituents of the Racing industry in Newmarket, describing the scale of their operations and placing them in a national and international context where relevant.

All of the stakeholders shown in the diagram below play vital roles in the town's Racing 'ecosystem' and are to a certain extent dependent on each other.

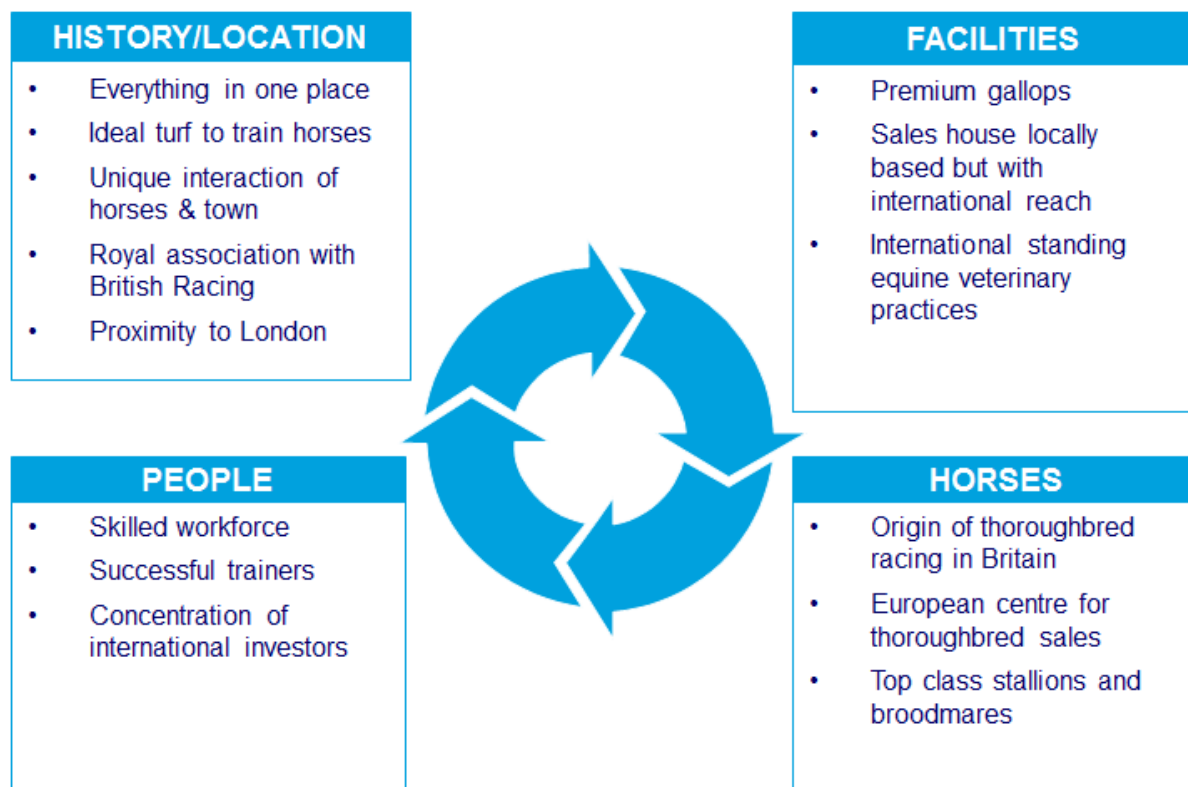


This section considers each of these constituent parts of the core Racing industry in Newmarket, specifically via

- **Horses in training** – in Britain as a whole and in Newmarket;
- **Trainers** – in Britain as a whole and Newmarket including by size of yard, location in the town, success and distribution of runners;
- **Training facilities** – description of the gallops and number of horses using them, future developments and comparison with other training centres;
- **Newmarket racecourses** – fixtures and major races, interactions with the Racing industry, attendances and secondary expenditure;
- **Racehorse owners** – Newmarket registered owners, horses, and their success, overseas investment and the importance of the Middle East;
- **Breeding** – scale of operations and importance to British Breeding, Newmarket stud farms and stallions;
- **Tattersalls** – main sales and values, international spread of customers, performance compared to overseas sales and quality of horses sold;
- **Other Newmarket Racing institutions** – including the British Racing School and Jockey Club Rooms.

This section focuses primarily on quantitative measures which demonstrate the absolute and relative size of each sector and recent movement compared to that experienced by British Racing. The employment and direct expenditure of each sector is discussed collectively in Section Four: Local economic footprint.

Before setting out the quantitative analysis, it is instructive to briefly discuss the more qualitative factors that contribute to Newmarket's standing. The figure below summarises the factors that were consistently referenced during consultations as the key reasons behind Newmarket's success and attraction as a centre for racing.



The factors set out above have combined to lead to the development of Newmarket as the headquarters of Racing in Britain. They have led to a concentration of Racing businesses which can be considered a “cluster”. The concept of clustering is well established in economics, whereby firms from the same industry gather in close proximity (typically including many of the top firms). Clustering provides a means for small businesses to enjoy some of the economies of scale usually reserved for large ones. For example by clustering together trainers benefit from the Newmarket area's pool of expertise and skilled workers, supporting industries (e.g. vets, farriers), information channels and the public training grounds.

Whilst there was strong consensus on the reasons for success and the attraction of Newmarket from consultations with members of the NHRI, there was also much agreement on the threats to this continued success. The primary concern expressed was the need to address the current, and any further increase in, traffic levels which make it challenging for trainers to move horses safely and efficiently around the town as well as potentially undermining the racehorse owner experience.

Horses in training

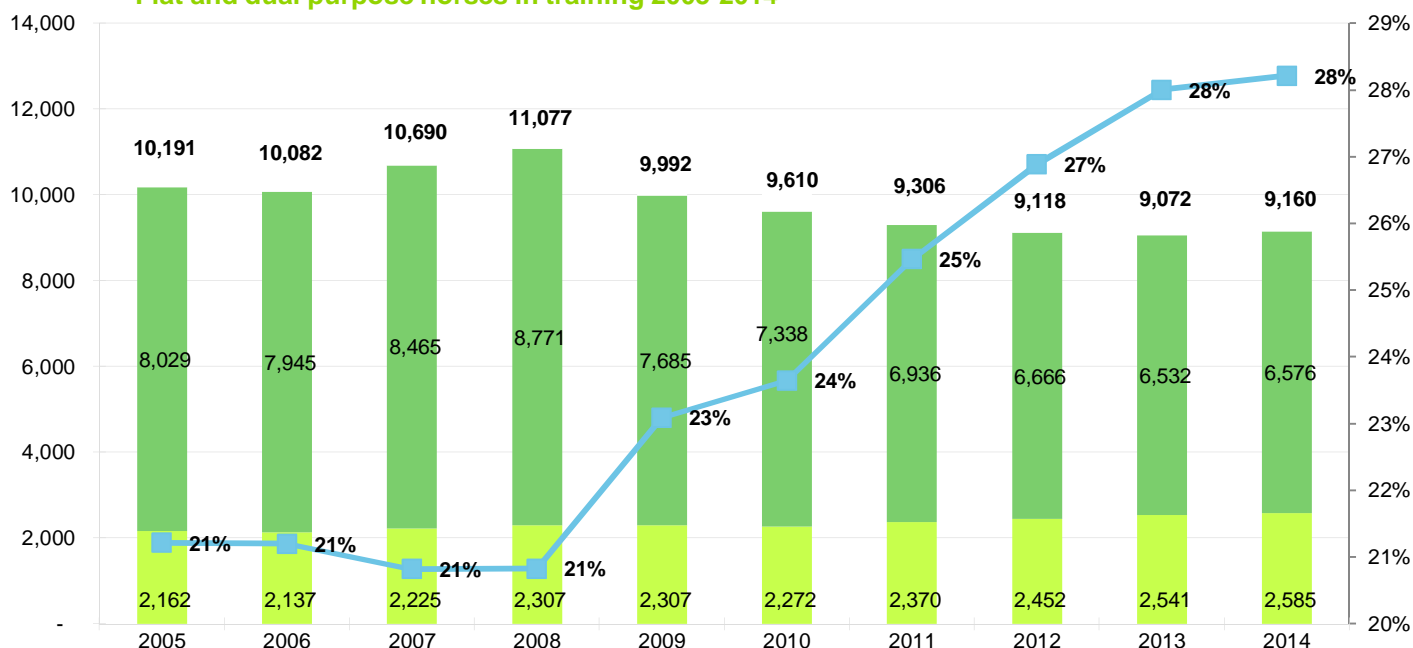
The number of horses in training is a key metric in assessing the health of the Racing industry, whether this is Britain as a whole or specific to Newmarket, and is a direct driver of economic activity through employment created and other expenditure generated. The average number of horses in training in Britain has declined by 11% from a peak of 15,349 in 2008 to 13,646 in 2014 due largely to the economic environment.

Despite the national decline the number of horses trained in Newmarket has increased by c.10% over the same period. The main drivers have been:

- Godolphin – there has been a significant increase in Godolphin trained horses, in part due to the operation of two distinct yards with separate trainers since 2009. In 2014, over 300 different Godolphin horses ran in British races, compared to 115 in 2008;
- Qatar – a number of Qatar based owners (including Qatar Racing and Al Shaqab) have become very significant investors in British Racing since 2008, with increasing number of horses trained in Newmarket; and
- More modest increases in horses owned by ‘smaller’ owners - nonetheless a robust performance given the significant falls in national horses in training.

The increase in Newmarket horse numbers and national decline has meant that Newmarket trained horses made up 28% of total Flat/dual purpose horses in 2014, up from 21% in 2008. Newmarket horses won 30% of all Flat races in 2014, again increased from 2008. 2,932 individual Newmarket trained horses ran in British races in 2014 meaning more than 3,000 horses are likely to have been trained in Newmarket over the year.

Newmarket trained horses as % of all Flat and dual purpose horses in training 2005-2014



Note: All figures based on 12 month averages. The classification of dual purpose (run over Flat and Jumps) horses changed in 2009 meaning a number were reclassified as Jump horses. Godolphin Moulton Paddocks horses added to horses using Newmarket Heath to obtain total Newmarket HIT. Source: BHA; JCE; Deloitte analysis

28% % Flat races won by Newmarket horses
 Newmarket
 Non Newmarket
 Newmarket %

Trainers

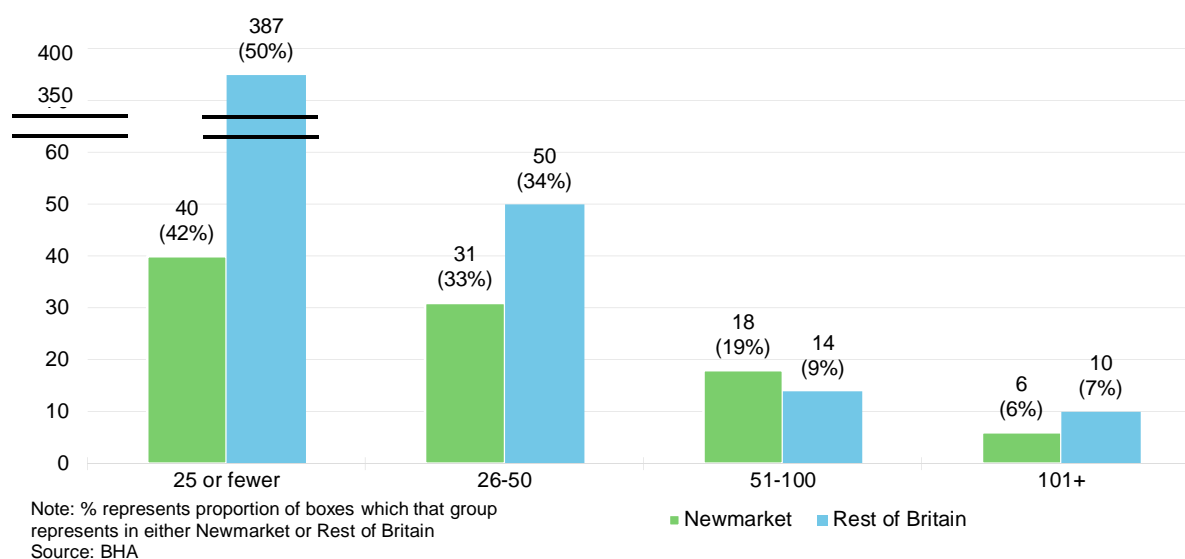
The main specific advantages for trainers to locate in Newmarket are:

- All trainers have access to the same world class facilities, regardless of whether they have been based in the town for decades or are a new trainer starting out;
- There is no capital cost of building and maintaining training facilities;
- It is appealing for owners to come and see their horses training on the gallops in an iconic racing location;
- There is a supply of skilled stable staff; and
- Leading supporting industries.

The BHA registered 85 trainers as Newmarket central facility users in 2013. Of the 85 Newmarket trainers 62 have Combined licenses (although the majority only have Flat runners), 21 have Flat licenses and two have Jump licenses, demonstrating the dominance of Flat racing in the town. The 85 trainers occupied 95 individual training yards in the town and surrounding area – ten yards were occupied by licensed trainers also responsible for another yard. In total the 95 Newmarket yards have a registered capacity for just over 4,000 horses and there will be further space in a small number of vacant yards.

The number of boxes available in each yard varies considerably, some with over 200 down to others with fewer than ten. This means that a broad spectrum of trainers are catered for in the town – from those long established with over 100 horses to those starting out with small strings of 20 or fewer. The spread of yard sizes in Newmarket and in the rest of Britain is shown below - in Newmarket 25% of yards have 50 or more boxes compared with only 16% in the rest of Britain.

Newmarket licensed trainers' yards by number of boxes



Pre-training yards

In addition to the licensed trainers there are also a number of pre-training yards in Newmarket. These are used to prepare young horses (usually yearlings) before they enter full training, and although pre-trainers are not licensed by the BHA as full trainers are, their activities and facilities are still an important part of the town's racing infrastructure. As of December 2014 there were 13 pre-training yards in Newmarket, comprising over 400 boxes and operated by nine pre-trainers/training operations. Five of the 13 pre-training yards (over 200 boxes) are owned and run by Darley.

Newmarket yard locations

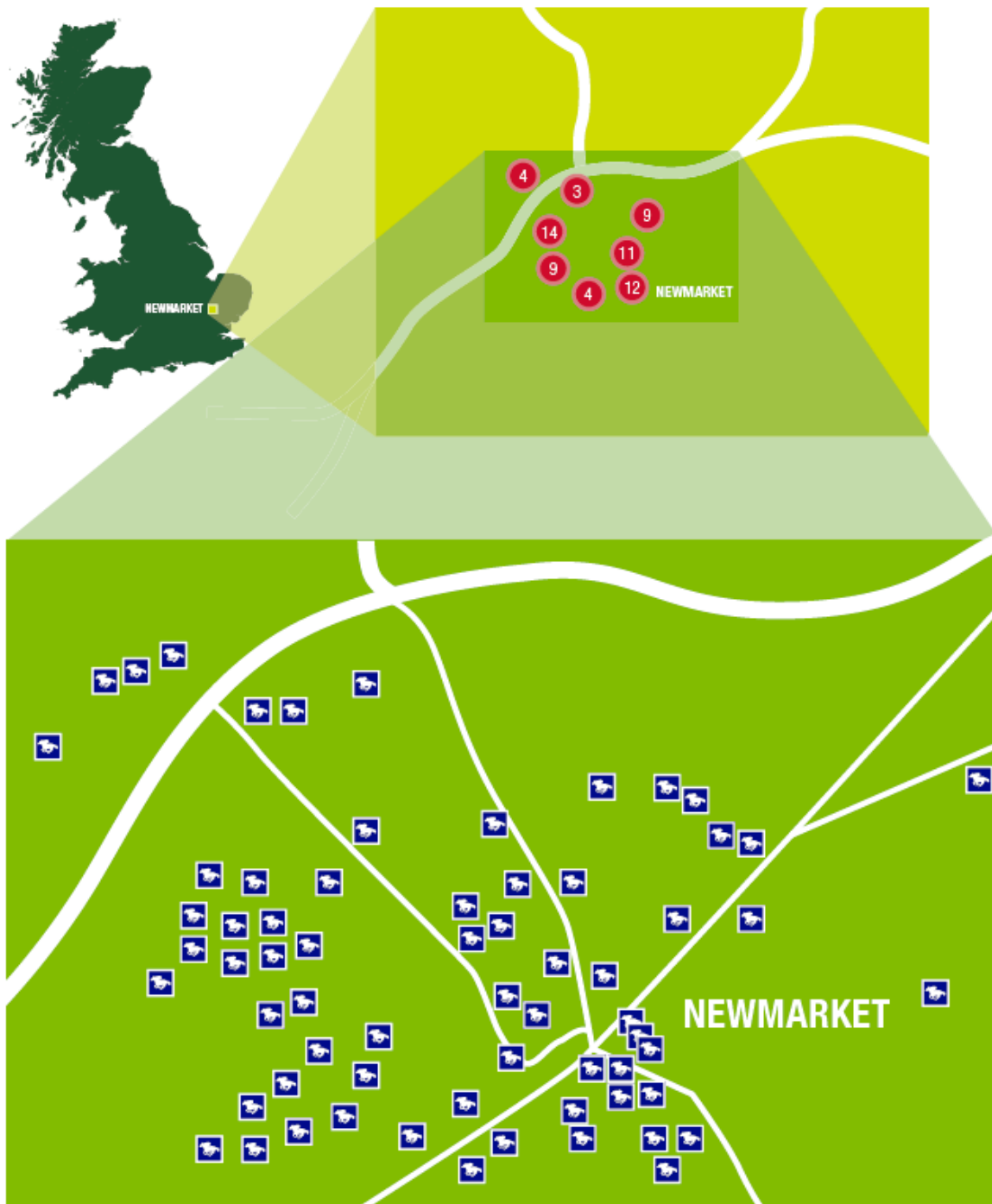
The specific locations of these trainers in Newmarket and the surrounding area are shown in the map below. (NB – not all 85 Newmarket trainers yards are indicated on maps below as some are located in surrounding areas but still use the training facilities.)



= concentration of trainers in a specified area



= individual trainer

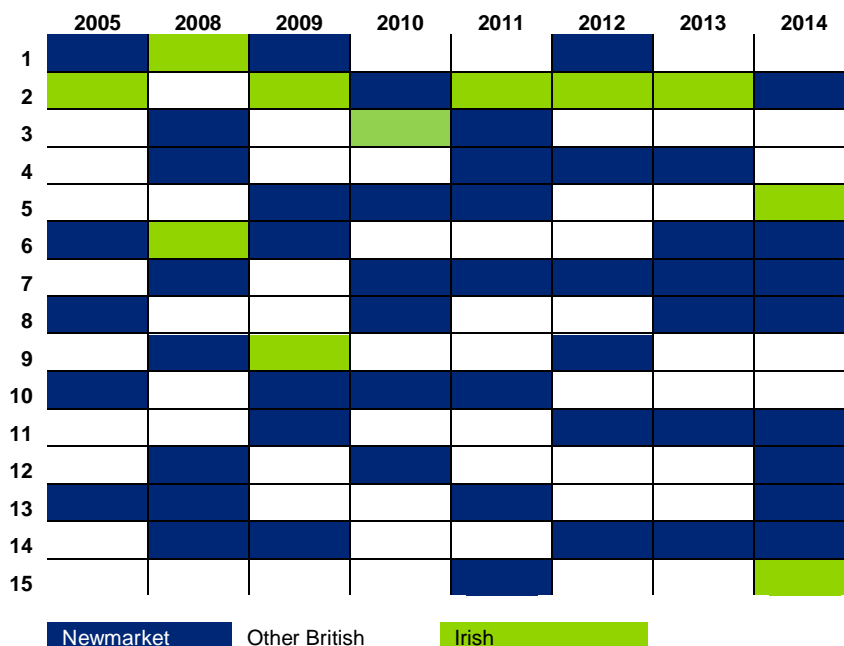


Note: Icons are indicative of numbers of trainers in the town and surrounding area rather than showing exact locations.

Success of Newmarket trainers

Newmarket has a rich history of trainers based in the town, and leading Flat trainers have always been concentrated there. Newmarket trainers represent a sizeable proportion at the top of the Flat Trainers' Championship. In the past decade typically six to eight Newmarket trainers have been in the top 15.

Origin of British Flat Trainers' Championship top 15 positions 2005 and 2008-2014

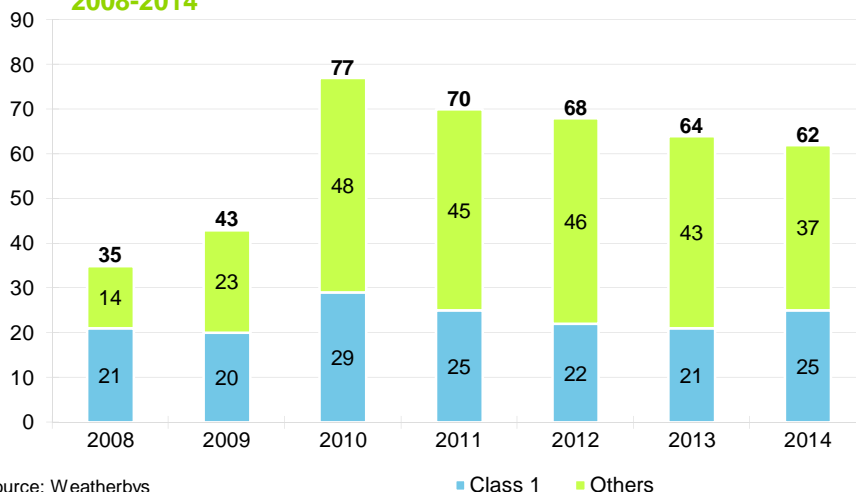


Success of Newmarket trained horses

A significant proportion of British Flat races are won by Newmarket trained horses each year, and has increased in recent years from 27% in 2011 to 30% in 2014.

Significant numbers of Newmarket trained horses also run in overseas races each year, attracted by high levels of prize money, the prestige of other international races and festivals and the appeal to owners of seeing their horses racing abroad. More Newmarket based horses run overseas than from other training centres. The number of overseas races won by Newmarket trained horses has increased significantly since 2008, although has declined from 2010 to 2014. It is significant that a high proportion of overseas races won by Newmarket trained horses are Class 1 contests (40% in 2014), these being the highest quality races and reinforcing the point that Newmarket trained horses compete and regularly win on the highest international stages.

Overseas races won by Newmarket trained horses 2008-2014



Source: Weatherbys

■ Class 1 ■ Others

Newmarket trainers – distribution of runners

Horses trained in Newmarket make up a significant proportion of runners at many of Britain's 37 Flat racecourses. The following map shows, for every British Flat racecourse, the percentage of the runners there that were trained in Newmarket from 2011-2014 ranging from 3% up to 45% for Newmarket and 57% for Great Yarmouth. Newmarket trainers provide 20% or more of all Flat runners at 16 racecourses, illustrating the importance of the training centre to many British racecourses.

Percentage of runners at British Flat racecourses that are Newmarket trained (2011-2014)



Training facilities

Licensing requirements

All licensed racehorse trainers in Britain must have access to appropriate training facilities. The minimum requirements are stipulated by the BHA Licensing Department and for the training of Flat horses include:

- Gallops of approximately 6 furlongs, including 4 furlongs straight, suitable for training young horses in all weathers and be within hacking distance of the stables to which the proposed license relates; and
- Proper facilities on the gallops for schooling horses through starting stalls.

The building and maintenance of gallops, notably All-Weather ones, is expensive and can act as a barrier to entry for new trainers. The use of central training facilities such as those offered in Newmarket is therefore a great aid to trainers, particularly those starting out in their careers.

Newmarket's training facilities

The training grounds in Newmarket, known as Newmarket Heath, cover c.2,500 acres (1,000 hectares) and are owned and maintained by Jockey Club Estates ("JCE"), the property and land management arm of The Jockey Club. JCE's principal objectives are *"the continued investment in and development of its training grounds as centres of excellence for the training of thoroughbred racehorses and the continuing popularity and importance of Newmarket to the Horseracing industry worldwide"*. For administrative and operational purposes the training grounds are divided into two halves, Racecourse side to the west and Bury side to the east, both linked across the town by horsewalks.

JCE employ a team of 25 Heathmen (groundsmen) who maintain the gallops to the highest standards all year round. The gallops provide Newmarket trainers with access to training facilities 365 days of the year, their robustness demonstrated by the fact that at least a part of the facilities has remained open every day for the past 20 years despite prolonged periods of extreme weather.

More detail on the facilities are shown on the maps set out in Appendix Two, but in summary they include:

- 50 miles (80 km) of turf gallops. These include 7 miles of peat moss gallops, built up by spreading peat onto them each year providing a safe surface for galloping when other ground is too firm, and a mile long irrigated gallop used when even the peat moss gallops become too firm;
- 14 miles (23 km) of artificial gallops and canters, providing a consistent training surface all year round. The majority of these are Polytrack surfaces costing £75-100k per furlong to create;
- Double trotting rings and three enclosed lunge rings (for warming up and schooling). These are provided on each side, together with a variety of starting stalls; and
- Extensive Jump training facilities, including an artificial schooling track in addition to steeple chase fences and hurdles on turf. The Links is a further training area available to licensed trainers located outside Newmarket, as well as local point-to-point trainers and show jumpers.

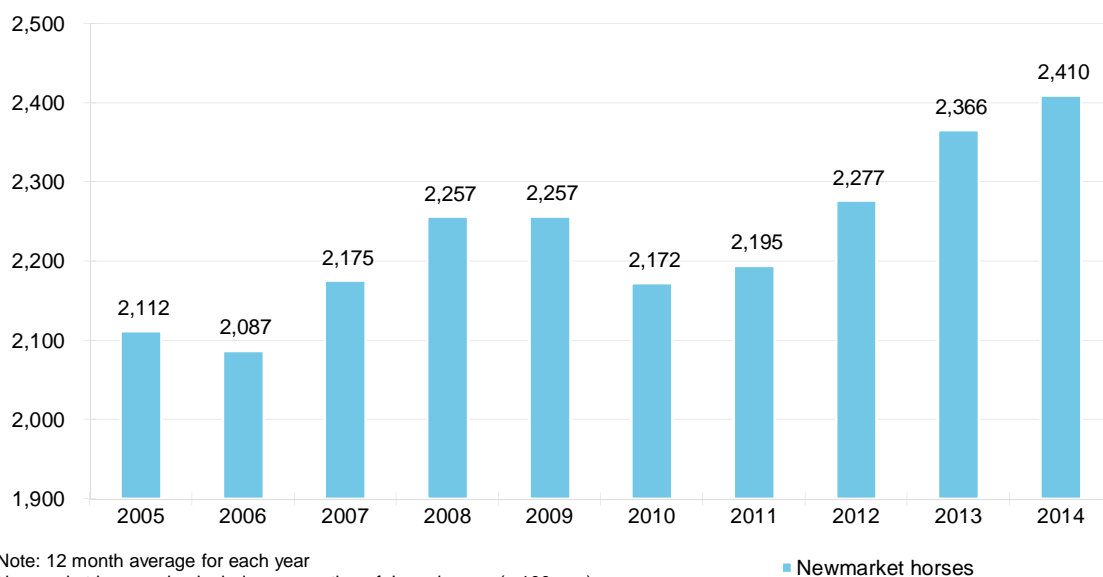
JCE spends c.£2m each year to maintain the Newmarket Training Grounds to the highest standards. The growing number of horses using the training grounds has meant that Heath Tax increases have been limited, despite inflationary cost increases. Capital expenditure incurred each year by JCE is in the region of £300,000.

Horses using Newmarket training facilities

The number of horses using the central facilities in Newmarket is recorded on a monthly basis, and owners pay a fee known as ‘Heath Tax’ for each month their horse uses the training grounds.

The number of horses using the central facilities (based on monthly averages) has varied from around 2,100 to 2,400 over the past ten years. Over the whole period of analysis (2005-2014) the number of horses has increased by 14% to 2,410 despite national numbers of horses in training falling by 7% over the same period. Only two of the ten years saw a decrease in the number of horses using the Heath, the most significant being in 2010, but within two years numbers had recovered to record levels in 2012. Further horses each year would also be using the private gallops owned and maintained by Godolphin at their Moulton Paddocks facility.

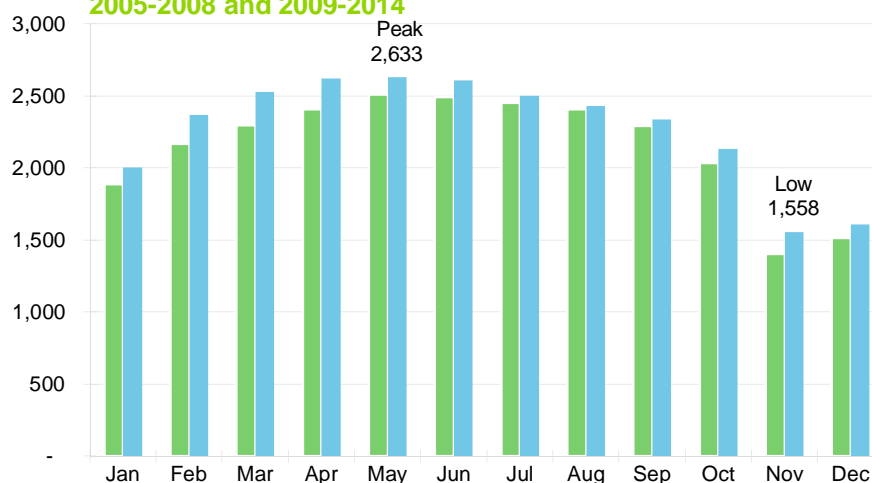
Horses using Newmarket Heath 2005-2014



Note: 12 month average for each year
 Newmarket horses also include a proportion of Jump horses (c.100 p.a.)
 Source: Jockey Club Estates; BHA; Deloitte analysis

The subsequent chart shows how the number of horses using the Newmarket training facilities varies throughout the year. The fact that Newmarket is dominated by Flat trainers is illustrated by the busiest months being March to August, peaking in May with over 2,600 horses. This is the period when most Flat horses will be in training as those staying in training from last season will return and last year’s yearlings, which turned two on 1 January, are now eligible to start racing.

Horses using Newmarket Heath by month 2005-2008 and 2009-2014



Note: Average of 2005-2008 and 2009-2014 respectively
 Number on chart relates to 2009-2014
 Source: Jockey Club Estates

The Flat turf season in Britain, which contains all Flat racing's major races and festivals, runs from late March to early November, although Flat racing on All-Weather surfaces takes place all year round. Chelmsford City Racecourse ("CCR"), an All-Weather racecourse located less than 40 miles from Newmarket, reopened in January 2015 and its owners have stated they believe more Newmarket horses will stay in training during the traditionally quieter winter months of November, December and January given the increased amount of racing provided by CCR and planned significant prize money for racing at that time of year.

There is less seasonal variation in the use of the gallops now than a decade ago, with the facilities being busier throughout the year. In 2014 the difference between the highest and lowest monthly numbers of horses using Newmarket Heath was 973, compared with over 1,200 in 2005.

Future developments

An important part of JCE's role as owner and custodian of the training grounds is to help the Racing industry to grow and develop in Newmarket, a main part of which includes attracting new trainers. The Bury side of the training grounds is at, or close to, capacity for horses given its proximity to Warren Hill, a 900m gallop with 40m incline from start to finish. There is capacity on the Racecourse side, however the lack of a hill gallop here is a major issue and inhibitor to more trainers locating there.

JCE is therefore investigating the construction of a 900m uphill gallop on the Racecourse side, with a minimum incline of c.30m, at a multi-million pound cost. The proposal has been included as a priority project on the pipeline for Local Enterprise Partnership funding.

The new gallop may be accompanied by the construction of 'starter' yards (yards of 20-30 boxes), assisting the next generation of trainers to locate in Newmarket. JCE management estimates that an additional 750 to 1,000 horses could use the training grounds without putting undue pressure on them. By improving facilities on the Racecourse side, effectively making it self-sufficient, the project would reduce cross-town horse movements, but not eliminate them, helping alleviate congestion.

Newmarket yard capacity and utilisation

There are over 4,000 boxes in existing yards in Newmarket and the peak gallops usage (plus Godolphin horses using private gallops) is around 2,800. This would imply there is capacity for c.1,200 additional horses, however these 'spare' boxes will primarily be distributed amongst the yards of existing trainers rather than being completely empty yards. The vast majority of trainers do not operate at 100% yard capacity due to a number of factors such as the current standing of the trainer, the number of owners with horses in the yard and the inclination of owners to invest.

In order that the training profession continues to flourish in Newmarket, JCE have worked on a number of initiatives to 'free up' yards, especially smaller ones suitable for trainers just starting out on a career. From 2009 to 2014, 21 additional trainers were registered as training in Newmarket, having either started their training careers in the town or moved there to train, an average of just over four a year,

Training centre comparison

The table below demonstrates how Newmarket compares to the other recognised training centres in Britain. Well over twice as many trainers are based in Newmarket than the next largest training centre, and of all licensed trainers using central training facilities in Britain almost half are based in the town.

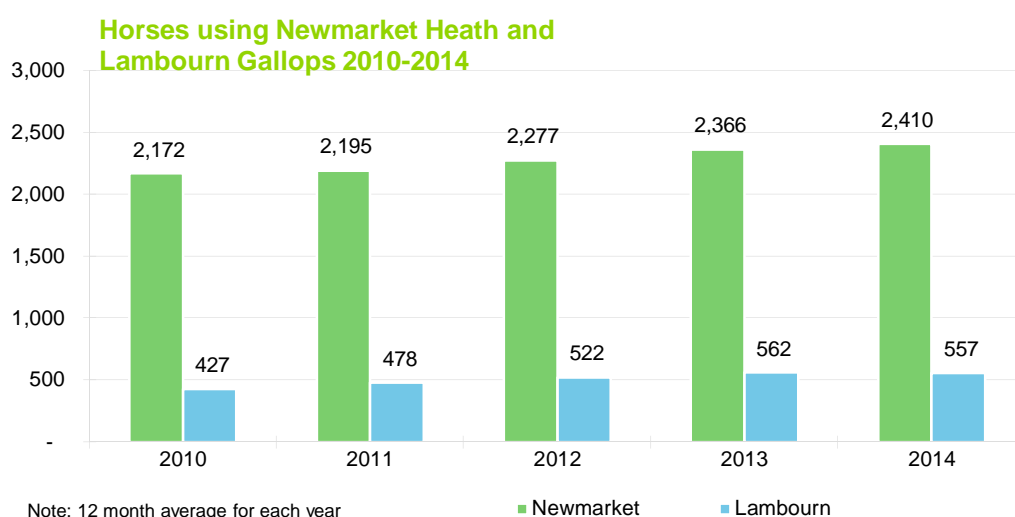
Training centres- key metrics

	Horses in Training	Trainers	Boxes	Dominant code	Gallops ownership/ operation	Facilities overview
Newmarket	c.2,600	85	c.4,000	Flat	Jockey Club Estates	2,500 acres including 50 miles of turf and 14 miles of artificial gallops
Lambourn¹	c.1,200	39	c.1,700	Mixed	Jockey Club Estates	500 acres including 8 miles of turf and 7 miles of artificial gallops
Epsom	c.150	13	c.375	Flat	Jockey Club Estates	500 acres of extensive grass gallops and three artificial tracks
Malton	c.700	22	n/a	Flat	Malton Racing Association	120 acres, three grass and two artificial gallops
Middleham	c.500	18	n/a	Flat	Middleham Trainers Association	Multiple grass and various artificial gallops

Note 1 – Lambourn figures include trainers using JCE gallops plus an estimate of those using private gallops.

The training centre closest in scale to Newmarket is the Lambourn Training Grounds in Berkshire. Like Newmarket, there are large centrally managed gallops owned and operated by JCE which acquired them in 2006. The training grounds cover over 500 acres (200 hectares), with additional gallops rented from landowners also available to trainers. Lambourn has a much higher proportion of Jump horses than the other racing centres.

As in Newmarket the number of horses using the Lambourn JCE gallops has increased in recent years, by 30% from 2010 to 2014, however at least part of that is due to trainers who previously using private gallops now using the JCE facilities, rather than an overall increase in horse population. A number of large trainers still use their own private gallops. Whilst Lambourn is the second most popular training centre in Britain, it still has only around 40% of the number of horses of Newmarket.



Epsom has declined as a training centre in recent years, with the number of horses using the now JCE managed Training Grounds falling by 18% between 2010 and 2014. The area's relative decline is likely to have been due, at least in part, to significant urbanisation and wider public access to the Training Grounds.

Newmarket racecourses

Newmarket is the only location in the world to have two separate turf racecourses, each with their own separate facilities. Both are owned by Jockey Club Racecourses, with the Rowley Mile hosting racing at the start of the Flat season in spring and then again in autumn, while summer meetings take place on the July Course.



The two racecourses held 39 fixtures between them in 2014 (19 on the Rowley Mile, 20 on the July Course), which makes Newmarket (collectively) Britain's busiest turf racecourse. In 2014 these 39 fixtures attracted 2,712 runners, and Newmarket's premium status internationally attracted runners from six other countries.

The racecourses hosted 53 Pattern and Listed (Class 1) races in 2014 including nine Group 1s. The Rowley Mile also hosts two of the most competitive handicaps in British racing in autumn, the Cambridgeshire and the Cesarewitch, which with 35+ runners are amongst the most popular Flat betting races.

Newmarket Group 1 races

Group 1 race	Course	Month run in 2014
2000 Guineas	Rowley Mile	May
1000 Guineas	Rowley Mile	May
Falmouth Stakes	July Course	July
The July Cup	July Course	July
Cheveley Park Stakes	Rowley Mile	September
Sun Chariot Stakes	Rowley Mile	October
Fillies' Mile	Rowley Mile	October
Dewhurst Stakes	Rowley Mile	October
Middle Park Stakes	Rowley Mile	October

The creation of QIPCO British Champions Day weakened the race programme at Newmarket, notably by the moving of the Group 1 Champion Stakes from the Rowley Mile to Ascot. However, as a major shareholder in the British Champions Series the move was sanctioned by the Jockey Club as being in the best interests of British Racing. In 2015 a two day £2m+ Dubai Future Champions Festival will be staged in October including the two most valuable two-year old races in Europe – the Fillies' Mile on the first day and the Dewhurst Stakes on the second.

The racecourse is estimated to generate revenue of £15m+, used in part to fund prize money, generated from:

- Admissions and related income from the 39 fixtures;
- Raceday catering;
- On-course betting;
- Central payments from the Levy Board arising from off-course betting;
- Media payments from Turf TV, Channel 4 and Racecourse Media Group;
- Race sponsorship and advertising;
- Non-racing revenue (e.g. conferences and events).

Prize money totalled £9.5m in 2013, representing 13% of the total Flat prize money in Britain and the highest at any racecourse if the British Champions Day staged at Ascot is excluded. Newmarket's prize money is expected to exceed £10.5m in 2015.

Interactions with the Newmarket Horseracing industry

The racecourse has long established links with other NHRI parties including via sponsorship of races, fixtures and facilities by international racing organisations such as Darley, Shadwell, Juddmonte and Dubai and by hosting Tattersalls Craven Breeze Up Sale in April each year. The presence of the two racecourses and their central location also provide a number of advantages for Newmarket based trainers. The racecourse also works closely with local trainers in determining its race programme to ensure it fits the needs of the local horse population.

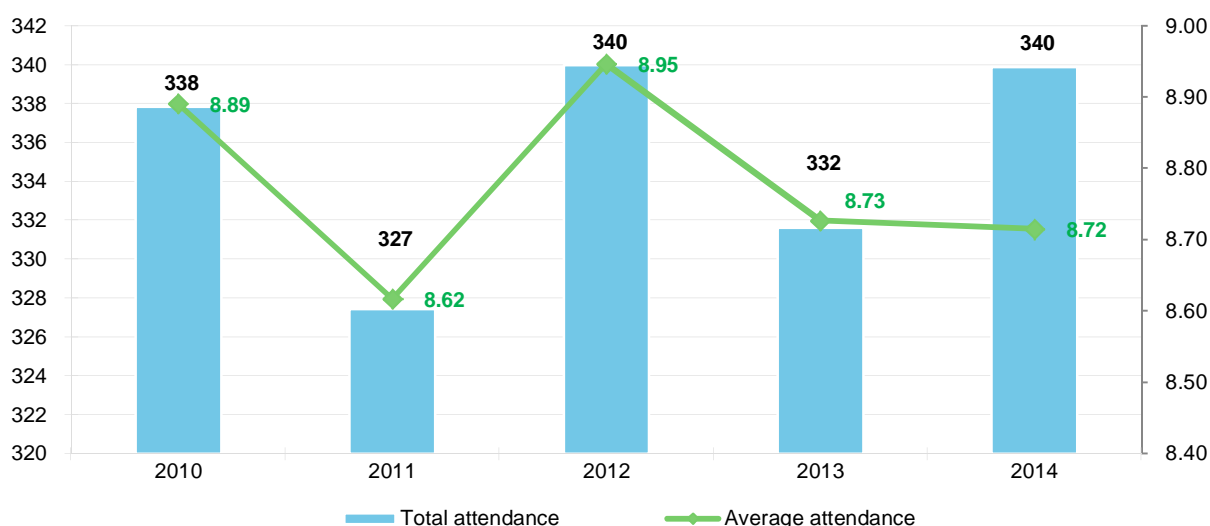
One of the major costs to racehorse connections (initially trainers who pass it onto owners) is transport, notably the cost of fuel as racehorses are taken to the races. The large number of fixtures at Newmarket, offering opportunities for horses of a wide range of abilities, means that transport costs for connections of horses running at the racecourses are minimal.

Another advantage of having the racecourses centrally located and forming part of the Newmarket Heath area is that they can be used, with the permission of the racecourse, for racecourse gallops. These are often used for horses being prepared for major races or where horses are coming back from injury to reacquaint them with the feel of galloping over an extended distance on a racecourse.

Attendances

Newmarket's annual attendances have remained relatively steady at between 327,000 and 340,000 since 2010, representing average attendances of between 8,500 and 9,000.

Newmarket racecourses attendance 2010-2014 - total and average ('000s)



Source: HBLB; Deloitte analysis

Newmarket was the third best attended racecourse overall (Flat and Jump) and the second best attended Flat only racecourse in 2014, bettered only by Ascot in large part due to the unique attraction and attendance of the Royal meeting.

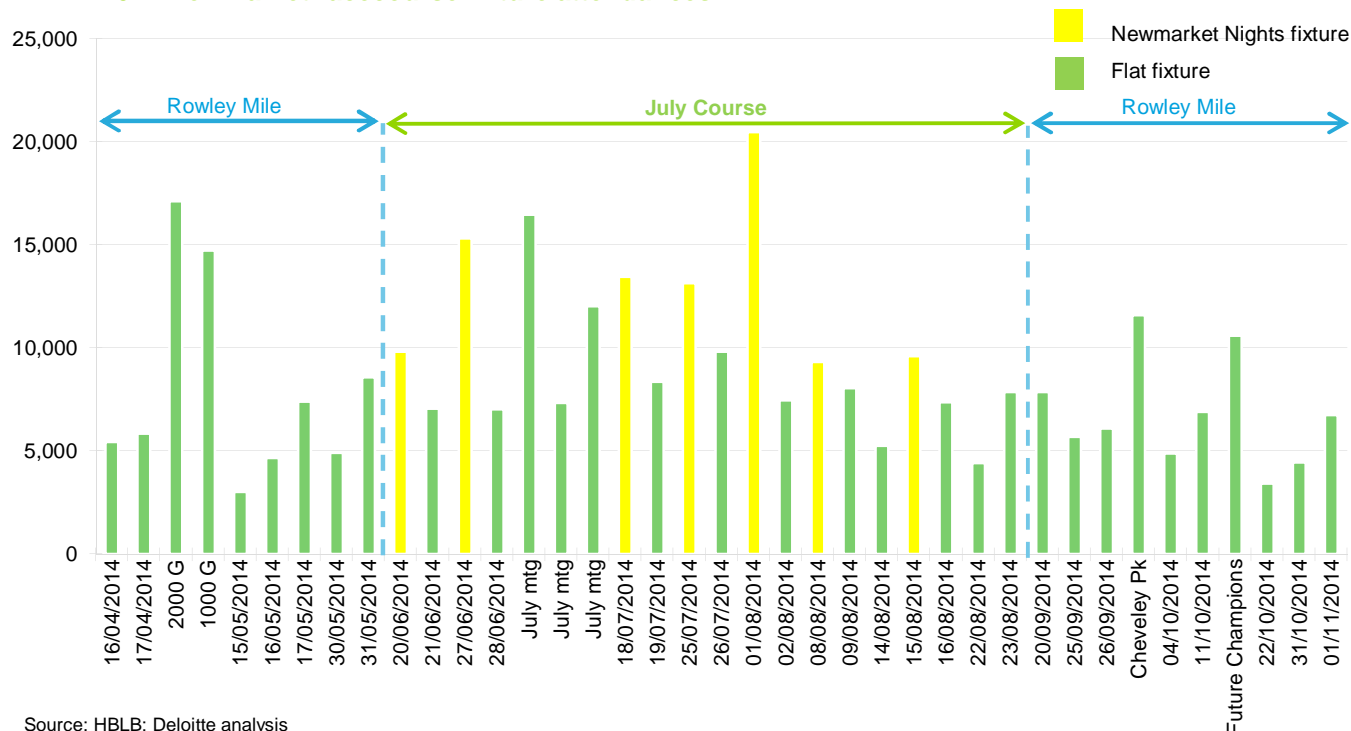
2014 Attendances			
Top 5 attendances (All)		Top 5 attendances (Flat only)	
	Total Attendance		Total Attendance
Ascot	607,126	Ascot	510,575
Cheltenham	428,934	Newmarket	339,886
Newmarket	339,886	York	336,046
York	336,046	Chester	279,671
Chester	279,671	Doncaster	236,435

Newmarket attendances are typically highest for the most prominent meetings, including:

- the Guineas in May, the first Classics of the season and the first races in the British Champions Series;
- the July meeting, one of the highlights of the British racing summer;
- key autumn fixtures such as the Cambridgeshire meeting and Future Champions Day.

17 of Newmarket’s fixtures fall on Saturdays, the most popular day for attendance at racecourses nationally and replicated at Newmarket. The seven ‘Newmarket Nights’ which include music concerts staged after Friday evening racing throughout the summer months on the July course are also very popular. Newmarket was the pioneer of such events, which are now commonly held at racecourses across Britain. In 2014 Newmarket Nights fixtures attracted an average attendance of over 13,000 including a 20,000 sell out.

2014 Newmarket racecourse fixture attendances



Source: HBLB; Deloitte analysis

Off-course expenditure

As the attendance figures demonstrate Newmarket racecourse fixtures attract a significant number of visitors to the town. In addition to the direct on-course expenditure on admission charges and food and drink purchases at the racecourse, many local businesses in the town will also benefit from these visitors as racegoers spend money pre and/or post racing in the local area, including transport providers, pubs, restaurants and hotels.

The reputation and renown of Newmarket undoubtedly have a role to play in attracting racegoers in addition to the high quality racing on offer, and other attractions such as the Jockey Club Rooms, National Stud and in future the National Heritage Centre for Horseracing and Sporting Art will help in this regard. These facilities market themselves to racegoers on racedays who are able to incorporate a visit before heading to the racecourse, helping to provide a broader racing experience.

The racecourse is also used for non-racing events such as conferences, exhibitions and parties, and these will also generate expenditure which flows through the local economy.

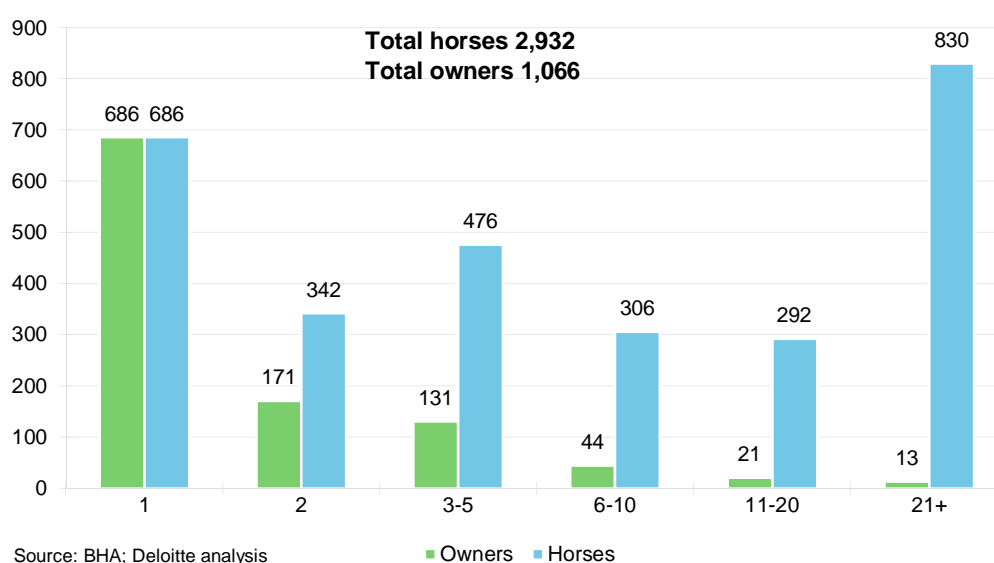
Racehorse owners

Racehorse owners are vital to the health of British Racing, being the single largest contributors to the funding of the sport. Owners contribute financially through a number of means, notably through the purchase of horses from breeders via sales houses, training fees to trainers and other associated expenditure such as vets and farriers. The role Newmarket plays in attracting and keeping owners is therefore critical to the industry nationally.

The number of racehorse owners is therefore a key barometer of British Racing. As previously noted, the number of horses in training in 2014 (c.13,600) is at its lowest level in the last decade, but the number of horses in training in Newmarket bucked this trend, being at its highest level. The number of owners in British Racing has also declined in recent years, down 20% from a peak of c.9,500 in 2008 to c.7,600 in 2014.

The chart below shows, for horses trained in Newmarket that ran in 2014, the total number of horses belonging to owners grouped by the number of horses owned.

Newmarket registered owners and horses 2014



The chart above highlights:

- A total of c.1,070 registered owners had horses trained in Newmarket that ran in 2014. The term registered owner includes joint ownerships, partnerships, syndicates (each typically made 5-20 individuals) and racing clubs (the largest of which have several thousand members), so the actual number of individuals involved will be significantly higher.
- While detailed information on the location of owners is not available, it is likely that the vast majority of these owners live outside the Newmarket area. A high proportion of owners are known to be international owners, particularly those with the most horses as is discussed shortly.
- The 13 owners with more than 21 horses, equated to the 830 horses and close of 30% of all horse, hence the bigger driver of economic activity. There are discussed in more detail shortly.
- Nonetheless, over than a third of horses are owned by owners with one or two horses, illustrating Newmarket does still cater for the small owner.
- The average annual cost to an owner of a horse trained in Newmarket is more than £25,000 which is significantly more than the national average, reflecting the quality of facilities and trainers in the town. Based on the 2,932 horses that equates to total expenditure of over £70m.
- The current levels of prize money in Britain are such that, on average, less than 25% of training costs are recovered. Such low levels of financial return make it even more important that the ownership experience is

rewarding. The ability of an owner to see their horses in training in an iconic and safe environment is an important part of this. A recurrent theme from consultations was that increased traffic levels were making it increasingly difficult for owners to travel between stables and the gallops to watch their horses train (as it is not practical for the horses to wait for owners to arrive at gallops if caught in traffic).

Many of the largest Newmarket owners locate all, or a significant proportion, of their British based racehorses in Newmarket. The table below sets the top 20 British Flat owners for 2014 and shows:

- Excluding the four non-UK owners, 14 of the 16 owners had a presence in Newmarket; and
- More than 75% of the horses owned by these owners were trained in Newmarket.

Top 20 British Flat owners 2014

OWNER	Total prize money (£'000)	% from Newmarket trained horses	Total no. horses	% horses in Newmarket
1 Hamdan Al Maktoum	3,654	68%	204	50%
2 Godolphin	3,286	93%	309	99%
3 K Abdullah	2,244	88%	96	53%
4 Sheikh Hamdan bin Mohammed Al Maktoum ¹	1,772	0%	88	0%
5 D Smith/Mrs J Magnier/M Tabor/T Ah Khing	1,285	0%	1	0%
6 Al Shaqab Racing	1,107	8%	40	23%
7 Cheveley Park Stud	1,091	81%	72	85%
8 Mrs S Power	1,011	0%	3	0%
9 Qatar Racing Limited	943	43%	86	34%
10 Saeed Manana	909	29%	86	88%
11 Dr Marwan Koukash	848	33%	58	33%
12 HRH Princess Haya Of Jordan	732	100%	37	100%
13 Paul Smith	689	100%	1	100%
14 H H Sheikh Abdulla Bin Khalifa Al Thani	644	0%	1	0%
15 Derrick Smith & Mrs John Magnier & Michael Tabor	599	0%	15	7%
16 Miss K Rausing	504	86%	19	58%
17 F Gillespie	492	0%	4	0%
18 Highclere Thoroughbred Racing -Wavertree	462	100%	1	100%
19 Sheikh Mohammed Obaid Al Maktoum	432	100%	24	100%
20 Sheikh Rashid Bin Dalmook Al Maktoum	416	78%	20	75%

Indicates non UK owners with horses trained outside UK

Note 1 – many of the best performing horses are subsequently transferred to Godolphin the following season.

Source: Deloitte analysis

Overseas investment in Newmarket

Newmarket's racing facilities are reflected in the number and variety of investors from around the world. The table below shows the top 20 Flat owners by the number of horses trained in Newmarket that ran in 2014, with 14 of the 20 being international owners (and consisting of over 800 horses) further demonstrating the scale and importance of international investment in Newmarket and British Racing.

The two largest British owners in Newmarket are Cheveley Park Stud, also one of the largest stud farms standing stallions in the town, and Highclere Thoroughbred Racing Club which manages syndicates including over 20 Newmarket trained horses, each syndicate with up to 20 individuals.

Top 20 Newmarket owners by number of horses that ran in 2014

	Owner	2014 Horses in Newmarket	Country of origin
1	Godolphin	306	UAE
2	Hamdan Al Maktoum	101	UAE
3	Saeed Manana	76	UAE
4	Cheveley Park Stud	61	British
5	K Abdullah	51	Saudi Arabia
6	HRH Princess Haya Of Jordan	37	UAE
7	Saleh Al Homaizi & Imad Al Sagar	37	Kuwait
8	Sheikh Juma Dalmook Al Maktoum	34	UAE
9	Qatar Racing Limited	29	Qatar
10	Saif Ali	28	UAE
11	Sheikh Ahmed Al Maktoum	25	UAE
12	Highclere Thoroughbred Racing ¹	24	British
13	Sheikh Mohammed Obaid Al Maktoum	24	UAE
14	Al Asayl Bloodstock Ltd	21	UAE
15	Dr Marwan Koukash	19	British
16	Abdulla Al Mansoori	17	UAE
17	Mrs Fitri Hay	17	British
18	The Queen	17	British
19	Niarchos Family	16	British
20	Robert Ng	16	Hong Kong

Note 1 – Made up of 21 syndicates managed by Highclere.
Source: Deloitte analysis

Middle Eastern investment

Since the late 1970s, but particularly since the early 1980s, Newmarket has benefitted from significant prolonged investment from racehorse owners and breeders based in the Middle East. It is not possible to estimate the total historic investment but this section gives an indication of its current scale, first by considering the largest well established investors and then discussing more recent entrants.

There are a number of common reasons for individuals from the Middle East choosing to invest in Newmarket including:

- British racing is the most attractive in the world, with prestigious meetings such as the Classics and Royal Ascot and benefits from the patronage of the Royal family;
- Newmarket is home to many of the leading trainers, and is the hub of Flat racing activity in Britain; and
- Historic British involvement in the Middle East.

The combination of these factors has meant that Newmarket has competed successfully against other international centres for international investment despite having some major economic and industry disadvantages – notably

British prize money being lower than in many other major racing nations and Ireland previously providing tax incentives for stallions (since withdrawn).

Established investors

The most significant international investment into Newmarket and British Racing continues to come from Sheikh Mohammed, the ruler of Dubai, primarily through the Darley breeding and Godolphin training operations. In addition a number of members of Sheikh Mohammed's family are also major investors. Other notable long term investors include Prince Khalid Abdullah of Saudi Arabia via the Juddmonte Farms breeding operation. The scale of Darley/Godolphin and Juddmonte are illustrated below.

	Darley/Godolphin	Juddmonte Farms
Scale of stud operations	8 stallions at Dalham Hall Stud and 250 mares in Newmarket	7 stallions at Banstead Manor Stud and c.250 mares in GB and Ireland
Training activities	Two employed trainers and training yards (one with private gallops). All horses trained in Newmarket	Horses trained by 8 trainers in Britain and Ireland, 3 in Newmarket
Horses in training	306 horses trained in Newmarket ran in 2014 (of 309 in total in Britain, other 3 Irish trained)	51 horses trained in Newmarket ran in 2014, of 96 in Britain
Pre training facilities	Five pre-training yards containing well over 200 boxes	Variety used
Other activities	- Extensive sponsorship of British Racing - Charitable activities	Race sponsorship
Employment	Over 700 direct employees	Over 100 direct employees
Annual operating expenditure	Over £50m p.a. (in addition to average capital expenditure of over £15m p.a.)	Over £20m

Source: Consultations; Financial Statements; BHA

The operating expenditure will include spending with other Newmarket Racing entities, including purchasing of bloodstock at Tattersalls from Newmarket breeders, in addition to purchases from with other British and Irish businesses. It does not therefore represent all additional local spending, nonetheless this will be very significant.

Emerging investors

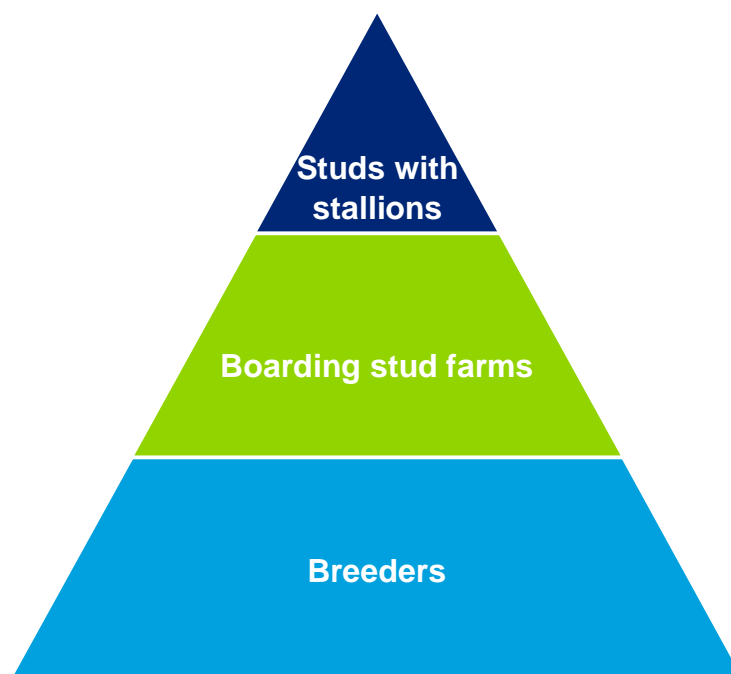
More recently there has been significant investment from Qatar into British Racing, and into other major racing nations notably France and Australia. In common with a number of Middle East states, Qatar is investing very substantial amounts into sport as a means to promote the country.

The most prominent racing investment to date has come from Qatar Racing, Qatar Bloodstock (both subsidiaries of QIPCO – a private, family run investment company owned by six brothers including Sheikh Fahad Al Thani) and Pearl Bloodstock (Sheikh Fahad's personal racing and bloodstock interests). Between them these entities have purchased, and subsequently invested, in a rehabilitation and pre-training centre and separately had 29 of their 86 British trained horses with Newmarket trainers in 2014. In June 2015 QIPCO also announced an extended 10 year sponsorship of QIPCO's title sponsorship of the British Champions Series and British Champions Day, the most lucrative sponsorship of British Racing, and separately a commercial partnership with Ascot racecourse for 10 years – the two agreements are reported to be over £50m in aggregate.

The other major Qatari owner is Sheikh Joaan al Thani via the Al Shaqab Racing operation which had nine Newmarket trained horses race in 2014 of a total of 40 that ran in Britain. It is expected that the number of horses owned by Al Shaqab to be trained in Newmarket in 2015 will increase markedly, being likely to exceed 40.

Breeding

As the first link in British Racing's many chains, the thoroughbred breeding industry plays a vital role in the horseracing industry. Britain was the seventh largest producer of thoroughbred foals in 2013 and Newmarket is the centre of the British thoroughbred breeding industry, with all major bloodstock organisations having a presence in the town. The thoroughbred breeding industry is diverse, ranging from a small number of major stud farms with multiple standing stallions through to a large number of small breeders with just one or two broodmares.



Studs with stallions – six operations comprise the largest breeding facilities, having four or more stallions standing at stud. These stallions earn stud fees from the covering of mares brought to the stud from breeders in Newmarket, the rest of Britain and internationally. Newmarket stallion fees typically range from £5,000 to £50,000 but reach £125,000 for Frankel (Juddmonte owned) and Dubawi (Darley). Stallions will also cover mares owned by the same operation. Some foals will be entered into training under the operation's racing arm with others being sold, usually through Tattersalls, as yearlings.

Boarding stud farms - Most mares from outside Newmarket coming to the town to be covered will reside at these establishments for a period before covering through to around six weeks after (until pregnancy has been ascertained). Some mares will also stay at these stud farms permanently. The facilities are also used by horses coming to the sales at Tattersalls to ensure they are in peak condition before appearing in the ring. Many boarding stud farms will also have a number of their own broodmares and have bred their own foals.

Breeders – Small but numerous breeding operations, sometimes carried out for recreational purposes rather than commercially. Of the c.3,000 breeders operating in Britain it is estimated that c.2,500 of these have only one or two broodmares which will be sent out to be covered on an annual basis. In 2014, there were 349 breeders registered in Suffolk or Cambridgeshire, but these breeders owned a much higher proportion (over 20%) of mares and foals. This is discussed in more detail shortly.

Newmarket stud farms

57 stud farms are located within a 25 mile radius of Newmarket, ranging from major breeding operations through to those housing one stallion, including boarding studs. These operations are located throughout the Newmarket area and as for trainers have over the course of time clustered together to benefit from the economies of scale that this engenders.







The Newmarket breeding industry directly employs an estimated 800+ people as discussed in the *Local economic footprint*.

The Newmarket headquarters of Tattersalls, the leading bloodstock sales house in Britain and Ireland, also has a strong linkage with the breeding industry, with the vast majority of horses produced or owned by Newmarket studs and breeders being sold at Tattersalls.

Major Newmarket Breeding Operations

Some of the biggest global bloodstock operations are effectively headquartered in Newmarket, housing many of the world's top stallions in the town alongside extensive top quality broodmares.

Newmarket stud farms with more than one stallion 2015

Breeding operation	Newmarket HQ	2015 Stallions	International operations
 Cheveley Park Stud	Cheveley Park	8	Newmarket based.
 Darley	Dalham Hall Stud	8	Extensive global operations including Ireland, France, Australia, Japan and USA.
 JUDDMONTE	Banstead Manor	7	Six properties in Britain and Ireland, three in the USA.
 LANWADES Lanwades, St. Simon & Staffordstown Studs	Lanwades Stud	5	Newmarket based.
 The National Stud	The National Stud	5	Newmarket based, owned by the Jockey Club.
 SHADWELL	Nunnery Stud	4	Stud farms in Ireland and USA.

NB – two other Newmarket studs house one stallion each (Gazeley Stud and Rosyground Stud) giving total of 38.
Source: NSFA; Deloitte analysis

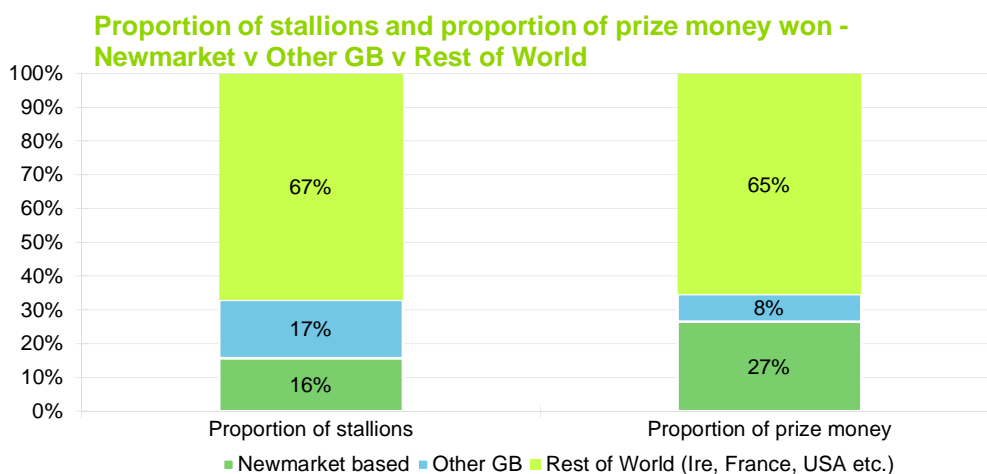
Consultations with leading breeding operations have confirmed the increasing importance of the Newmarket based bloodlines and their attractiveness to breeders both domestically and overseas. There has been a marked shift over the past 20 years from American to European based stallions with Newmarket based operations playing a key role in this respect.

The number of coverings performed by a stallion varies considerably from horse to horse depending on a number of factors such as their attractiveness to breeders, commercial aspects such as the stud fee, and the age and fertility of the stallion. In 2013 the coverings by Newmarket stallions ranged from a low of five to a high of 154, with the mean being 87. The total 2013 coverings by Newmarket based stallions is estimated to be in excess of 3,300.

Due to the international nature of the larger breeding operations, which will usually have stud farms in other locations, the turnover of stallions in Newmarket is reasonably high. There is also a natural flow as new stallions

begin stud careers after racing and older ones are retired or transferred. For example, 2013 saw five new stallions added to the Newmarket roster including the highest rated racehorse of all time, Frankel, and 2014 saw another seven stallions begin their stud duties in the town.

There are a number of performance statistics that are used to illustrate the respective quality of stallions/bloodlines in any particular location. Prize money won by a stallion's progeny is that which is most commonly used. Analysis was therefore carried out on the top 200 stallions, ranked by prize money won by progeny in British and Irish Flat races in 2013.



Note: Based on top 200 stallions by 2013 GB and Ireland Flat prize money
Source: Deloitte analysis

The analysis shows:

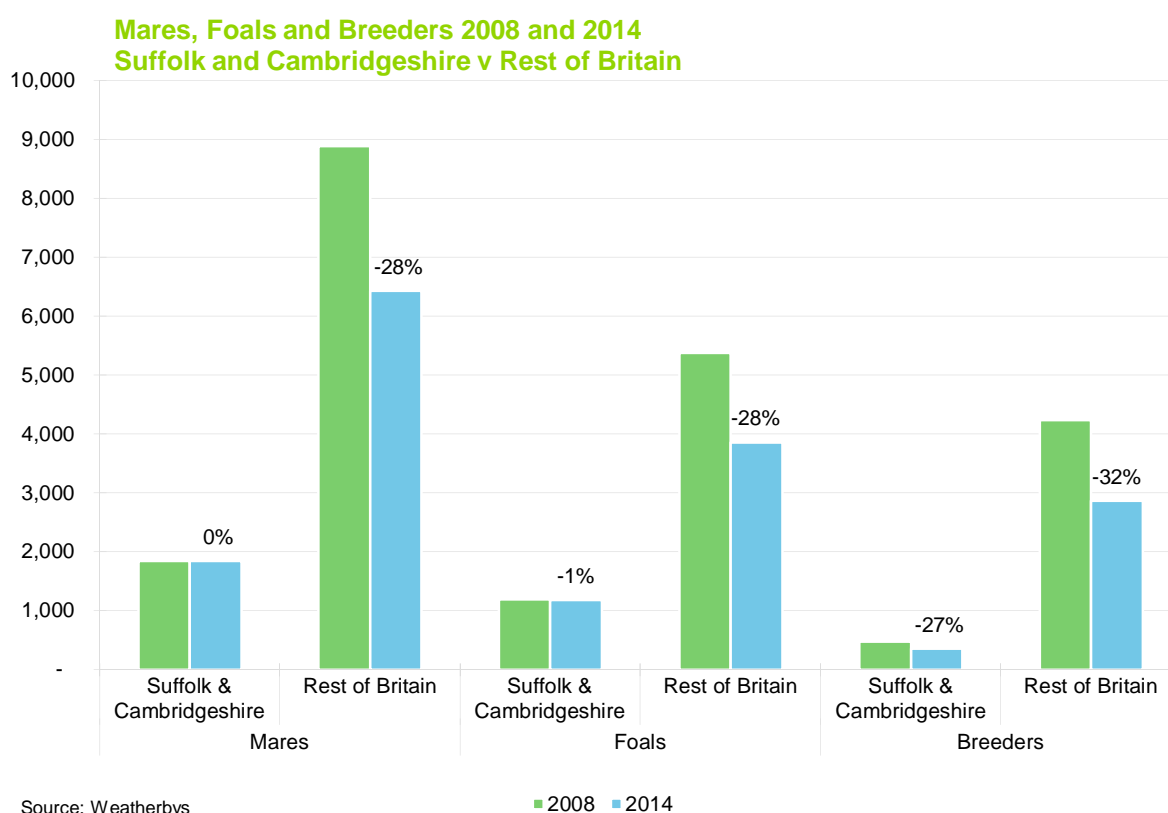
- Newmarket based stallions represented 16% of the top 200 (including five of the top seven), but were responsible for 27% of prize money, emphasising the high quality of the stallions standing in Newmarket.
- Of the 67% of stallions based outside of Britain a large proportion will be in Ireland. This illustrates the strength of the breeding industry in Ireland, including Coolmore's global operation which is headquartered in Tipperary. Sizeable historic tax advantages (now removed) originally helped establish Irish stud farms.

Breeders – national distribution

A combination of the challenging domestic economic conditions and marked global bloodstock falls have resulted in a contraction of the British Breeding industry in the last six years, with production levels falling significantly.

At its peak in 2008 the British foal crop (i.e. born in Britain in 2008) was just under 6,000 foals but has since fallen by 37% to c.4,300, with the majority of the fall occurring between 2008 and 2010.

Accurate time series figures of the number of foals born in Newmarket are not available, hence in order to comment on likely movement and the proportion of the total British foal crop, the number of foals (and mares) owned by Suffolk and Cambridgeshire breeders has been used as a proxy and is set out in the chart below. More foals will be born in the Newmarket area as many non-Suffolk/Cambridgeshire breeders will board their mares in Newmarket, although equally not all Suffolk/Cambridgeshire breeders will locate their mares (hence foals) in Newmarket. The NSFA estimate that over 2,000 foals were born in the Newmarket area in 2014.



The chart illustrates the very substantial falls in mares, foals and breeders in Britain since 2008, but that Newmarket has experienced a much less pronounced falls. The number of mares and foals are more important than number of breeders as these are the drivers for economic activity. Many of the breeders that have exited the industry since 2008 were small scale, recreational breeders with a limited economic impact.

The number of foals born to Newmarket breeders fell by only 1% over the period, compared to 28% for the rest of Britain, with a similar picture for mares. Newmarket breeders have therefore strengthened their position relative to the rest of Britain, further demonstrating their importance to the British Breeding industry.

Tattersalls

Tattersalls is the oldest and most famous bloodstock auction house in the world. Tattersalls is the dominant bloodstock auction house in Britain, and sells c.5,000 thoroughbreds at its nine Newmarket sales each year. The history and international client base of Tattersalls are key selling points.

The October Yearling Sales are the most valuable, representing close to half of total sales in 2014, with their popularity meaning they are spread over three to four books (sales). The international spread of vendors and buyers is set out shortly, but Tattersalls provides the primary platform for a very significant export of British Racing.

It also continues to invest in the facilities required to sell horses and sells from 100 to 300 horses a day depending on the sale in question. In the last ten years Tattersalls has invested close to £15m on capital expenditure, the large majority on equine facilities.

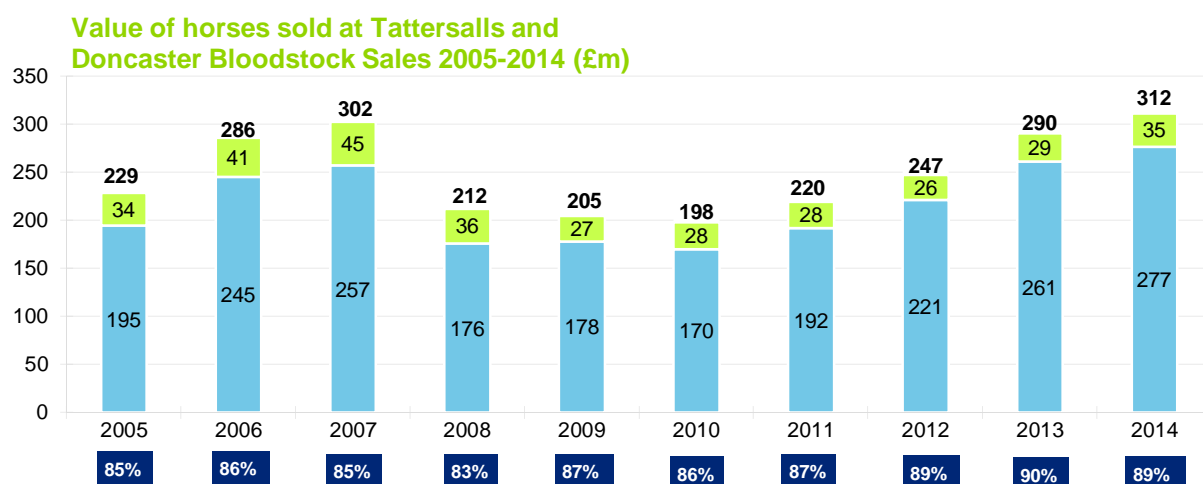
Tattersalls 2014 sales statistics

2014 Sale	Offered	Sold	Total sales (£m)
February Sale	214	172	2.3
Craven Breeze Up Sale	128	93	11.0
Guineas Breeze Up Sale	126	100	3.4
Guineas Horses in Training Sale	52	45	0.7
July Sale	544	500	8.8
October Yearling Sale, Book 1	414	336	83.2
October Yearling Sale, Book 2	759	660	44.7
October Yearling Sale, Book 3	511	436	7.5
October Yearling Sale, Book 4	62	46	0.2
Autumn Horses in Training Sale	1,047	922	25.5
December Yearling Sale	203	161	4.8
December Foal Sale	966	779	33.7
December Mare Sale	882	685	50.7
TOTAL	5,908	4,935	276.6

Source: Tattersalls

Value of sales

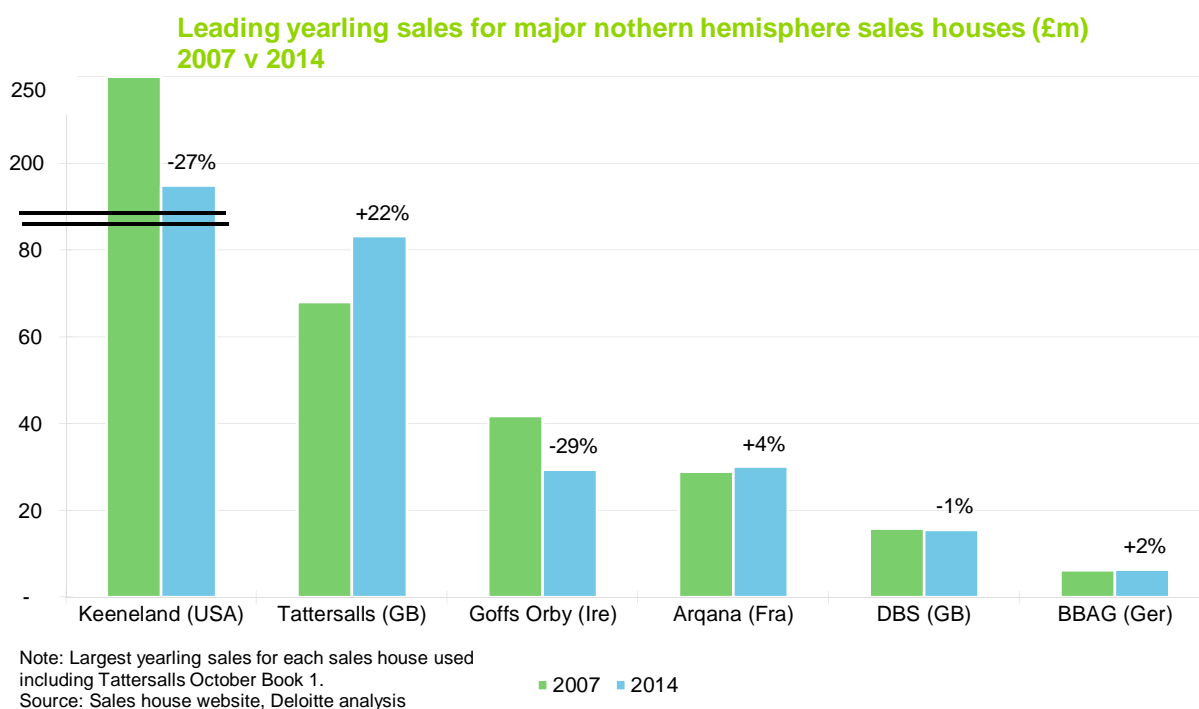
The value of horses sold at public auction is a key measure used to assess the health of the Breeding and Racing sectors. The total value sold at Tattersalls together with the next biggest auction house, Doncaster Bloodstock Sales, is shown below for the last ten years.



Source: Tattersalls; Doncaster Bloodstock Sales xx% % sales at Tattersalls ■ Tattersalls ■ Doncaster Bloodstock Sales

Total sales peaked in 2007 before the economic downturn led to three years of significantly reduced sales values from 2008-2010. From 2011, each year has seen an increase in sales at Tattersalls with 2014 total sales exceeding those recorded in the previous peak of 2007. The dominance of Tattersalls is reflected in the fact that it represented between 80% and 90% of all sales in all of the last ten years. Tattersalls is one of only two major Northern hemisphere sales houses to have seen auction values return to pre-recession levels.

Yearling sales are a particularly good barometer of the health of the bloodstock market. When the leading yearling sales from the major northern hemisphere sales houses are analysed, Tattersalls is notable in that it is significantly larger than any other sales house in Europe (177% more sales than the next largest in 2014). Unlike all other sales houses Tattersalls has now clearly surpassed the levels experienced before the economic downturn.



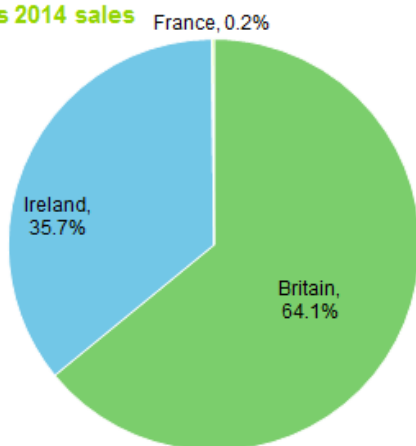
Tattersalls' ability to return to and exceed pre-recession levels is due to a combination of the breadth of international buyers that attend the sales and the high quality of British and Irish horses sold. While the USA remains the biggest bloodstock market this is reflective of the size of its economy/population, as its horseracing industry has suffered prolonged declines with the number of Flat horses running declined by 19% between 2007 and 2013. American bloodlines are primarily focused on breeding horses for racing on dirt which does not take place in Europe, hence do not compete with much of the European breeding market.

Tattersalls' international customers

The international nature of Tattersalls business is illustrated by the diversity of vendors, and particularly purchasers. Typically the vast majority of vendors at major bloodstock sales are from that country, whereas Tattersalls benefits from a significant proportion of Irish vendors – 24% by volume of horses, rising to 36% by sales value in 2014. This is despite Ireland having well established and successful bloodstock sales.

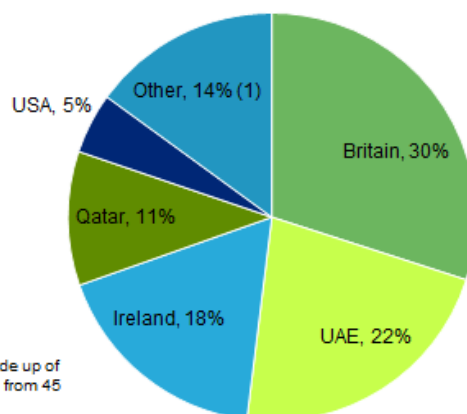
The attractiveness of British (and Irish) bloodstock to an increasingly diverse set of international purchasers is illustrated by the fact that Tattersalls sales with overseas domiciled purchasers has increased from 62% in 2010 to 70% in 2012 and has remained at this level in 2013 and 2014. The top five purchase countries by sales value in 2014 (as below) demonstrate the close linkages with Ireland's bloodstock industry and the importance of the Middle East, notably the UAE and more recently Qatar. In total, buyers from more than 40 countries bought horses at 2014 Tattersalls sales.

Location of vendors - all Tattersalls 2014 sales



Source: Tattersalls

Location of purchasers - all Tattersalls 2014 sales

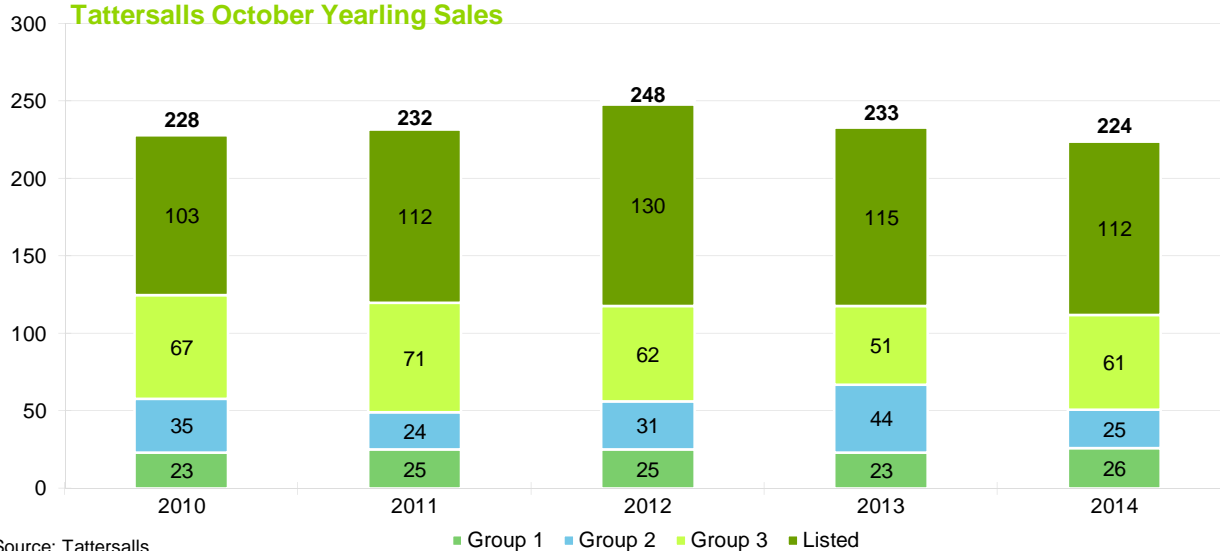


Note 1: Made up of purchasers from 45 countries
Source: Tattersalls

Quality of horses sold

The quality of the thoroughbreds sold at Tattersalls October Yearlings Sale is demonstrated by the Black Type (Class 1) winners that the sales provide each year. Black Type races are the highest quality races staged, and the high and consistent number of winners that the October Yearling Sales produce reflects the high quality of horses that are sold at Tattersalls in Newmarket each year.

Class 1 races won 2010-2014 by horses sold at Tattersalls October Yearling Sales



Source: Tattersalls

Other Newmarket Racing institutions

Veterinary practices

Veterinary services are of vital importance to many participants in the NHRI, notably trainers, stud farms and Tattersalls. The high quality of veterinary services was consistently quoted during consultations as one of the main attractions of Newmarket for racing. The two largest practices – Rosssdales and Newmarket Equine Hospital (“NEH”) – employ c.70 vets and have a total staff of more than 200. NEH invested £10m in a purpose built equine hospital which opened in 2008, and Rosssdales has made similar sized investment in facilities.

They are regarded as the top equine practices in Britain and amongst the top 5-6 global practices. While the majority of the practices’ work is focused on caring for Newmarket based horses they also provide specialist support to British Racing and work worldwide, including supporting Newmarket headquartered racehorse owners and breeders.

The veterinary industry in Newmarket has expanded as the NHRI has grown. The Newmarket area is also the location for the Animal Health Trust and Quotient bio research, being scientific laboratories with significant connection connections to the NHRI.

The British Racing School (“BRS”)

The BRS, a registered charity, was established in Newmarket in 1983. It was initially focused on training jockeys but has progressively expanded its activities and now acts as the largest centre of excellence for training in British Racing (the Northern Racing College in Doncaster being the only other sizeable establishment) and has an international reputation for providing the best training. The scale of BRS is illustrated by:

- Annual operating costs of c.£3m, with a staff of over 30 FTEs;
- Provides training courses for jockeys, stable staff, racing secretaries and business management etc;
- Courses attended by over 800 people each year, being responsible for filling over 200 racing jobs annually;
- Overseas customers attracted to the School by the reputation of British Racing and quality of course and resources accessed at BRS with recent international students including those from Bahrain, Belgium, China, Germany, Russia and South Korea; and
- The BRS is typically one of the organisations visited by potential international investors in British Racing.

BRS has invested over £4m in facilities over the last 10 years. The most recent investment will see accommodation increasing to 100 spaces by June 2015.

The National Stud

The scale of the National Stud was noted in the discussion of the Breeding industry, but it is worth noting the wider role the National Stud plays in both showcasing British Racing, providing training and attracting visitors to Newmarket, notably through:

- Provision of a diploma course and pre-apprenticeship training for individuals wishing to enter the breeding industry; and
- Visitor tours between February and September – working in conjunction with Discover Newmarket. Over 18,000 visitors went on public tours in 2014.

Jockey Club Rooms

The Jockey Club’s headquarters in Newmarket incorporate the Jockey Club Rooms. These historic premises service both Jockey Club members and external functions. They contain a unique and extensive history of British horseracing and often perform an important role in showcasing and promoting British Racing to existing or potential investors both national and international.

The National Horseracing Museum and National Heritage Centre for Horseracing and Sporting Art (“Palace House project”)

The National Horseracing Museum (“NHRM”) is a registered charity that displays a nationally and internationally significant collection of exhibits relating to the history and science of racehorses. It currently attracts around 13,000 visitors each year despite challenges of limited space and a dated building.

The Museum will form a core part of the £15m Palace House project redevelopment which will:

- Rehouse the Museum;
- Act as a gallery for the British Sporting Art Trust; and
- Act as an education centre and working yard for the Retraining of Racehorse Trust.

The Palace House Stables are due to open in 2016 and are forecast to increase visitor numbers to 50,000 p.a.

British Racing Associations and charities with national coverage

Newmarket acts as the headquarters for a wide variety of British Racing Associations, together with some international racing bodies, including:

- The Racing Centre
- European Breeders’ Fund
- Federation of Bloodstock Agents
- Injured Jockeys’ Fund
- International Racing Bureau
- National Association of Stable Staff
- Thoroughbred Breeders’ Association
- Racing Welfare

4 Local economic footprint

Introduction

The report *Newmarket's Equine Cluster: the economic impact of the horseracing industry centred upon Newmarket* was published by SQW for Forest Heath District Council and the Newmarket Horsemen's Group to obtain "an up-to-date understanding of the scale and economic significance of the horseracing industry centred in Newmarket". It estimates the economic impact for 2012, with the research and field work taking place in 2013, and was launched in January 2014.

As such, a significant amount of the primary research was performed, including aggregating detailed confidential financial information from stakeholders, particularly trainers and stud farms. This was a time consuming and challenging exercise for all parties, and it was therefore agreed that for the purposes of this study the 2012 results would be used, although where appropriate the likely direction of movement will be commented on in this section.

Full details of the methodology used are found on pages 5-7 of the SQW report, but this section will provide a brief overview of the means employed. Key stakeholders in the NHRI were asked for their views on the SQW report when consulted for this study, and the general consensus is that a conservative approach was taken.

Summary of methodology

For the equine cluster around Newmarket a radius of 25 miles was considered to include all major stud farms in the region, with a radius of 10 miles used when considering spending of local employees. The economic contribution was estimated by considering:

- Wages paid to local employees of Racing businesses;
- Direct local expenditure of Racing businesses with local businesses;
- Indirect/induced contribution as spending of the NHRI flows through the economy, made up of:
 - Wage related – assumption that 48% of local NHRI wages was spend with local businesses
 - Expenditure related – assumption that those local businesses that benefit from direct NHRI expenditure in turn spend 20% of their purchases on local businesses, hence a multiplier of 1.25 being applied, it is stated in the report that this is a conservative assumption;
- Local expenditure of equine related visitors to Newmarket (notably racegoers); and
- Capital expenditure, based on amalgamating replies from trainers and stud farms into an aggregated figure paid to local firms in connection with capital projects.

A significant amount of data, both publicly available and confidential, was made available by JCE and the NSFA together with surveys and interviews carried out with a number of other stakeholders. A postal survey was sent to trainers including financial questions on employment, running costs, capital expenditure and turnover. A similar survey was also sent to members of the NSFA, and interviews carried out with some of the town's larger Racing businesses including horseracing institutions and suppliers to trainers and stud farms.

Summary of results

The main contributors to economic impact from the SQW report are shown in the table below, and resulted in an estimated total economic impact of £208m.

Summary of Newmarket economic contributions by stakeholder (from SQW report)

	Direct economic contribution (£m)	Total economic contribution (£m) (Direct/indirect/induced)	Number of businesses ¹	Employment (Direct only)	Employment (with multiplier)
Trainers	42	97	85	2,020	
Stud Farms	25	81	57	814	
Horseracing institutions ²	5	10	11	119	
Vets/scientific institutions, Horse transporters	1	8	25	207	
Visitors to Newmarket ³	2	9	2	85	
Capital expenditure	1	4	n/a	40	
TOTAL	76	208	180	3,285	8,500

Notes: 1 - Number of businesses column added by Deloitte.

2 - Horseracing institutions include the British Racing School, Jockey Club Estates, National Stud, Tattersalls, Astley Club, European Breeders' Fund, Federation of Bloodstock Agents, Injured Jockeys' Fund, International Racing Bureau, Racing Welfare, Thoroughbred Breeders' Association.

3 - Includes sales at Tattersalls, Newmarket Racecourse attendees and National Horseracing Museum visitors.

4 - Rounding means some totals may not be exact sum.

Source: SQW

- Trainers and Stud Farms are estimated to be responsible for over 85% of the Racing industry's economic contribution in Newmarket. A large majority of this will come from the top six stud farms and training yards with the largest capacity (24 yards with a capacity of over 50).
- Direct employment of 3,285 FTE was estimated, with jobs created indirectly via local purchases made by those businesses in the core Racing industry and their employees (the induced employment effect).
- The methodology employed by SQW considered local expenditure only, and therefore did not include non-local expenditure driven by racing activities such as amounts paid to jockeys, racecourses and the BHA. In 2012 British Owners incurred direct gross expenditure of £389m on training and related costs (and before prize money), of which in excess of £70m is estimated to relate to Newmarket trained horses (in comparison to the more narrow local direct economic contribution of £42m).
- The capital expenditure figure of c.£1m direct and £4m total economic contribution was noted in the study as being very conservative. The SQW study did not include actual amounts for 2012 but took a lower 'norm' amount and assumed a proportion was spent with local firms. Consultations with a number of major investors in NHRI highlighted that capital expenditure on purchasing and adding/improving facilities is likely to be very significantly higher than this estimate.

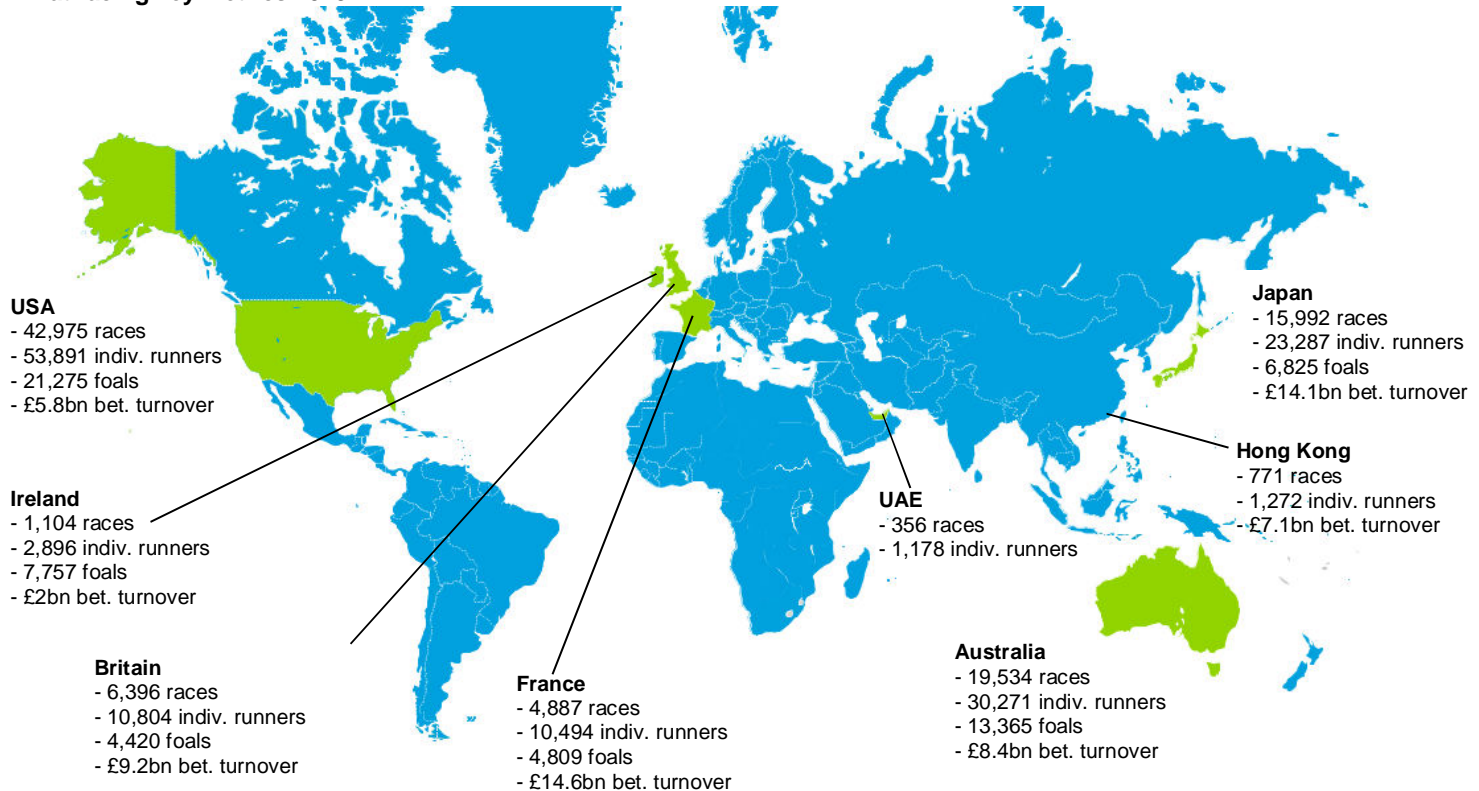
Movement between 2012 and 2014

The estimated number of horses in training in Newmarket has increased since 2012 by around 5%. Since the number of horses in training is the main driver for trainers' employment and expenditure it is likely that their economic contribution has also increased since 2012. Other available data such as increasing Tattersalls sales, higher numbers of foals born to Suffolk breeders and Newmarket racecourse attendances all suggest that the total local economic impact has increased since 2012.

5 International comparisons

Flat racing is a truly global sport, although there are a relatively small number of countries, including Britain, considered major racing nations. The map below shows a selection of key Flat racing metrics for Britain and seven other leading racing nations.

Flat racing key metrics 2013



Source: IFHA 2013 Annual Report.

Flat racing only shown.

Betting turnover converted from € to £ at 13th February 2015 rate.

An initial assessment of these nations has been performed to identify the most appropriate locations for Newmarket to be compared with as a training and breeding centre.

Selection of Newmarket comparators

The structure of the racing industry varies greatly by country, with some major racing nations having significantly different financial and/or operational structures compared to Britain. As a result of these differences there are few direct parallels from elsewhere in the world with Newmarket as an equine centre of excellence. The following table explains the rationale behind the choice of training centres and regions Newmarket will be compared with.

Territory	Level of comparison	Comment
Ireland 	Detailed comparison with The Curragh Training Grounds	<ul style="list-style-type: none"> The Curragh is the dominant training centre in Ireland Contains one of the country's leading Flat racecourses Region also hosts a large number of breeding operations
France 	Detailed comparison with Chantilly Training Grounds	<ul style="list-style-type: none"> Chantilly is the largest training centre in France, well ahead of the other recognised facility at Deauville Chantilly is the only facility in Europe on a similar scale to Newmarket in terms of area and number of horses using training facilities Contains one of the country's leading Flat racecourses
USA 	High level discussion of operations in Lexington	<ul style="list-style-type: none"> Lexington, Kentucky, home to large number of breeding operations Location of dominant Keeneland Sales house Land zoning and Purchase of Development Rights ("PDR") programme protects stud farmland from development In USA training takes place on the racecourse so not comparable to Newmarket in that respect
Australia 	High level discussion of operations in Hunter Valley and Flemington	<ul style="list-style-type: none"> Hunter Valley contains majority of breeding operations, including international organisations Flemington, Victoria, regarded as having the leading training facilities Racing organised on state-by-state basis and training largely takes place on the racecourse so not directly comparable to Newmarket
UAE (Dubai) 	Noted as major racing nation but excluded from further comparison	<ul style="list-style-type: none"> Only one racecourse (Meydan) used five months of the year, with a small number of trainers located in Dubai Majority of Dubai trained horses move to Europe for the European Flat season No breeding facilities
Hong Kong 	Noted as major racing nation but excluded from further comparison	<ul style="list-style-type: none"> Small number of trainers (c.25) training out of two racecourses No training or breeding facilities comparable to Newmarket Regular buyer of horses from Britain
Japan 	Noted as major racing nation but excluded from further comparison	<ul style="list-style-type: none"> Two registered training centres owned and run by the JRA (governing body) Racing industry largely limited to domestic activity with, unlike Newmarket, limited international presence

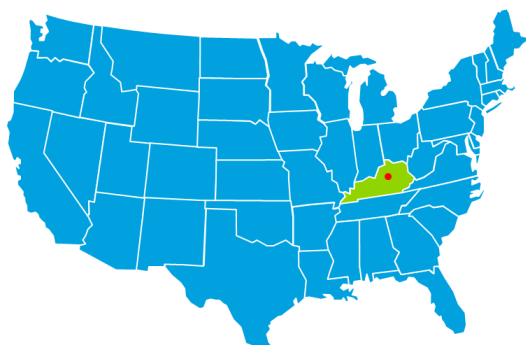
USA and Australia

The section below shows key information about selected areas of racing industry concentration in the USA (Lexington, Kentucky) and Australia (The Hunter Valley and Flemington) in order to compare their diversity and scale of operations to Newmarket.

Lexington, Kentucky, USA contains a significant number of breeding operations and the Keeneland racecourse and sales complex (6 miles west of Lexington itself), the latter of which is the world's largest auction house with sales totalling \$536m in 2014. Major international bloodstock organisations located in Lexington include Darley who have 11 stallions at their Jonabell Farm facility. Over 250 stallions are reported as standing in the wider State of Kentucky. The Kentucky foal crop in 2013 was over 7,300, representing 32% of the North American crop.

There has been a shift in the bloodlines most favoured by international breeders over the last 20 years from American based stallions to those based in Europe. American breeding has focussed on producing horses to run on dirt. American racing has also suffered reputational damage from the use of performance enhancing drugs, some of which are permitted in the USA but banned in most other major racing nations.

Thoroughbred training in America takes place on the racecourse so in Lexington is limited by the racecourse facilities available at Keeneland. American racing is, with some exceptions, experiencing a period of prolonged and marked decline, by illustration Flat races decreased by 16% and the number of individual horses racing by 19% between 2007 and 2013.



Similarities to Newmarket	Differences from Newmarket
<ul style="list-style-type: none"> USA centre for breeding industry 	<ul style="list-style-type: none"> not renowned as training centre
<ul style="list-style-type: none"> country's largest sales house located in area (although total sales yet to return to pre-recession levels) 	<ul style="list-style-type: none"> much larger conurbation, 308,000 population over an area of 285 square miles, with racing/breeding establishments dispersed
<ul style="list-style-type: none"> leading racecourse with rich heritage in vicinity but limited number of fixtures 	<ul style="list-style-type: none"> racing fixtures take place in two 'blocks' – Spring and Fall meets

The Hunter Valley, NSW, Australia is a region located 75 miles north of Sydney, and recognised as the “horse capital of Australia”. It is Australia’s largest producer, supplier and exporter of thoroughbreds and the second largest thoroughbred breeding region in the world after Kentucky. Within the Hunter Valley, Scone is a particular area of concentration and also has a racecourse.

Hunter Valley is represented by a large number of breeding operations, with top class Australian stallions joined by high quality ‘shuttle’ stallions which transfer across from Europe each year. Hunter Valley stallions serve 40% of Australia’s broodmares each year. Inglis is the biggest sales house in Australia, located in Sydney (the same state but c.100 miles from the Hunter region) and Melbourne (c.700 miles away).



Similarities to Newmarket	Differences from Newmarket
---------------------------	----------------------------

- | | |
|--|--|
| <ul style="list-style-type: none"> • Australian centre for breeding industry | <ul style="list-style-type: none"> • no major training centres |
| <ul style="list-style-type: none"> • concerns over land use (mining) and interference with racing/breeding operations | <ul style="list-style-type: none"> • a much larger area, covering 75 to 193 miles north of Sydney |
| | <ul style="list-style-type: none"> • sales house located a considerable distance away |

The issue of open-cast mining in the Hunter Valley region led to the leading global bloodstock operations of Darley and Coolmore joining forces to campaign against the threat, and the perceived risk reportedly deterred Qatar Racing from investing in the area. The mining application was eventually refused due to concerns it would negatively impact the horseracing industry.

Flemington racecourse is located 4km north-west of Melbourne city centre and hosts Australia’s biggest race, the Melbourne Cup. A number of Australia’s top trainers are based in Flemington, and the Melbourne area, containing Flemington and Caulfield racecourses, is regarded as a major training centre, although as is the case in America the vast majority of training takes place on the racecourse (private gallops do exist but are few in number).

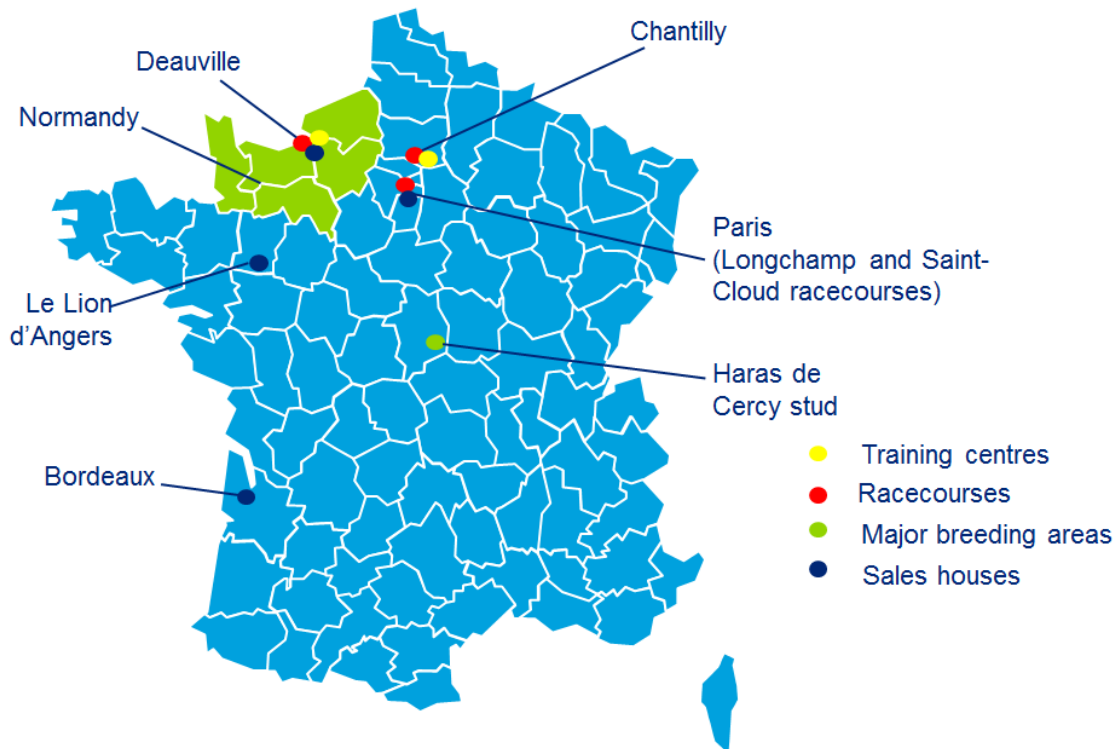
Similarities to Newmarket	Differences from Newmarket
---------------------------	----------------------------

- | | |
|--|---|
| <ul style="list-style-type: none"> • major Australian training centre | <ul style="list-style-type: none"> • no major breeding activity |
| <ul style="list-style-type: none"> • racecourse hosting high quality fixtures | <ul style="list-style-type: none"> • sales house present but a smaller subsidiary of main one in Sydney |
| | <ul style="list-style-type: none"> • suburb of a major international city of over 4m people hence racing makes relatively modest contribution to overall economy |

Detailed comparisons

The two training centres of Chantilly (France) and The Curragh (Ireland) are now described in more detail as those most suitable to be compared with Newmarket. For each respective country the main training centres, racecourses, breeding areas/centres and sales houses are identified before key metrics are displayed alongside those of Newmarket to allow direct comparisons to be made.

Chantilly, France

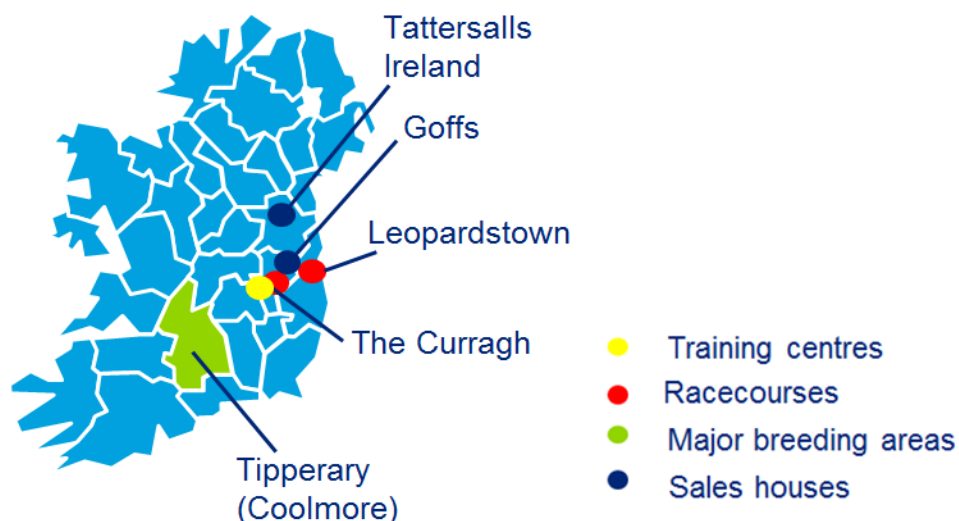


Chantilly is the most appropriate French location to compare with Newmarket, primarily due to the size of the training centre. More horses train here than anywhere else in France and the number in training is on a similar scale to Newmarket with between 2,500 and 3,000 horses using a variety of turf and artificial surfaces.

Whilst Deauville is also recognised as a training centre and also has a leading racecourse and sales taking place there, the number of horses trained there is significantly fewer than Chantilly, and more comparable with a location such as Lambourn rather than Newmarket.

The presence of a major racecourse is another similarity Chantilly has with Newmarket. The breeding industry is not prominent in the region as the French breeding industry is more spread throughout the country than Britain although has an area of concentration in Normandy and a cluster of breeders in the centre-east region where the Haras de Cergy stud is located. The largest French bloodstock sales take place in Deauville, with one in Saint-Cloud (Paris), one in Bordeaux and another in Le Lion d'Angers. Therefore in contrast to Britain, where Tattersalls in Newmarket has a dominant market position, bloodstock sales are more spread between locations.

The Curragh, Ireland



The Curragh is the only location in Ireland comparable to Newmarket, covering extensive centrally managed training grounds owned and managed by the Turf Club and with the highest concentration of racehorse trainers in the country. Like Newmarket, The Curragh also has a leading racecourse staging numerous Group 1 races, and several major breeding operations are based in the area. Both of the main sales houses are within 40 miles, with Goffs under 15 miles away.

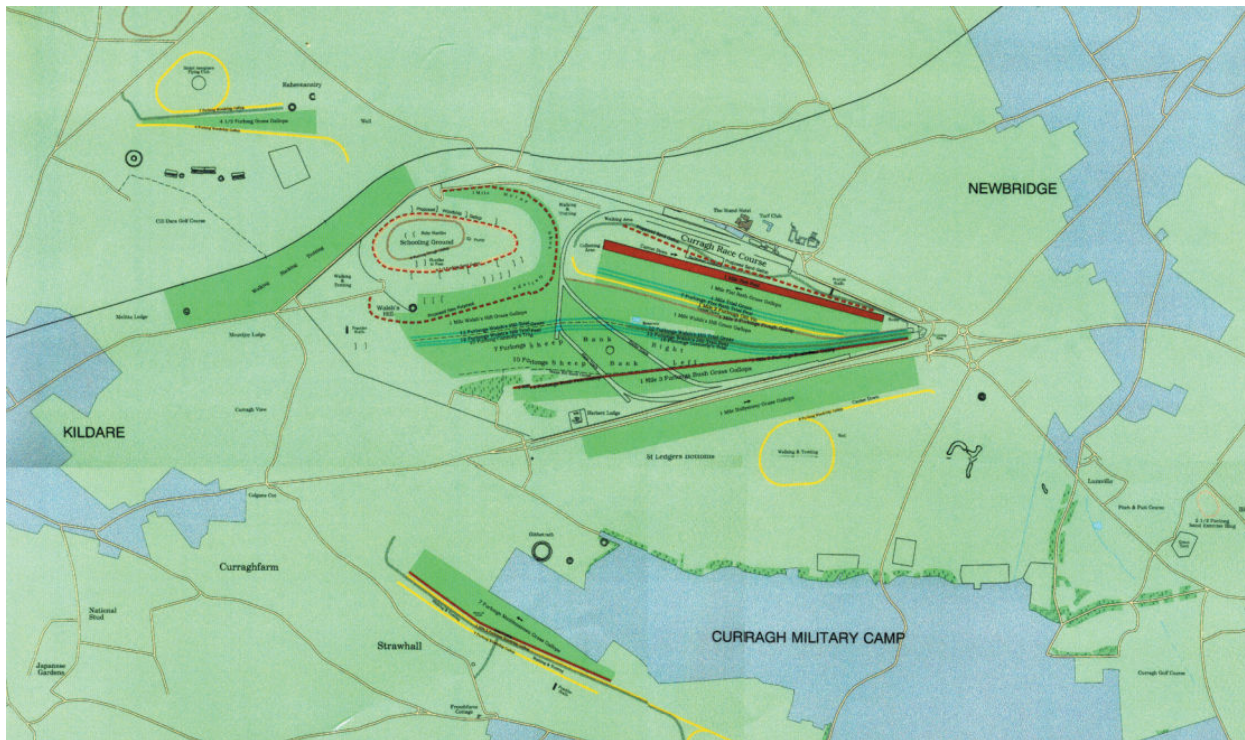
Horses in training

The number of horses using the training grounds has decreased from a peak of c.1,500 pre 2008, after which economic conditions affected the number of horses in training, down to c.1,000 in 2014. However, trainers were previously billed half-yearly whereas they are now billed quarterly as a means of recording horse numbers, so the peak of 1,500 is likely to be inflated in comparison to 2014 figures. The Turf Club hope that numbers will return to c.1,300-1,400 in future.

As has been the case in Newmarket horse numbers using the gallops in 2014 are up - in the case of The Curragh by c.6% - despite further falls in numbers in training nationally. As for Newmarket, this demonstrates the critical role played by equine centres of excellence with high quality training facilities.

Another recent trend is that more non-Curragh based trainers are now using the central facilities, travelling in from neighbouring regions. Whilst many trainers invested in private facilities at the height of the economic boom in Ireland, these are now getting to the stage of needing significant sums spent on them to maintain their good condition, which is thought to be another factor increasing the use of the training grounds.

The Curragh is used by a significantly higher proportion of Jump horses than the Newmarket gallops, aided by the fact that a number of leading Jump racecourses, including Punchestown and Leopardstown, are located nearby.



Future development

The Turf Club have continued to invest in the Training Ground facilities throughout the period of the economic downturn and the associated decline in revenue from the gallops. The price charged to connections of horses to use the facilities has been kept the same since the move from half-yearly to quarterly billing in an attempt to support trainers through difficult economic conditions.

An advanced plan is in place for a substantial development of The Curragh, and whilst the focus of this is predominantly on the racecourse, it is intended that there will be further Training Ground investment. This could potentially include the building of some smaller training facilities, including starter yards, to assist new entrants.

Planning issues

The County of Kildare has specific policies to protect and promote the equine sector. The *Kildare County Development Plan* states the equine industry directly employs 5,500 people, with a further 10,000 in associated industries, and as such the Council has a stated goal 'to support and encourage the development of a vibrant bloodstock industry, which plays a major role in the rural economy'.

Specific policy points of note include:

- To encourage the expansion of the bloodstock industry by protecting the environment and amenity value of rural areas, from encroachment by urban sprawl and incompatible development.
- To support the bloodstock industry through facilitating equine business expansion of the equine core, appropriate to the size of business at suitable locations.
- To protect The Curragh, Punchestown and Naas racecourses from any development that would interfere with their amenity qualities while, at the same time, promoting the enhancement of facilities for racegoers.

Overall comparison

Sector	Newmarket	Chantilly	The Curragh
Managed training facilities	JCE Training Grounds	France Galop Training Grounds	Turf Club Training Grounds
Proportion of national horses in training	28% of Flat and Dual Purpose horses	Provide a significant proportion of the starters for all Parisian races (Longchamp and Saint-Cloud) and Chantilly	c. 25 – 30%
Racecourses	<ul style="list-style-type: none"> Two turf Flat racecourses, staging 39 fixtures a year (April-Nov) All-Weather Flat racecourse at Chelmsford City (40 miles) 	Turf Flat and All-Weather racecourse, staging 44 fixtures a year	Turf Flat racecourse, staging 18 fixtures a year (March to October)
Stud farms/breeders	<ul style="list-style-type: none"> 57 stud farms/breeders located within 25 miles of Newmarket 8 stallion stud farms 	Limited presence in Chantilly	<ul style="list-style-type: none"> Significant stallion stud farms (16% of all stallions) including Darley and Irish National Stud 153 breeders in County Kildare
Bloodstock sales houses	Tattersalls	Nearest is Arqana, Saint-Cloud (40 miles away)	Goffs (c.15 miles) and Tattersalls Ireland both within 40 miles
Racing schools	British Racing School	French Jockey School (AFASEC)	Racing Academy and Centre of Education (RACE)
Administrative bodies/ National racing organisations	<ul style="list-style-type: none"> Jockey Club presence via JCE and Jockey Club rooms Various national racing associations located in town 	Various	<ul style="list-style-type: none"> HQ of Turf Club, Horseracing Ireland and other representative bodies
Veterinary	Top two UK equine veterinary practices, with international standing	Three leading veterinary practices	Leading national veterinary practices
Other	National Horseracing Museum	Musee du Cheval (museum)	Equine research centre

Source: JCE; Turf Club; SQW report; NSFA; various racing websites; Deloitte analysis

Training Grounds comparison

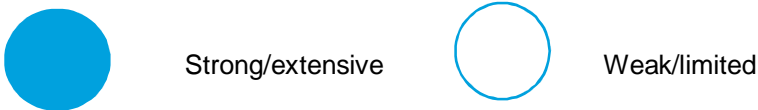
	Newmarket	Chantilly	The Curragh
Description	cover c.2,500 acres in total	1,700 acres of training land within a 15,000 acre forest	<ul style="list-style-type: none"> 1,500 acres of land in total 860 acres of core gallops with further gallops outside this (with less Turf Club control)
Current number of horses	<ul style="list-style-type: none"> Peak c.2,700 (April), low c.1,800 (November) Over 95% are Flat horses 	2,500-3,000 horses	<ul style="list-style-type: none"> Monthly peak of c.1,000 in year, low of c.700 c.80% Flat, 20% Jump
Facilities	<ul style="list-style-type: none"> 50 miles of turf gallops including 7 miles of peat moss gallops 14 miles of artificial gallops and canters Double trotting rings and three enclosed lunge rings Extensive Jump training facilities, including an artificial schooling track Only private gallop within the town is Godolphin's Moulton Paddocks complex 	<ul style="list-style-type: none"> Includes 300 acres of grass gallops and over 120 km of sand and artificial gallops Some Jump facilities Racecourse also used to train on Some private gallops e.g. Aga Khan's Aiglemont training centre borders Chantilly 	<ul style="list-style-type: none"> 70 miles of Grass Gallops Approx 12 miles of peat Gallops 8 All-Weather Tracks (2 sand & fibre, 1 polytrack, 5 woodchip) Extensive Grass schooling facilities over Fences and Hurdles Some private gallops, used to complement Turf Club facilities
Management/resources	25 FTE (Heathmen) employed by JCE	Managed by France Galop with 65 employees	<ul style="list-style-type: none"> Turf Club (currently), will be transferred to new company operating Curragh racecourse and training grounds. 15 FT employees
Trainers	85 trainers registered in Newmarket	A number of leading trainers are based in Chantilly including Alain de Royer-Dupre, Andre Fabre and Freddie Head	<ul style="list-style-type: none"> c.60 Curragh trainers (c.40 within close proximity) Additional trainers use facilities on frequent basis
Investment (10 years) – excludes maintenance	c.£3m	c.€6m p.a. spent on all France Galop training facilities	€2.75m

Source: JCE; Turf Club; various racing websites; Deloitte analysis

International comparisons – conclusion

This section has identified that there are a number of thoroughbred racing centres of excellence found throughout the major racing nations. A summary comparison is set out below.

	Newmarket	Chantilly	The Curragh	Lexington	Hunter Valley	Flemington
Training High quality training facilities						
Racing Racecourse staging regular quality racing						
Breeding Concentration and quality of operations						
Sales Major sales house in area						



The research performed and available data identified has established that there is no comparable location to Newmarket in the world operating with the same scale, diversity and concentration of Racing operations.

6 Planning policy considerations

Overview

This section of the report sets out a high level review of planning policy issues of relevance to the NHRI, specifically:

- Relevant national planning guidance as set out in the National Planning Policy Framework;
- Local planning policy applying to the horseracing industry in Newmarket;
- Planning issues in Newmarket arising from planning applications/proposals affecting horseracing interests; and
- Examples of planning policy and practice elsewhere in respect of similar major venues attracting large numbers of visitors.

Further details of the policies are set out in Appendix 3.

Horseracing is of significance in planning policy terms as a leisure activity attracting large numbers of visitors; a source of local employment; and an activity taking place in open countryside areas. In addition, as in Newmarket, it can make a major contribution to the economy and image of a town.

The section also notes the recent conflicts in Newmarket between some sections of the NHRI and specific proposed developments.

National Planning Policy Framework

The National Planning Policy Framework (“NPPF”) was published by the government in March 2012. It contains guidance of a generic nature, but there are no specific references to the horseracing industry.

The NPPF describes the government’s commitment to securing economic growth through the planning system. The actions to be undertaken by local planning authorities include setting out a clear economic vision and strategy for their area that encourages sustainable economic growth. The economic vision and strategy for Newmarket is included within the development plans for the area.

The NPPF also describes the government’s commitment to economic growth in rural areas, referring specifically to support for rural tourism and leisure developments that benefit business in rural areas, communities and visitors that respect the character of the countryside. It contains extensive guidance on conserving the natural environment. The focus of the guidance is on protection of open countryside hence there are no specific references to types of uses, such as horseracing, that might be compatible with a countryside location.

Development Plan

The Development Plan affecting Newmarket comprises two documents, within which the planning policies are supportive of the horseracing industry.

- Forest Heath Core Strategy Development Plan Document, adopted May 2010;
- Joint Development Management Policies Document, adopted February 2015; and
- Saved policies of the Forest Heath Local Plan, adopted 1995 (until such time as they are wholly replaced by the adoption of new plans).

Forest Heath Core Strategy 2010

The Forest Heath Core Strategy contains two policies relating to the horseracing industry, both of which are supportive and recognise the importance of horseracing to the economy of Newmarket. The following are extracts from the policies.

Policy CS 1 - Spatial Strategy

Newmarket

The importance of the Horseracing industry and Newmarket's associated local heritage and character will be protected and conserved throughout the plan period;

Policy CS 6 - Sustainable Economic and Tourism Development

Support will be given to developing and sustaining Forest Heath's existing economy with particular priority given to key sectors including the equine industry around Newmarket.

More detailed policies relating to the horseracing industry will be contained within the Development Management Policies Development Plan DPD, referred to below. In the meantime, relevant policies from Forest Heath Local Plan, adopted 1995 have been 'saved'.

Joint Development Management Policies 2015

Similar to the Local Plan 1995, see below, the Joint Development Management Policies DPD contains extensive commentary on the horseracing industry, noting its economic importance for the area and that it creates a unique status for Newmarket. It also sets out policies supporting and protecting the horseracing industry, and sets criteria against which horseracing development proposals are to be evaluated. There have been significant modifications since the Submission of the Plan. Generally the effect of these modifications has been to strengthen protection of existing horseracing facilities and to promote further the interests of the horseracing industry.

The Joint Management Development Policies document was submitted to the Secretary of State for examination on 16 December 2013. Public Hearings took place in July 2014, with representations being made on 'Matter 6 Horseracing' by the Newmarket Horseman's Group and Sellwood Planning on behalf of the Earl of Derby.

Following the Hearings, modifications to the text and policies of the DPD, including the Horseracing section, were put forward, which were the subject of further consultation which ended on 27 November 2014. The Inspector responded to the Local Authority in January 2015, following which the document was adopted by the Councils in February 2015.

Forest Heath Local Plan 1995

The Local Plan 2005 horseracing policies have been superseded by those in the adopted (February 2015) Development Management Policies document. However, because until very recently it was the policy document against which development proposals affecting the horseracing industry in Newmarket were tested, comments are included below.

The Local Plan 1995 contained a whole section devoted to the horseracing industry and its importance to the District as set out via the introductory paragraph to Section 12 of the Plan:

"Newmarket is recognised as being the capital of the horseracing industry, both in national terms and in international terms. This arises from the unique assembly of horseracing interests in the town covering all aspects of the Racing industry. The historic association of these interests within the town, commencing with royal patronage under Charles I, has led to an unbroken relationship between the fortunes of the town and horseracing activity over the last 400 years. The town is the headquarters of the Jockey Club, the sport's controlling body, and similar organisations for trainers and breeders. In addition, it is the location of the Tattersalls' Sales Paddocks and a wide variety of closely related specialist bloodstock services, including veterinary health and research units, commercial and financial services and specialist suppliers.

No other town in the country contains such a concentration of facilities which, taken together with the gallops, stud farms, training grounds and racecourse, gives Newmarket its unique status.”

It is also relevant to note that one of the policies in the Local Plan that continues to be ‘saved’ is Policy 5.14 under the heading Visitor Attractions (not in the horseracing section), which says:

“The District Council will promote the tourist potential of Newmarket’s racing industry history and encourage the establishment of a Heritage Centre in Newmarket dedicated to the Horseracing industry.”

The Local Plan 1995 indicates a longstanding planning policy commitment to the horseracing industry in Newmarket.

Emerging Planning Policy Documents

Local Plan Single Issue Review and Site Specific Allocations Document

A Review of the Forest Heath Core Strategy 2010 arose from a High Court Challenge in May 2011, arising from which parts of Policy CS7 relating to ‘Overall Housing Provision’ were quashed. As a result amendments were also required to be made to Policies CS1 ‘Spatial Strategy’ and CS13 ‘Infrastructure and Developer Contributions’. The Review does not necessitate reconsideration of the NHRI strategy, but the Review is of relevance as it will determine the housing numbers for which provision must be made in Newmarket. The level of new housing to be provided in the town is an issue on which the horseracing industry has expressed strong views.

The Review is being prepared alongside the identification of site allocations for new housing. In accordance with normal practice, the latter would have been in the form of a separate DPD. It is now proposed to bring forward one combined ‘Local Plan Single Issue Review and Site Specific Allocations Document’.

At a Local Plan Working Group on 16 October 2014, following advice from Counsel about the robustness of the Council’s position, a revised programme was adopted based on preparation of a combined ‘Local Plan Single Issue Review and Site Specific Allocations Document’. This required reconsideration of the District’s ability to accommodate new housing and an increase in the level of affordable housing provision. This would require further consultation and a delayed likely adoption date for the ‘Local Plan Single Issue Review and Site Specific Allocations Document’ in October/November 2016.

Newmarket Neighbourhood Plan

Newmarket Town Council formally began exploring opportunities to prepare a Neighbourhood Plan for the area during the course of 2014. This builds upon the work undertaken over the past two years by the Steering Group and individual Delivery Groups set up by the Town Council and the results of the Princes Foundation for Building Communities report. The aim of the Prince’s Trust is to create a *“sustainable and holistic vision for Newmarket in collaboration with residents and other key stakeholders”*.

The Newmarket Vision itself builds on previous evidence regarding key aspects of the town, including the town centre and equine industry. During the initial scoping work and setting of objectives the role of a Neighbourhood Plan carrying statutory weight within the development plan was identified as a potentially important mechanism to deliver aspects of the vision.

Building on this work in January 2015 Newmarket Town Council commissioned consultants to assist in preparing a Neighbourhood Plan for the town. Work on the Plan is clearly at a very early stage and it is understood that the geographic area of the Plan has yet to be determined. It will as a minimum comprise the administrative area of Newmarket Town Council. However, it will clearly address a wide range of issues including the role and importance of the equine industry within the town.

Newmarket Enquiry by Design Workshop Report, Prince's Foundation

Although not a formal planning policy document, we refer to the Prince's Foundation Report, because it provides a comprehensive assessment of planning related issues affecting Newmarket and identifies steps that might be taken to achieve a vision for the future. The report was undertaken for Forest Heath District Council, Suffolk County Council, and Newmarket Town Council in consultation with a wide range of stakeholders, including the Jockey Club. The over-riding aim of the study was to ensure that Newmarket develops in a manner which *"safeguards and builds upon the town's unique, historic, natural, social, built and economic assets."*

The Study addresses a wide range of issues in the context of the need to accommodate the District's growth requirements and a need for new housing. These include - built heritage, natural heritage, the local economy, the town centre and retail, transport, and social context.

The Report puts forward Vision Statements and Action Plans. A number of the Vision Statements and Action Plans relate to horseracing / equine interests. These include:

- arbitrating between the different access requirements of horses and other users of the transport network;
- exploring the potential additional horse crossings and upgrade horse crossings;
- marketing and branding Newmarket as the home of horseracing;
- maintaining and enhancing the existing businesses, services and facilities based around the horseracing industry;
- balancing the present and future needs of the horse racing industry with the requirement for a diverse and sustainable local economy; and
- establish an equestrian/sports science centre of excellence.

Newmarket Planning Proposals of relevance to the Horseracing Industry

There are two sites which have been subject of proposed major developments that have generated the most significant interest for the horseracing industry. It is not in the scope of this study to opine on the specific planning issues/processes of the proposed Hatchfield Farm and Meddler Stud developments, hence the comments below are factual in nature.

Hatchfield Farm, Fordham Road Newmarket

A planning application for the comprehensive mixed-use development of 67 hectares of land, including up to 1,200 residential dwellings, was submitted to the local planning authority in 2009. The application was refused in June 2010. An appeal was lodged, and a Public Local Inquiry held between July 2011 and September 2011. Following the Inquiry, the Secretary of State dismissed the planning appeal in March 2012 on the grounds that a scheme of 1,200 dwellings was premature pending the completion of the Council's Core Strategy.

The Appeal proposals were supported by a Horseracing Impact Statement by Sellwood Planning. Representations were made at the Inquiry by the horseracing industry, the details of which are described in detail in section 6 of the Inspector's Report accompanying the Secretary of State's decision letter of 22 March 2012. The Inspector's Conclusions on the horseracing industry are set out in Section 12.4 of his report and the Secretary's findings on this issue in paragraph 14 of his letter.

The Inspector recognised Newmarket's status and role as the centre of horseracing in the UK, and as a very important equine centre on the world stage. He acknowledged the large numbers of racehorse movements across the town on a daily basis on their way to and from training, and their interaction with motor traffic, particularly at horse crossings. He noted that many of these horses are young and inexperienced and as thoroughbred racehorses they are highly strung, skittish, and easily spooked by seemingly ordinary stimuli. In the light of the number of potential conflicts, he commented that the recorded accidents/incidents are surprisingly low, but recognised that there are more that are not generally publicised.

The Inspector considered that the Appeal Proposals would result in some more traffic on the roads, which are used or crossed by horses - the most affected being at the Rayes Lane crossing. However, in his opinion, the overall effect would be adequately mitigated in highway safety terms.

The Inspector concluded that the Appeal Proposals complied with the horseracing policies of the Development Plan. The Secretary of State agreed with the Inspector's Findings.

A further planning application was submitted in October 2013 for up to 400 dwellings at Hatchfield Farm. The Newmarket Horseman's Group objected to the application. The grounds of objection included adverse impact on the character of Newmarket as the international home of horseracing; adverse impact on the horseracing industry, particularly from additional motor traffic; and adverse impact on the local economy.

Officers concluded that there was no evidence to suggest that the development would cause significant and demonstrable harm to the equine industry. The application was recommended for approval by officers and the Council, but was called in by the Secretary of State for his determination. A Public Inquiry took place in late April/early May 2015.

Meddler Stud, Bury Road, Kentford, Newmarket

A planning application was submitted in December 2012 for 133 dwellings at the Meddler Stud, but subsequently amended to 102 dwellings. The Council failed to determine the application within the statutory period and an appeal was lodged. The Council indicated that had it determined the application it would have been refused on the grounds of prematurity and impact on the horseracing industry.

In his report the Appeal Inspector indicated that he was not satisfied that, given the absence of an effective marketing exercise, it had been demonstrated that the Meddler Stud was no longer viable as a stud or racehorse training establishment due to a lack of market interest. He also stated that the evidence presented points to the probability that a 20-box racing training establishment would have a reasonable prospect of success on the site. The appeal was dismissed in November 2013 on the grounds that *"the grant of planning permission would materially harm the horseracing industry and predetermine the location and scale of development within Kentford in an unplanned, uncoordinated and unsustainable manner"*.

The most recent application was for a 20-box racecourse training establishment and up to 63 dwellings at the Stud Farm. The application was supported by a Horseracing Impact Statement prepared by URS. The Council also appointed its own equine consultants, Kernon Countryside Consultants, who are advised on the equine aspects of the application proposal. The application was refused in December 2014.

Planning Policies and Experience at other venues in the UK

There are currently 60 active racecourses in Great Britain. Because they require large amounts of open space many are in countryside locations and some in areas of high landscape value.

Racecourses close to London e.g. Sandown Park, Kempton Park and Epsom lie within the Metropolitan Green Belt, where strict policies controlling new development apply. In some cases, for example at Epsom, there has been a concern that the Metropolitan Green Belt has acted as a constraint on the development of horseracing facilities. A report by the Bell Cornwall Partnership on the Epsom Downs Racecourse in July 2003 describes these concerns, referring both to the restrictive effect of Green Belt policies on equine developments, as well as the loss of stable complexes to alternative uses such as residential and commercial. On the other hand major new racecourse developments have been achieved in sensitive countryside locations (e.g. Goodwood).

Motor racing circuits have some similarities to racecourses in that they require large amounts of open space that generally can only be found in countryside locations. Like horse racecourses they have 'event' days which draw large numbers of visitors from far afield. However, unlike horseracing, motor racing is very noisy and permanent circuits are not generally found within or close to urban areas. Silverstone in Northamptonshire, Brands Hatch in Kent, and Oulton Park in Cheshire are all in countryside locations away from established settlements.

In order to identify examples of best practice that might be of relevance to Newmarket a high level review of planning at other racecourses and motor racing circuits in the UK (with particular reference to planning policies in place) has been performed. The policies being applied by West Berkshire Council in respect of horseracing industry facilities at Lambourn Downs and Newbury Racecourse respectively are of particular interest in relation to the circumstances in Newmarket. However, in making any comparisons and drawing any conclusions, the unique nature of the circumstances in Newmarket should be kept in mind, including Newmarket is a modest sized town and that horseracing is the dominant industry of Newmarket upon which its character has been formed and for which the town has established an international reputation.

The predominant issues identified from planning policy documents affecting horse racecourses and motor racing circuits are set out below. Appendix 3, sets out extracts of planning policy material relating to Epsom racecourse and Silverstone Motor Racing Circuit.

Protection of Countryside

The need to protect the countryside within which racecourses are situated is an issue that arises in many locations and is addressed through the generic 'countryside' policies of the plans. However, even in locations that are highly sensitive in visual terms, appropriately designed redevelopment has been achieved.

The planning policies in place at Epsom are a good example of policies that seek to reconcile the needs of the horseracing industry with protection of the Green Belt landscape within which the racecourse is set. The Epsom and Ewell Development Management Policies DPD 2014, (set out in Appendix 3), recognises that new buildings associated with racehorse training establishments may be appropriate in the Green Belt. Policy DM26 sets out criteria against which to judge equestrian related development in the Green Belt. The criteria include the 'need' for the development, as well as design related considerations.

The horseracing facilities at Lambourn Downs are set within a highly attractive landscape classified as an 'Area of Outstanding Natural Beauty' (AONB). Policy CS 12 of the West Berkshire Core Strategy 2012 recognises the need to conserve the quality and character of the countryside, but at the same time provides for 'sensitive growth' of the racehorse breeding and training industry. The supporting text to Policy CS 12 explains that a test of 'suitability' will be applied to proposals for further development at existing establishments and facilities, and that a test of 'necessity' will be applied to proposals for redevelopment or change of use of existing establishments and facilities.

There are some similarities between the equestrian criteria based policies of the Epsom and Ewell Development Management Policies DPD and West Berkshire Core Strategy and the horseracing policies of the West Suffolk Development Management Policies DPD. Both recognise the importance of horseracing to the area and set out criteria against which equine proposals are to be judged, in particular requiring the 'need' for the development to be justified.

Economic Value

The importance of racecourses to local economies is widely accepted. Large numbers of visitors are drawn who would not otherwise come to the area.

Newbury Racecourse benefits from a 'strategic site allocation' in the West Berkshire Core Strategy. The allocation contains a wider range of uses than the racecourse facilities, including substantial housing as well as retail. The allocation reflects the content of a planning permission granted in 2010, which was for up to 1,500 residential units, upgrading of the racecourse with enhanced leisure, racing, conference and events facilities and other facilities.

The value of the Silverstone motor racing circuit to the economy of West Northamptonshire features strongly in the West Northamptonshire Core Strategy Local Plan 2014, extracts produced in Appendix 3. The Plan notes that the Circuit "*acts as a lynchpin for high value and high skill enterprises in motor sport and automotive development, which extends across West Northamptonshire and into Aylesbury Vale in Buckinghamshire. As such it makes an important contribution to the national and local economy.*"

Concern is expressed about *“increasing overseas competition within the motorsport industry”* and it is noted that *“intense global economic pressures threaten Silverstone Circuit’s dominant position”*. It is recommended that *“only by investing in the economic future of the Circuit and its facilities will Silverstone retain its leading role and retain the wider cluster located around it”*.

In order to promote future development of the Circuit and adjacent areas South Northamptonshire and Aylesbury District Councils published a Joint Development Brief for Silverstone Circuit in February 2009. The Brief proposes a number of uses including employment and education and others that will add to the attraction of the circuit as a venue for recreation and leisure focused on motorsport. Initiatives include a new employment park adjoining the Circuit.

Amongst the stated objectives of the Brief are:

- Enhancement and strengthening of Silverstone Circuit as the centre of automotive and high technology excellence for the UK;
- Creation of opportunities for the development of employment and sustainable economic growth by attracting businesses, education and high quality active outdoor tourism;
- Provision of an attractive venue for leisure and hotel activities.

There is a parallel between the policies that foster the economic potential offered by the motor racing industry in Silverstone, and the development plans and planning policies covering Newmarket that place great emphasis on the importance of horseracing to the town. The West Berkshire Core Strategy goes further by providing a specific plan allocation for Newbury racecourse. However, this is based upon acceptance of a far wider range of housing and commercial uses as part of a racecourse redevelopment. Circumstances in Newmarket are somewhat different from this, notably the daily flow of horses within the town, in contrast to a much lower volume of events held at Silverstone and Newbury racecourse.

Traffic

Substantial additional traffic on the road network on ‘event’ days is a direct consequence of the large number of visitors attracted to racecourses and similar venues. An assessment of the traffic problems arising invariably features strongly in the consideration of specific development proposals at racecourses, as for example has been the case in Newmarket.

The West Northamptonshire Core Strategy Local Plan 2014 and Joint Development Brief for Silverstone Circuit 2009 address transport issues arising from the considerable number of visitors attracted to the circuit on event days. It is also to be noted that dualling of the A43 from the M1 to the M40 was justified in part to serve the needs of Silverstone as the home of the British Grand Prix.

Traffic issues and conflicts have been examined in Newmarket in relation to equine interests, particularly as part of the evaluation of the Hatchfield Farm proposals. These are primarily focused conflicts arising from the day-to-day movement of horses across the town and its arterial routes. Increased traffic levels have been consistently highlighted as a major threat to the continued health of the NHRI in consultations. Section 7 below refers to the possibility of a traffic study being undertaken by the Highways Authority in association with representatives of the horseracing industry to examine this further.

Summary of Planning Findings

- There are existing strong planning policies in place in Newmarket, which highlight the importance of the horseracing industry to the town; seek to safeguard horseracing interests; and identify criteria against which development proposals relating to the horseracing industry are to be assessed. A similar strength of interest and support is expressed in planning policy to promote and protect racecourse facilities in Newbury and Silverstone (motor racing).
- Concerns about wider conflicts between equine and other planning interests have arisen in Newmarket. These have been expressed through representations made at the Hearings into development plans being formulated

(particularly the Development Management Policies DPD), and through representations made to specific development proposals as at Hatchfield Farm and the Meddler Stud, Kentford.

- Concerns have been raised as to whether major new residential development in Newmarket will alter the perception and image of the town, such as to prejudice its position as an international centre for horseracing and the equine industry. Concerns have also been raised about the damaging consequences of the additional traffic generated by major new residential areas, particularly where there are horse road-crossings.
- Support for the protection of existing equine facilities as set out in planning policy was recognised in the Meddler Stud planning appeal in November 2013. The appeal was dismissed because the Inspector considered that the loss of equine facilities from the particular site to residential development would have a materially harmful effect upon the horseracing industry.
- On the other hand, at the Hatchfield Farm Inquiry (2011) the Inspector, after hearing detailed evidence on the threat to the equine industry of a major residential development, concluded that the risk of an adverse effect on the horseracing industry in terms of the overall perception of the town or traffic issues was very small. Although the Appeal was dismissed this was for other reasons, not related to the horseracing industry.
- Both the Hatchfield Farm and Meddler Stud appeal decisions are consistent in terms of the policy issues addressed and their respective findings. However, there is concern by the NHRI about how the planning policy is applied to such specific development proposals.
- The horseracing strategy and policies of the development plans (Local Plan 2005, Forest Heath Core Strategy 2010, and emerging Development Management Policies DPD) recognise the importance of the horseracing industry, cover the principal issues arising, and based on recent hearings the policies have been supported and weight placed upon them by Inspectors on Appeal.
- The support for the NHRI provided by existing and emerging planning policy should provide a sound basis for consideration of planning proposals affecting it, as well as consideration of initiatives related to it. In addition The Prince's Foundation Report has undertaken a comprehensive audit of Newmarket with particular reference to the growth strategy for the town, acknowledging the importance of NHRI, and making recommendations on actions that could be taken to support it. In the following section we comment on further initiatives that might be considered and examined in respect of the NHRI.

7 Initiatives and next steps

Economic Development

As the dominant industry in Newmarket, the continued growth of Racing is critical to the town's general prosperity. It will also be important for the conditions to exist for other industries to develop and thrive.

During the preparation of this report a number of existing and potential developments/initiatives were identified as being consistent with maintaining and enhancing Newmarket's position as a global centre of excellence for horseracing, whilst also facilitating general economic growth for the town and these are summarised below.

These are categorised as Racing focussed initiatives (both those previously noted and additional potential opportunities) and other opportunities, but there are clear overlaps/strong linkages between the two.

Racing focussed – previously noted

A number of development opportunities directly related to the Racing Industry have been previously set in the report, notably:

- Building of hill gallop to make Racecourse side gallops more attractive, hence facilitating increase in trainer and horse numbers – in turn increasing employment and local expenditure;
- Building of starter yards by the Jockey Club;
- The Palace House project – with the forecast increase in annual visitor numbers to 50,000 having the potential to play a valuable role in this respect; and
- Leverage 'Discover Newmarket' to increase the scale and frequency of horseracing tours to showcase the town and industry (assisted by opening of the Palace House project).

Assuming the above and/or other initiatives occur that contribute to the continued growth of NHRI, it is likely that appropriate and sympathetic development of affordable housing to provide for a growing horseracing workforce will be required. On the assumption this is provided under the framework described in this section, there should not be a conflict between such sympathetic development and NHRI's growth.

Racing focussed – other initiatives

- **Attract other British Racing entities to Newmarket** - while a large number of the national bodies and some administrative functions for British Racing are already based in Newmarket, there are a number which are located elsewhere. Given the advantages of a cluster, it may be possible to attract other racing bodies to the area. Jockey Club Estates already looks to attract new trainers to Newmarket.

Other opportunities

- **Partnership with major international investors** - In addition to very substantial investment into the NHRI, the major international investors in Newmarket have an established history of supporting other economic and development projects that benefit the town. It should be investigated whether there are any suitable proposed initiatives/projects that would benefit from the expertise and/or financial support of major investors in Racing (whether well established and/or more recent entrants) including for example any initiatives to improve the High Streets, support tourism and arts and culture offerings.
- **Further strengthening of the Planning Policy Framework** – The adopted Core Strategy 2010 and Development Management Policies 2015 identify the importance of the horseracing industry in Newmarket and set criteria for consideration of development proposals affecting the horse racing industry. The Prince's Foundation Report has identified actions and initiatives that could be undertaken to further promote and protect the horse racing industry, a number of which relate to land-use planning. Consideration could be given to two planning actions:

- i) At the strategic level does the importance of the horseracing industry and its effect upon the area warrant some form of planning designation covering the town and surrounding area, which recognises the special circumstances and the planning implications of this? There are examples of areas having such designations, for example 'Areas of Outstanding Natural Beauty' ("AONB"s) have been designated covering countryside areas of high landscape value, within which the AONB designation imposes additional planning controls on new development that might adversely affect the countryside.

Consideration would need to be given to the way in which such new designation would be framed; the justification for it; how it could be introduced into the formal planning policy framework within a reasonable time period and have weight attached to it; and what it might achieve for all interests in the town including the horseracing industry.

- ii) Could any of the initiatives that have been identified by the Prince's Foundation Report having land-use planning implications (e.g. arbitrating between the different access requirements of horses and other users of the transport network, or exploring the potential for additional horse crossings and upgrading horse crossings), be brought forward in new more detailed planning policy documents or those that are under way. Documents under way are the Local Plan Single Issue Review and Site Allocations Document, and Neighbourhood Plan. Consideration could be given to preparation of development briefs if there was justification for such documents to address issues arising in any specific part of the town or from any specific topic related issue.

- **Resolution of road transport conflicts** – reference has been made to traffic issues and conflicts within the town affecting horses, and the potential threat that arises from this for the horseracing industry. This is an issue that could be worthy of further examination by the Highways Authority in association with representatives of the horseracing industry. While the focus of the study is likely to be Newmarket town roads, there should also be recognition, and consideration of solutions for, the significant traffic impact on the town should there be a major incident on the A14. An effective solution may require central government financial support.
- **Other transport improvements** – other than in some respects Newmarket is well serviced, notably Stansted Airport provides the Racing industry with effective transportation of horses. However, the railway infrastructure is not optimal with limited services and capacity (notably on racedays). It should be investigated whether regional and/or central government funding can be made available that deals with these challenges.
- **The Community Infrastructure Levy ("CIL")** is a levy that local authorities in England and Wales can choose to charge on new developments in their area. Forest Heath District Council have not yet adopted a scheme for the district, however if adopted the CIL can be an additional source of funding, potentially contributing to additional equestrian safety improvements to the highways in and around Newmarket. It will therefore be important to establish the infrastructure requirements in and around the town related to the operation of the NHRI to ensure they are included in the "regulation123" list when compiled.
- **Section 106 of the Town and Country Planning Act – Developer contributions** is also a source of funding which is directly associated with specific developments. If a proposed development can be shown to impact on the NHRI then a contribution can be requested to mitigate any perceived harm. CIL regulations also apply to these contributions.
- **The Heritage Lottery Programme** – this national fund is the largest dedicated funder of heritage in the UK, with up to £375m to invest each year. The NHRI has already benefitted from the fund through support of the Palace House project. There may be other current or proposed projects – racing related or broader – that would benefit from such funding, and hence would help preserve and strengthen Newmarket's unique heritage.
- **Official recognition of Newmarket's Racing Cluster** - While Newmarket's reputation for horseracing excellence is acknowledged within the British and global racing industry, it would be advantageous for this status to be better understood outside of racing via appropriate regional, national and international channels:

- Regional – working with neighbouring counties to promote Newmarket's racing status;
- National – as set out in the Newmarket Vision, secure Royal Newmarket status; and
- International – achieve World Heritage status (medium to long term target)
- Recognition could have the following benefits:
 - Secure direct funding – achievement of regional and national recognition is likely to result in certain central funding becoming available to develop Newmarket for the local and national benefit.
 - Drive economic activity - recognition, assuming effectively marketed, would be expected to further drive visitor numbers and investment to Newmarket.
- This report should form a key part of the body of evidence used in discussions around recognition of Newmarket with regional and national Government bodies and other entities.

Appendix 1

Limitations and glossary

Introduction and scope of our review

Forest Heath District Council commissioned Deloitte LLP (“Deloitte”) to produce this Report, which has been prepared in accordance with the contract dated 5 November 2014. The Report sets out the results of research and analysis to examine the Newmarket Horseracing Industry’s local economic footprint, its national importance and its international standing in racing.

Use of this report and legal responsibility

Some of the matters discussed in this Report are by their nature technical. The intended recipient of the report, Forest Heath District Council, is familiar with the issues, facts and other matters addressed and the Report was written with that in mind.

This Report is prepared for the sole and confidential use of Forest Heath District Council. In preparing this Report our only responsibility and duty of care is to Forest Heath District Council. We did not, and do not by consenting to publication of this Report, assume or accept or owe any responsibility or duty of care to any other person.

Forest Heath District Council has asked for our consent to making this Report publicly available by appropriate distribution methods as agreed with Deloitte. We have agreed to provide such consent on the following conditions:

- This Report may not be suitable for the use of any person other than Forest Heath District Council. Accordingly, publication of this Report to persons other than Forest Heath District Council is for information purposes only and no person other than Forest Heath District Council should place any reliance on this Report; and
- We do not assume or accept or owe any responsibility or duty of care to any person other than Forest Heath District Council. Accordingly, any person other than Forest Heath District Council who, contrary to the above, chooses to rely on this Report, does so at their own risk and we will not be responsible for any losses of any such person caused by their reliance on this Report.

Our reliance on information

In preparing this Report, we have used information and data which have been obtained from a variety of organisations including Forest Heath District Council, Jockey Club Estates, British Horseracing Authority and Newmarket Stud Farmers Association and other publicly available sources. In all cases (and including information from organisations not listed), we have relied upon such information and data as being true, correct and complete and have not audited, tested or checked any such information or data.

Consultations

We have consulted with individuals from over 20 organisations, including:

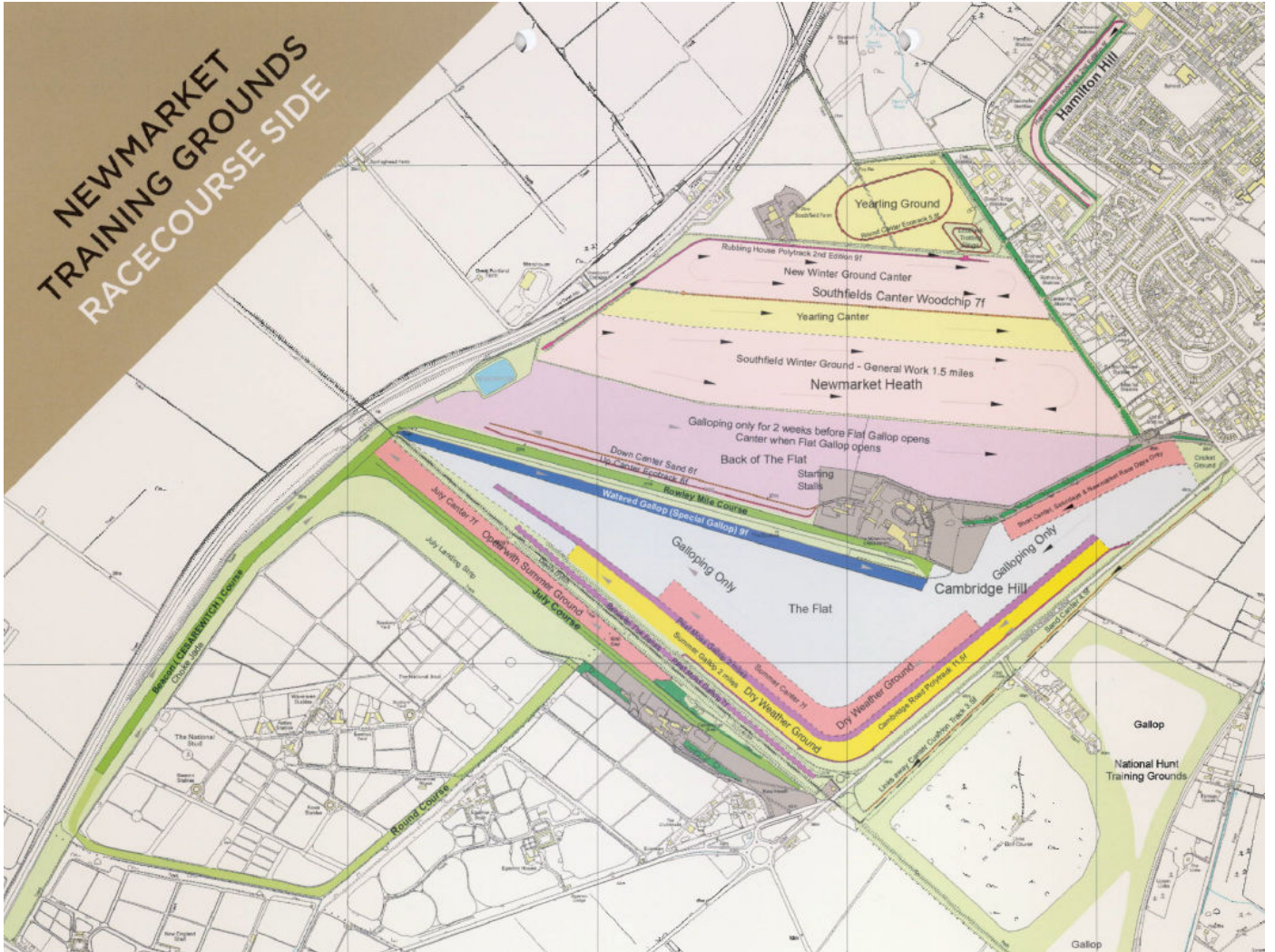
- British Racing governance and administrative organisations – British Horseracing Authority, Great British Racing International and Weatherbys;
- Newmarket Horsemen's Group;
- Jockey Club, Jockey Club Estates and Newmarket Racecourse;
- Breeding – Tattersalls, Thoroughbred Breeders Association, Newmarket Stud Farmers Association;
- Breeder/owners – Cheveley Park Stud, Darley and Juddmonte;
- Racehorse owners – Racehorse Owners Association, Highclere Thoroughbred Racing Club;
- Trainers – Godolphin, John Gosden and Chris Wall;
- International – Turf Club (Ireland);
- Government – West Suffolk Council, MP for West Suffolk (Rt Hon Matthew Hancock MP); and
- Other – Rossdale and Partners (Veterinary Practice), the British Racing School.

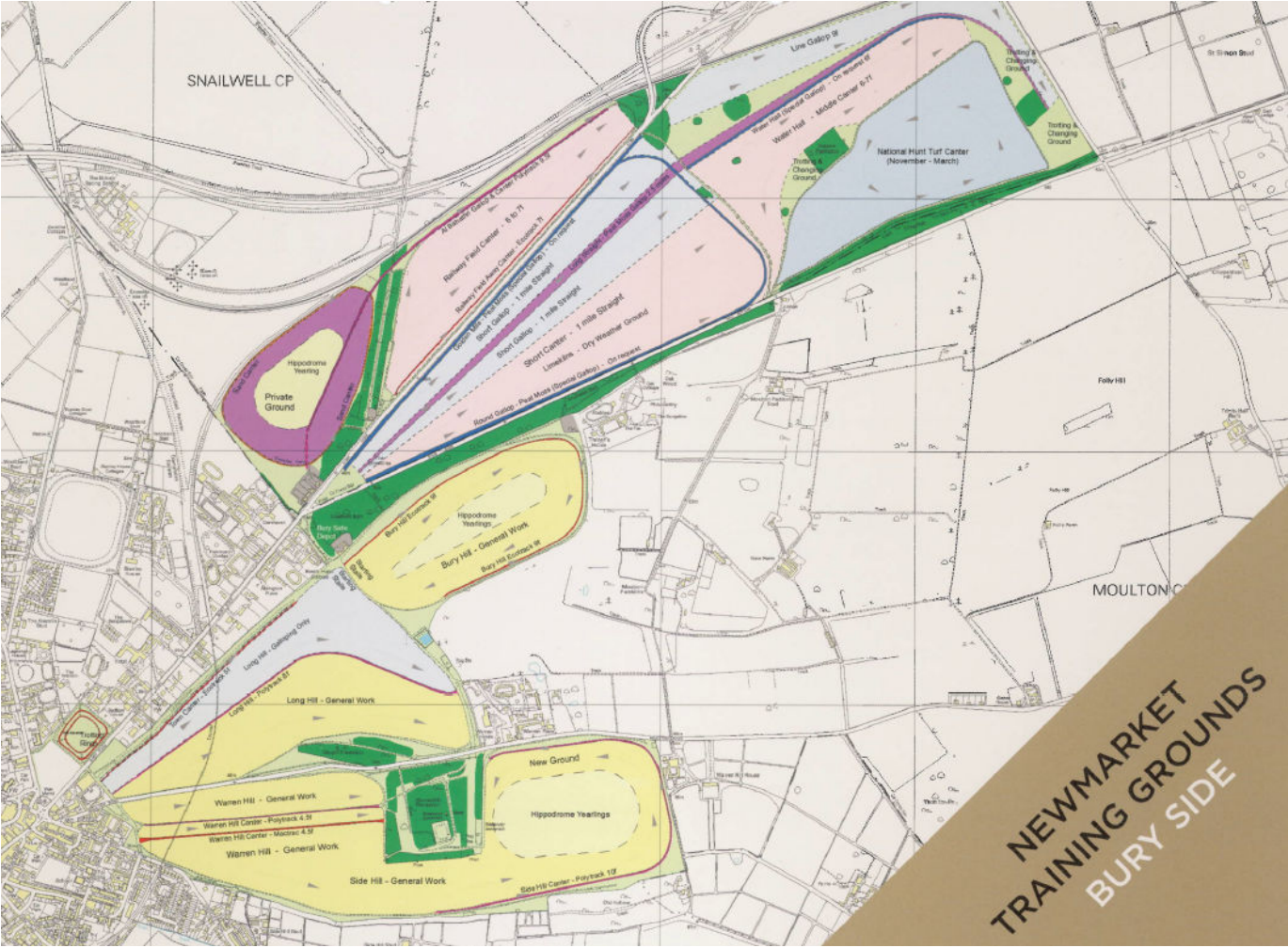
Glossary

BHA	British Horseracing Authority
Breeding	the thoroughbred horse breeding industry
British Racing	the British horseracing industry, encompassing racing and breeding
BRS	British Racing School
CCR	Chelmsford City Racecourse
Covering	A stallion breeding with a mare with the intention of producing a foal
Dual purpose	Horses competing in both Flat and Jump races
Furlong	One eighth of a mile
Gallops	area where horses are trained
Godolphin	the training operation owned by the ruler of Dubai, Sheikh Mohammed with a considerable presence in Newmarket
Group 1	The highest category of race
Horsemen	a collective term for owners, trainers, jockeys, breeders and stable staff
IFHA	International Federation of Horseracing Authorities
JCE	Jockey Club Estates
Listed	The category of race below Pattern
Mixed	See Dual purpose
Newmarket	the town and surrounding area up to 25 miles (considered the extent of the equine cluster)
NHRI	the Newmarket Horseracing Industry
NSFA	Newmarket Stud Farmers Association
Pattern racing	A collective term for Group races, the highest classification in racing
String	the sport of horseracing
SQW report	a specific trainer's group of horses
Yearling	the report <i>Newmarket's Equine Cluster: the economic impact of the horseracing industry centred upon Newmarket</i> prepared by SQW
	A thoroughbred racehorse counted for racing purposes as being one year old until the second January 1 following its birth (in the Northern Hemisphere)

Appendix 2

Newmarket Training Grounds





Appendix 3

Planning Policies

1. Lambourn Downs and Newbury Racecourse

Lambourn and Newbury Racecourse lie within the administrative area of West Berkshire Council. The following are quotations from the West Berkshire Core Strategy adopted in July 2012 (noting relevant paragraph numbers).

West Berkshire Core Strategy 2012

Policy CS 12 Equestrian/Racehorse Industry Equestrian/Racehorse Industry Development

Proposals for equestrian related development that provides diversification opportunities for farmers, helps to strengthen the rural economy, and increases opportunities for people to enjoy the countryside in a sustainable way, will be supported.

Development associated with equestrian activities will be encouraged where the reuse of existing buildings is considered before any new build; and the scale, form, impact, character, siting, and level of activity is in keeping with its location. Proposals for associated new residential accommodation in the countryside will be permitted where genuine need is suitably demonstrated through a business case and accommodation cannot be reasonably secured within existing settlements.

North Wessex Downs AONB Racehorse Industry

Whilst conserving environmental quality and countryside character, the racehorse breeding and training industry in the AONB will be maintained, and its sensitive growth will be allowed for. Within this context:

- *suitable existing establishments or facilities are expected to be retained;*
- *permanent fragmentation will be resisted; and*
- *redevelopment away from uses essential to the horseracing industry will be subject to the tests of suitability and necessity outlined in the explanation of the policy.*

Newbury Racecourse

Newbury Racecourse's viability as a major tourist attraction and economic driver will be maintained and future development proposals should have a positive impact upon the ability of the Racecourse to continue operations as normal and potentially expand in the future. Proposals within and adjacent to Newbury Racecourse will be design and community led to secure high quality sustainable development that is sensitive to the environmental quality and historic character of the area.

Explanation of the Policy

5.72 Equestrian activities and related development, and the racehorse breeding and training industry are characteristic features of West Berkshire, and are of particular importance to the rural economy. The North Wessex Downs AONB is home to around 10% of Britain's racehorse trainers and the Lambourn area is a nationally important centre of activity for the horseracing industry second only to Newmarket. The policy recognises the important links between the various aspects of the equestrian industry and the shared facilities and infrastructure that supports it, such as farriers, veterinary practices, horse feed merchants and the important role riding schools and recreational uses play in providing the racehorse industry with people interested in equine matters.

5.73 Within an overall context of development restraint in the countryside, the policy aims to allow for the sensitive development and growth of the industry whilst conserving environmental quality and countryside character. This includes the built and natural form, and social and economic aspects such as the influence of the racehorse industry as part of the local economy which gives Lambourn its unique character. Development proposals will need to be in keeping with the character and appearance of the local area and prevent the spread of the built form in the countryside and AONB. Outside of settlements, preference will be given to proposals that seek to locate within valleys and avoid development on hilltops or ridgelines.

Racehorse Industry

5.74 In relation to the racehorse industry within the North Wessex Downs AONB, the policy aims to prevent pressure for redevelopment of existing facilities to other uses, and fragmentation of existing sites. These pressures could lead to the decline of the industry locally, threaten the character and form of settlements, and increase pressure for replacement facilities in environmentally sensitive areas. Protecting training yards from development for alternative uses is particularly important in difficult times for the Industry.

5.75 The variety in yard sizes is an important feature for the industry in this area and this can help support the startup of new trainers. Throughout a trainer's career they will require different sized yards at different times for a variety of reasons, and a range of yard sizes allows them to move within the same area, retaining access to local gallops, staff and owners. A small yard could range in size from 10 to 40 horses and could work with as few as six boxes. Given the Rules of Racing, it is difficult to sub-divide yards. As such, spare box capacity does not demonstrate an ability to go without certain individual yards which are important for new trainers and for those who are down-sizing their operations.

5.76 Access to gallops is important for yards and opportunities for improving access routes should be fully explored before a yard is considered for re-use or redevelopment. In considering access to gallops, a trainer would consider safety of the horses and the time taken to get to the gallops which will depend on the number of horses in training, how many riders are used, and how many outings to the gallops are needed. Some trainers will depend upon the gallops provided and maintained by the Jockey Club Estate.

Applying the policy

5.77 In terms of interpreting Policy CS12, existing establishments or facilities includes land and buildings relating to the racehorse industry, including residential development.

Suitability test: In considering the suitability of existing establishments, the key factors to consider will be:

1. the location of the site relating to the form and character of the settlement;
2. the existing range of facilities on the site and their adequacy for the purpose of training and/or breeding horses, or their capability for adaptation to meet such needs;
3. the availability of and access to (including the potential for improved access) suitable gallops and training areas;
4. the impact on local roads including the safety of horses and riders and traffic using the highway; and
5. the availability of sources of labour and the accommodation of personnel on site or in the locality.

5.78 It is not the intention of the policy to retain training and breeding establishments that are no longer appropriate. The Council accepts that it cannot control the closure of businesses where there is little or no support and which are not economically viable. However, it can ensure that racehorse industry facilities are not displaced by redevelopment or changes to other land uses without first considering the consequences and potential loss to the industry. It can also ensure that applications for re-use or redevelopment should conserve the character and amenities of the settlement, the landscape and rural quality of the surrounding countryside and not materially harm the availability of local employment opportunities.

Necessity test: Proposals for redevelopment or change of use will need to show that it is no longer necessary to retain the yard or facility in its current use. In order to show that there is no longer a demand for the yard or facility in that particular location, a robust marketing plan, to the satisfaction of the Local

Planning Authority, will be required as evidence from the applicant to show that all reasonable attempts have been made to sell or let the site at a realistic price. Any proposal for the loss of a training yard will need to demonstrate how it will not detrimentally alter the critical balance and/or range of yard sizes available in the area. It is important to retain a supply of yards which are of various sizes to allow for market churn.

5.79 Proposals for fragmentation of existing establishments and facilities should not adversely affect the operational use of the site or the industry as a whole.

5.80 It is acknowledged that there is a need in some circumstances to provide accommodation close to hand in order to provide 24 hour supervision as part of licensing requirements, or for the effective running of an establishment. It is the Council's preference for workers to be accommodated within existing nearby villages, so as to contribute to the overall sustainability of settlements and limit development in the countryside.

Newbury Racecourse

5.81 For Newbury Racecourse, the policy aims to ensure that the Racecourse maintains its status as a premier sporting and major events venue. The policy seeks to allow for sensitive development of the Racecourse and surrounding areas which do not have a negative impact upon the ability of the Racecourse to continue operations as normal or restrain expansion opportunities in the future.

Delivery and Monitoring

This policy will be implemented through the determination of planning applications relating to the equestrian industry and further guidance may be prepared through a Supplementary Planning Document.

The Newbury Racecourse whilst allocated as a strategic site within the Core Strategy gained planning consent in April 2010 and is likely to be implemented through the terms of that consent.

The policy will be monitored through development completed/permitted within the AONB and the monitoring of the North Wessex Downs AONB Management Plan.

Policy CS 2 Newbury Racecourse Strategic Site Allocation

Within the area identified at Newbury Racecourse, a sustainable and high quality mixed use development will be delivered including:

- ***Phased delivery of up to 1,500 homes;***
- ***Appropriate retail facilities;***
- ***Social and physical infrastructure;***
- ***Measures to mitigate the impact of development on the road network;***
- ***Measures to improve accessibility by non-car transport modes, including provision of cycle and pedestrian routes to both the Racecourse and Newbury stations and to Newbury and Thatcham town centres;***
- ***Appropriate green infrastructure;***
- ***Generation of on-site renewable energy.***

Explanation of the Policy

5.9 Newbury Racecourse is located approximately 1 km to the south east of Newbury town centre. The area proposed for development, a site of approximately 40 hectares, lies to the west and north of the racetrack itself. Improvements to the racecourse facilities have been proposed, together with housing development on land which is surplus to racing requirements. The western part of the site is previously developed land, within the Newbury settlement boundary, currently used as stable blocks and car parking. The eastern part lies outside the settlement boundary. The site is well located in terms of access to facilities and employment opportunities as it is within walking and cycling distance of the town centre, and adjacent to a train station. Its location and accessibility mean that relatively high densities would be appropriate on the site, with a mix of family houses and apartments.

5.10 Planning permission for the site was granted in April 2010, meaning the application was determined in accordance with the planning policies in place at this time. This included the provision of affordable housing at 30% of the total units on site in accordance with policy HSG.9 'Affordable Housing for Local Needs' of the saved policies of the West Berkshire Local Plan 1996-2006.

5.11 Any new application for the site would be determined in accordance with the policies of the Core Strategy. This means that affordable housing would need to meet the requirements set out in policy CS6.

5.12 Infrastructure improvements will be delivered in accordance with the Infrastructure Delivery Plan. Any infrastructure needs which are critical to the delivery of the site are set out in Appendix D.

Delivery and Monitoring

Outline planning permission was granted in April 2010 for the redevelopment of Newbury Racecourse to provide new and enhanced leisure, racing, administrative and visitor facilities, and for development of up to 1,500 dwellings. Reserved Matters permission was granted in 2011, and construction is due to commence in 2012.

Associated infrastructure will include the construction of a new bridge over the railway line to provide access to the Racecourse and to the housing in the eastern section of the site. A new local centre and children's nursery will also form part of the development. Infrastructure requirements are set out in the Infrastructure Delivery Plan.

2. Epsom Racecourse

Epsom Racecourse lies within the administrative area of Epsom and Ewell Borough Council. The following are quotations from planning policy documents (noting relevant paragraph numbers).

LDF Core Strategy 2007

3.3.3 *Epsom has long been associated with horseracing and the Green Belt is home to the nationally important Epsom racecourse and its associated buildings, and to facilities for the local racehorse training industry. There are a number of other developed sites within its boundaries including two important educational establishments.*

Development Management Policies Document November 2014

5.7 *Epsom Downs Racecourse and the local racehorse training industry are an important part of the local economy, as well as being a significant part of our heritage.*

Equestrian employment uses

5.20 *We believe that Epsom Downs Racecourse and the local racehorse training industry are an important part of our local heritage and economy, and an integral part of the Green Belt in the south of the Borough. Epsom has an international reputation in the horseracing world, being the venue for the Derby and the Oaks, two of the five classic horse races. The area is also an established location for racehorse training. There are prime gallops on Walton Downs and winter training gallops on Epsom Downs. The Downs also have all-weather training gallops of 5 and 9 furlongs length.*

5.21 *We consider that essential new buildings associated with racehorse training establishments may be appropriate development in the Green Belt. This is provided that of themselves they preserve its openness and do not conflict with any of the purposes of including land within it, as set out in National Planning Policy Framework Paragraph 80.*

5.22 *In order to assess whether there is an essential need for the buildings, an applicant will be expected to demonstrate that:*

- (i) they will help sustain the horseracing industry in the Borough;*
- (ii) their size is commensurate with the established needs of the enterprise; and*
- (iii) the need could not be met by the refurbishment or replacement of a building that already exists on the site.*

Policy DM26 Equestrian-Related Development/Employment Uses

Equestrian-related development in the Green Belt will be supported provided that:

- (i) It can be demonstrated that the development is requisite to the maintenance of a successful racehorse industry in the Borough,*
- (ii) In the first instance priority is given to the re-use of existing buildings for stabling, tack rooms, feed stores or any other ancillary use which require a non-residential building; and*
- (iii) Where new buildings or ancillary development are justified these are well related to existing buildings and are small in scale; and*
- (iv) Where replacement buildings are justified, the replacement(s) are well related to existing buildings and are not materially larger than the building(s) to be replaced; and*
- (v) The overall size, siting and scale of development including any cumulative impact should not be harmful to the character and openness of the countryside or Green Belt.*

5.56 *Epsom Downs Racecourse is internationally famous for being the venue of the Epsom Derby and Oaks race horse meetings, which have been known as "London's Day Out". The annual Derby Festival draws tens of thousands of visitors to the Racecourse over a two day period during the month of June. Whilst this is the most significant visitor attraction within the Borough, the Racecourse's relatively short racing calendar (36), has forced it to diversify into other areas, such as providing a venue for conferences and corporate hospitality. The Racecourse makes a significant contribution to the Borough's economy. However, scale of visitor numbers generated by race days and other events can have an adverse impact on transport networks. This is a specific issue that any future proposals to further expand the visitor attractions at the Racecourse will need to address.*

36 The Racecourse currently hosts between 12-13 race days per annum - the number of racing days being restricted by an Act of Parliament.

3. Silverstone Motor Racing Circuit

Silverstone Motor Racing Circuit lies within the administrative area of South Northamptonshire Council. The following are quotations from planning policy documents (noting relevant paragraph numbers).

West Northamptonshire Joint Core Strategy Local Plan December 2014

Silverstone Circuit – Knowledge Based Cluster

8.21 Silverstone is the home of the British Grand Prix and the British motorsport industry. It has become a popular and important motorsport venue and its reputation has become synonymous with excellence, not only in motorsport, but also in education, employment, high performance, technology, and engineering skills. As an iconic destination, it attracts visitors from across the world. This level of recognition sets it apart from other sporting facilities within West Northamptonshire. The primary aim of the planned expansion of activities at the Circuit is to build on the regular events that currently take place on an annual and regular basis including the F1 Grand Prix, to maximise its wider economic role, local expenditure and its local and national significance.

8.22 Silverstone Circuit is the heart of a motorsport cluster and lies midway between Brackley and Towcester. It acts as a lynchpin for high value and high skill enterprises in motor sport and automotive development, which extends across West Northamptonshire and into Aylesbury Vale in Buckinghamshire. As such it makes an important contribution to the national and local economy.

8.23 Businesses associated with the motorsport industry are noted for their relatively small land requirements, high added value and propensity to network only with their immediate suppliers and customers. Many of the businesses are small or medium sized businesses with highly skilled, mobile workers. The proposed development at the Circuit is considered complimentary to that proposed for both Towcester and Brackley.

8.24 Increasing overseas competition within the motorsport industry and intense global economic pressures threaten Silverstone Circuit's dominant position. Only by investing in the economic future of the Circuit and its facilities will Silverstone retain its leading role and retain the wider cluster located around it.

8.25 In February 2009 South Northamptonshire and Aylesbury District Councils published a joint Development Brief for Silverstone Circuit. This Brief provides guidance on the future development of Silverstone Circuit and adjacent areas within the ownership of the Circuit. It covers land lying in both South Northamptonshire and Aylesbury Vale Districts. The Brief proposes a number of uses including employment and education and others which will add to the attraction of the circuit as a venue for recreation and leisure focused on motorsport.

8.26 The Brief sets out the "Vision for the Circuit" and aims to strengthen Silverstone's international role as a world class motorsport venue and facility to ensure it can continue to offer a first class motor racing venue capable of hosting international events including grand prix racing. It is based on the principles of sustainable development to maximise the social and economic benefits for the local and regional area and minimise the impact on the environment.

8.27 The fundamental objectives for Silverstone Circuit are as follows:

- The improvement of track related facilities to modern grand prix standards and the promotion of Silverstone as the home of British motorsport and racing, as well as the development of the land portfolio;
- Enhance and strengthen Silverstone Circuit as the centre of automotive and high technology excellence for the UK;
- Creation of opportunities for the development of employment and sustainable economic growth by attracting businesses, education and high quality active outdoor tourism;
- Providing an attractive venue for leisure and hotel activities to create sustainable development in both construction and operation;
- Creation of a development which integrates well into its local environment and provides an attractive countryside setting to locate and develop high value enterprises. This includes both cultural and physical landscape;
- Developing sustainable transport proposals; and
- Proposing development which will be complementary to the growth plans for Towcester and the future growth of Brackley;

8.28 A new employment park is proposed adjoining the Circuit (in Aylesbury Vale) which will be developed as a natural extension of the existing development in the Circuit. The expansion area is around 25ha. This provides for a mix of uses, predominantly B8, but with a mix of B1, thus complementing the range of uses to be developed in the existing Advanced Technology Park within South Northamptonshire Council's area.

8.29 Other proposed land uses at the Circuit include a new pit and paddock complex, new grandstands, higher education facilities, exhibition, brand centre, hotel and function facilities, conference facilities, employment development in the form of the business park and advanced technology park and the retention of existing motorsport track facilities on the Circuit. The proposals include enhancement of the tourism and leisure activities at the Circuit with woodland and outdoor pursuits, public arena facilities, outdoor four wheel drive facilities and education campus-related activities. The proposals will include the creation of new woodland and nature conservation areas, contributing to wider green infrastructure and environmental character initiatives.

8.30 Policy E5 below provides a framework for the development of Silverstone Circuit and is consistent with the Silverstone Circuit Development Brief (February 2009). The Development Brief and the framework policy below take a holistic view of the Circuit's development and therefore it should be noted that some of the development elements set out in the policy are within the Aylesbury Vale District Council area. South Northamptonshire Council granted outline planning permission for the expansion of Silverstone Circuit in 2011.

POLICY E5 – SILVERSTONE CIRCUIT

TO SUPPORT THE CIRCUIT AS AN INTERNATIONAL VENUE FOR MOTORSPORT FURTHER EMPLOYMENT, TOURISM, EDUCATION AND LEISURE DEVELOPMENT AT SILVERSTONE CIRCUIT WILL MAKE PROVISION FOR:

- a) 40 HA ADVANCED TECHNOLOGY PARK COMPRISING B1/ B2 AND B8 USES;**
- b) 25 HA OF ADDITIONAL B1 - B8 EMPLOYMENT (ENTIRELY IN AYLESBURY VALE DISTRICT);**
- c) 8 HA OF TOURISM USES COMPRISING UP TO 3 HOTELS; (2 HOTELS IN AYLESBURY VALE DISTRICT);**
- d) 35 HA LEISURE/ CONFERENCING/ EXHIBITION/ SPORTS SPACE COMPRISING D1/ D2/ A3/ A1/ B1 AND SUI GENERIS USES (10 HA IN AYLESBURY VALE DISTRICT);**
- e) 14 HA EDUCATION CAMPUS (ENTIRELY IN AYLESBURY VALE DISTRICT); AND**

**f) A 600 PLACE SILVERSTONE UNIVERSITY TECHNICAL COLLEGE
(WITHIN SOUTH NORTHAMPTONSHIRE DISTRICT)**

ALL PROPOSALS WILL NEED TO DEMONSTRATE FUNCTIONAL LINKS TO THE TOWNS OF TOWCESTER AND BRACKLEY IN PARTICULAR BY STRENGTHENING SUSTAINABLE TRANSPORT LINKS BETWEEN THE CIRCUIT AND THE TOWNS.

PROPOSALS MUST BE IN ACCORDANCE WITH THE APPROVED DEVELOPMENT BRIEF FOR SILVERSTONE CIRCUIT (JANUARY 2009) AND WILL INCLUDE THE FOLLOWING STUDIES:

- 1) LANDSCAPE AND VISUAL ASSESSMENT**
- 2) DRAINAGE AND FLOOD STUDIES**
- 3) TRANSPORT STUDIES**
- 4) ECOLOGICAL SURVEYS**
- 5) ARCHAEOLOGICAL AND HISTORIC ASSESSMENT**

Silverstone Circuit Development Brief, 2009

The Silverstone Circuit Development Brief was prepared by South Northamptonshire and Aylesbury District Councils and approved in February 2009. It provides guidance on the future development of Silverstone Circuit and adjacent areas within the ownership of the circuit. It covers land lying in both South Northamptonshire and Aylesbury Vale Districts. The Brief proposes a number of uses including employment and education and others, which will add to the attraction of the circuit as a venue for recreation and leisure focussed on motorsport.

The Brief is based upon a comprehensive assessment of issues and including the following technical reports.

- Landscape and Visual Effects Review Ecology Surveys;
- Cultural Heritage;
- Hydrology;
- Air Quality and Noise;
- Transport Advice; and
- Sustainability Appraisal

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