

Horse Racing in Lambourn Valley

The Industry's Economic and Social Impacts

January 2019



SQW

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Overview

This report quantifies the economic contribution of horse racing to the Lambourn Valley (defined as the parishes of Lambourn, East Garston and Great Shefford). The study was commissioned by Jockey Club Estates with support from West Berkshire Council. The findings and views are, however, SQW's and only the consultancy team had access to the confidential data provided by trainers and supporting businesses and organisations.

The research was conducted during 2018. As of April 2018¹, the direct and indirect job contributions are as follows:

- 34 trainers employ 529.5 full time equivalent (FTE) staff caring for and exercising 1,547 horses
- organisations and businesses which have located in the study area because they relate to the horse racing industry employ 164.5 (FTE) staff
- 503 (95%) of the trainers' staff live within the study area and 107 (65%) of those from the other organisations and businesses – a total of 610.

The generally accepted measure of an area's contribution to the national income is its Gross Value Added (GVA); this is the sum of wages plus profits. Direct and indirect gross GVA contributions for 2017 were:

- GVA contribution from the 34 trainers - £13,203,962
- GVA contribution from organisations and businesses which located in the study area because they provide services to horse racing - £7,982,000.

There are also induced employment and GVA contributions that arise from expenditures within the study area of the employees of trainers and supporting businesses/organisations.² We estimate these contribute a further 60 FTE staff and £1,450,200 GVA.

The grand total of the racing industry's contributions to the Lambourn Valley in 2017 was, therefore:

- **employment of 754 FTE staff (i.e. 30% of the area's total jobs)**
- **Gross Value Added of £22,636,162.**

This is a cautious estimate. Activities (such as pre-training) where we have neither accurate evidence nor a reasonable basis on which to make an estimation, are excluded from the computation. Also, we know of significant further growth in training activity since 2017, the year on which our financial data are centred.

The qualitative picture is of an industry that is positive about recent developments and sees scope for growth; though noting local issues to be addressed, (e.g. housing and road safety), and other impending challenges, which may hamper realisation of the area's growth potential.

¹ Reported employment data from trainers were for April but some of the estimated employment related to an earlier period. There was, inevitably, some variation in the financial years for which data were provided.

² The most recent guidance from HM Treasury is that multiplier effects should not usually be included in economic appraisals. Given the relatively small economy of the study area and its simple economic structure we have, however, felt it reasonable to estimate that for staff living in the study area, 20% of their wages would be

spent in shops and pubs within Lambourn Valley but for staff living outside the area this would be lower at 10%. This gives total expenditure in local shops and pubs etc. of £2,900,400 and, taking the average GVA/turnover ratio for these kinds of outlets as 50% gives a GVA contribution of £1,450,200. Assuming 70% of the GVA is accounted for by wages gives a wage bill of £1,015,140. We have allowed £17,000 for the average retail salary and thereby calculated 60 jobs.

1. Introduction



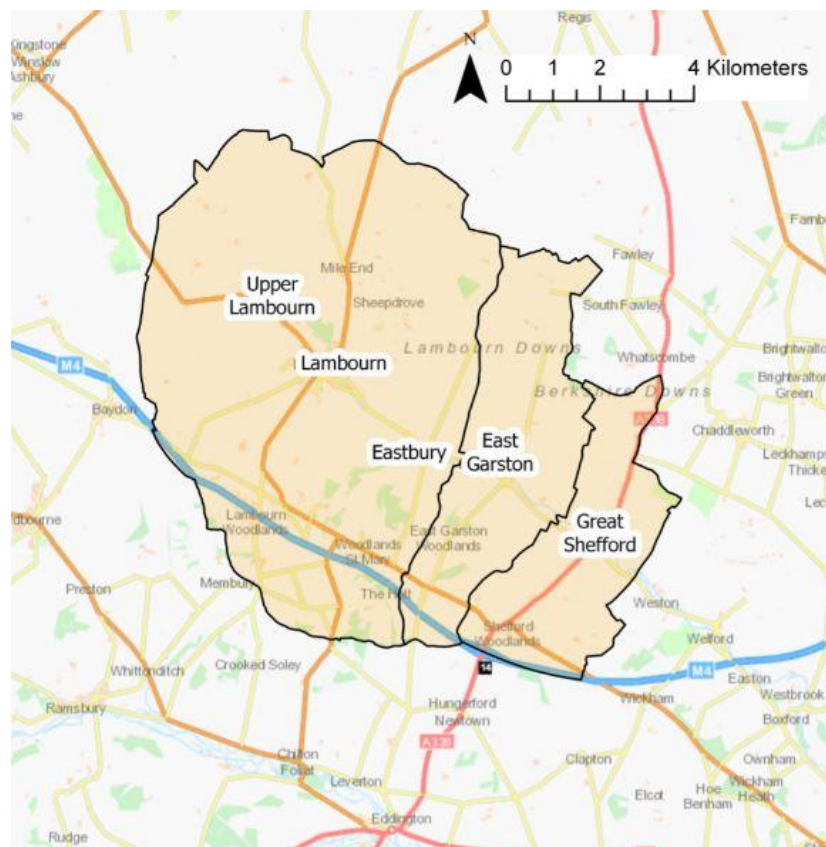
This report has been commissioned by Jockey Club Estates (JCE) with support from West Berkshire Council to review the contribution that horse racing and supporting services make to the Lambourn Valley.

Lambourn, “The Valley of the Racehorse”, is widely known as an important centre for horse racing and our research has focussed on quantifying its scale and importance.

In order to set the findings in relation to this ‘equine cluster’ within the broader economic and social context, as described

in official data sources, the study area has been defined as comprising three parishes: Lambourn, East Garston and Great Shefford. A brief overview of the area is provided in Chapter 2. It is inevitable that these rigid boundaries fall short of a perfect fit with Lambourn Valley’s horse racing activities and there are two trainers some of whose land (most in one case) falls outside them. We have, nonetheless, included the data relating to the training activities of Mr Candy and Mr Whittington within the discussion of trainers in Chapter 3.

Figure 1: Lambourn Valley study area



Source: Produced by SQW 2018. Licence 100030994 Contains OS data © Crown copyright [and database right] [2018]

Training racehorses is the most visible aspect of the equine cluster, but important additional contributions are made by services which support the trainers, their staff and visitors coming to the training yards or Lambourn’s “Open

Day”. Within the Lambourn Valley these include:

- veterinary practices
- institutions providing social and medical support

Our study area is defined by three parishes.

- specialist retailers and equipment suppliers
- farriers and horse transporters
- shops, hotels and inns.

When quantifying their various contributions to Gross Value Added (GVA), which is the accepted measure for economic contribution, it is important to avoid double counting. This is most obviously a danger in respect of the vets; as the survey of trainers (see Appendix 1) will already have captured Lambourn-based vets' income from trainers in the Valley. However, all the veterinary practices also work extensively outside the study area and this proportion of their business provides additional economic benefit. A similar situation arises with other organisations which are based in Lambourn because of the equine cluster but whose activities service a wider area.

The approach to gathering data, information and broader insights involved:

- the postal/on-line survey of trainers and pre-trainers mentioned above
- a wide range of face to face discussions including trainers, supporting institutions/businesses and individuals with a broad

perspective on how the cluster has evolved to date and may do in future

- a small number of telephone discussions in cases where face to face meetings could not be arranged.

Chapters 4 and 5 report the quantitative findings from these discussions. The economic data are aggregated so as to ensure that the confidentiality of responses is preserved. There is no racecourse in the Lambourn Valley which means that Newbury, some 16 miles away, is the "local" course for Lambourn trainers. Chapter 6 describes recent developments at Newbury racecourse and considers its importance for Lambourn.

As this report clearly evidences, Lambourn's natural attributes as a location for developing horses have been enhanced in recent years by substantial investments. The impetus provided by Jockey Club Estates' acquisition and upgrading of the gallops has led to significant investment in training yards. Chapter 7 discusses the economic contribution that capital expenditures by the racing industry make to the study area. Finally, in Chapter 8 there is a discussion of opportunities, issues and challenges that were mentioned during our discussions in Lambourn Valley.

2. An overview of the Lambourn Valley



The Lambourn Valley is within the North Wessex Downs Area of Outstanding Natural Beauty. The overall impression that Lambourn itself gives is of a largely functional rather than an elegant place; but it is set within scenic countryside and many of the surrounding villages are picturesquely attractive. Housing is, correspondingly, expensive. The steep sides of the valley lead up to downland which is well suited to training racehorses. On hillier ground, horses can be fully stretched at lower speeds, with less risk of injury, and centuries of sheep grazing have produced favourable grassland.

Key statistics

The most reliable data are those from the national census – the most recent being that of 2011. More recent figures shown below need to be viewed with greater caution when they relate to the study area (the three parishes of Lambourn, East Garston and Great Shefford) as the sample

sizes on which they are based will typically be too small for confident interpretation.

The Office for National Statistics (ONS) estimates that, in 2017, the study area was home to some 5,710 people with 60% of the population of working age (between 16 and 64).

In terms of economic activity, the Census data suggested that West Berkshire had a strong labour market when compared to England as a whole. This strength was somewhat diminished in the study area. The most notable differences were that it had:

- fewer residents employed part time
- more self-employed residents and fewer in full time employment
- a somewhat higher unemployment rate than West Berkshire
- significantly fewer students
- more retired people in the 16 to 64 age range than for West Berkshire.

Table 1: Economic activity of all usual residents aged 16 to 74 (2011)

Economic Activity	Lambourn Valley		West Berkshire	England
	no.	%	%	%
All usual residents aged 16 to 74	4,201	100	100	100
Economically active	3,182	75.7	76.2	69.9
Economically active: In employment	2,938	69.9	70.8	62.1
Economically active: Employee: Part-time	528	12.6	13.9	13.7
Economically active: Employee: Full-time	1,792	42.7	45.6	38.6
Economically active: Self-employed	618	14.7	11.3	9.8
Economically active: Unemployed	153	3.6	2.9	4.4
Economically active: Full-time student	91	2.2	2.5	3.4
Economically Inactive	1,019	24.3	23.8	30.1
Economically inactive: Retired	601	14.3	12.6	13.7
Economically inactive: Student (including full-time students)	81	1.9	3.4	5.8
Economically inactive: Looking after home or family	188	4.5	4.3	4.4
Economically inactive: Long-term sick or disabled	79	1.9	2.2	4.0
Economically inactive: Other	70	1.7	1.4	2.2

Source: 2011 Census, KS601EW to KS603EW - Economic activity by sex, ONS (from nomis)

More recent data on employment are available from the Business Register and Employment Survey (BRES) but these are imperfect, particularly at a low geographical level and estimates should, therefore, be interpreted with caution. In 2017, it was estimated that there were some 2,500 employee jobs in the study area. The largest share (16%) was in

*“accommodation and food services”*³. *“Arts, entertainment, recreation and other services”*, which includes activities of racehorse trainers, accounted for a further 14%. The category *“professional, scientific and technical”* has a higher share of employee jobs than is recorded for West Berkshire and presumably includes Lambourn’s veterinary practices.

³ This includes a wide range of business: hotels and similar accommodation; holiday centres and villages; youth hostels; other holiday and other short stay accommodation (not including holiday centres and villages or youth hostels) n.e.c.; camping grounds, recreational vehicle parks and trailer parks; other

accommodation; licensed restaurants; unlicensed restaurants and cafes; take away food shops and mobile food stands; event catering activities; other food service activities; licensed clubs; public houses and bars.

Lambourn Valley has a distinctive profile in terms of jobs.

Table 2: Employees by sector (2017)

	Lambourn Valley		West Berkshire	England
	no.	%	%	%
1: Agriculture, forestry & fishing	30	1.2	0.7	0.6
2: Mining, quarrying & utilities	10	0.3	1.8	1.2
3: Manufacturing	150	6.0	10.5	8.1
4: Construction	125	5.0	5.3	4.8
5: Motor trades	50	2.0	1.8	1.7
6: Wholesale	200	8.0	5.3	4.0
7: Retail	125	5.0	8.4	9.5
8: Transport & storage (inc. postal)	300	12.0	3.2	4.8
9: Accommodation & food services	400	16.0	6.3	7.4
10: Information & communication	50	2.0	13.7	4.5
11: Financial & insurance	30	1.2	1.1	3.5
12: Property	30	1.2	1.8	1.7
13: Professional, scientific & technical	225	9.0	6.3	8.7
14: Business administration & support services	125	5.0	8.4	9.3
15: Public administration & defence	10	0.3	3.2	3.9
16: Education	300	12.0	8.4	9.0
17: Health	100	4.0	6.3	12.8
18: Arts, entertainment, recreation & other services	350	14.0	6.3	4.5
Column Total	2,500	100	100	100

Source: Business Register and Employment Survey: open access, ONS (from nomis)

Overall levels of deprivation are low but there are local variations.

Data from the 2011 Census suggested that general health across the study area was good. 51.6% of all usual residents in the

study area were in “very good health” compared to 47.2% nationally.

Table 3: Health of all usual residents in 2011

	Lambourn Valley		West Berkshire	England
	no.	%	%	%
All categories: General health	5,575	100	100	100
Very good health	2,874	51.6	51.6	47.2
Good health	1,882	33.8	34.5	34.2
Fair health	626	11.2	10.7	13.1
Bad health	155	2.8	2.5	4.2
Very bad health	38	0.7	0.7	1.2

Source: 2011 Census, QS302EW - General health

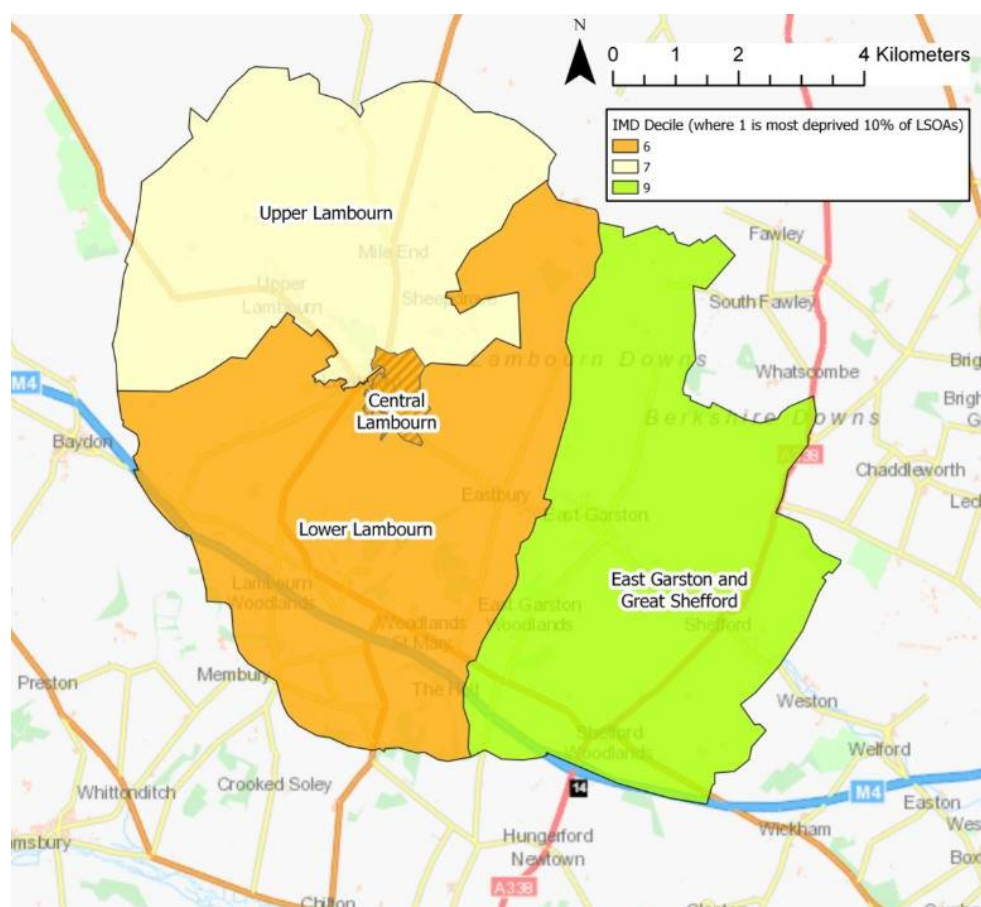
Data on deprivation are reported by Lower Layer Super Output Areas (LSOAs) rather than parishes and as Figure 2 shows, there are four of these in the study area. The extent of deprivation in an area is measured relative to deprivation in other areas of England and various factors are taken into account to construct an Index of Multiple Deprivation (IMD). The IMD and its components (see Table 4) are shown in terms of which decile of deprivation an area falls into; with a score of 10 meaning that it is one of the 10% of LSOAs nationally that have the lowest level of deprivation and a score of 1 indicating that it is among the 10% of the most deprived.

Figure 2 shows differences in the overall levels of deprivation within the study area though, when considered against England

as a whole, it has relatively low deprivation. Table 4 shows a number of variations within this overall picture, notably:

- Central Lambourn performs badly in relation to *education, skills and training* (perhaps because a proportion of trainers’ staff have acquired craft skills rather than formal qualifications) and less well than the rest of the study area regarding *income and employment*
- *crime* and *barriers to housing and services* are problematic in Lower Lambourn and Upper Lambourn
- there is a strongly positive picture across the whole study area for *health deprivation and disability*.

Figure 2: Indices of deprivation (2015)



Source: English indices of deprivation 2015, ONS

Table 4: Domains of deprivation where 1 is most deprived 10% of LSOAs (2015)

LSOA name (2011)	IMD Decile	Income Decile	Employment Decile	Education, Skills and Training Decile	Health Deprivation and Disability Decile	Crime Decile	Barriers to Housing and Services Decile
East Garston and Great Shefford	9	9	10	9	10	7	5
Lower Lambourn	6	6	8	4	10	4	2
Upper Lambourn	7	7	9	6	9	4	4
Central Lambourn	6	5	4	2	9	9	7

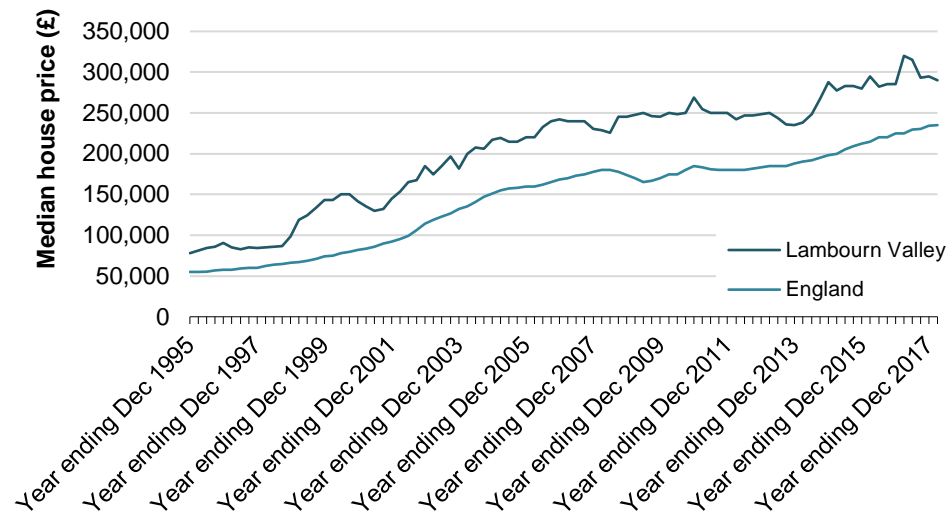
Source: English indices of deprivation 2015, ONS

House prices in the study area are consistently higher than for England as whole; typically 30–40% more, though the gap may have narrowed somewhat in

more recent years. Unfortunately, analogous data are not available for rentals.

House prices are high in Lambourn Valley.

Figure 3: Median house price



Source: ONS, Median house prices by ward and administrative geographies HPSSA dataset 37 and 9

3. Racehorse training in the Lambourn Valley



There have been changes amongst the trainers over the last decade, and the overall number has increased.

Background

There is a concentration of trainers' yards in Upper Lambourn and along the B4000 Ashbury road leading back towards Lambourn; these are the areas most conveniently located for the public gallops operated by Jockey Club Estates (JCE). A number of yards located further away from this concentration have their own private gallops. They include some of the trainers with the largest number of horses. As mentioned in the introduction, two of the trainers, whilst considered part of the Lambourn cluster, are right on the edge of the study area. Only two yards still operate within the fabric of Lambourn village.

In addition to the trainers, there are two pre-training establishments in Upper Lambourn. We do not have sufficient information for them to be included in the quantitative analysis and the results given in chapter four will, consequently, understate total impacts somewhat.⁴

At one time, Lambourn was chiefly recognised as a major centre of training *Jumps* horses. It is still important, perhaps even pre-eminent in this sphere, but recent years have seen significant increases in horses trained for the *Flat*. **Some 34 trainers** were included in the quantitative survey reported below, of which:

- 20 largely trained Flat horses and had about 66% of all horses
- 10 largely trained Jumps horses, with about 30% of all horses
- 4 had an approximate balance between Jumps and Flat and about 4% of all horses.

A perspective on how training in Lambourn has progressed over the past decade can be obtained by comparing the programmes for the Lambourn Open Day. These contain information on most, but not all, trainers. Those that participate list the horses in their yard and the latest programme (for March 30th 2018) identifies horses that are for sale – whether on the trainer's own account or for another owner. The programme for 2008 was prepared for the Open Day of March 21st. Sentiment in the first two months of 2008 was cautious and it was not until the week beginning March 9th that the economic crisis broke. A comparison between 2008 and 2018 gives, therefore, a broad sense of what happened during the critical years and the real progress that has been achieved to date.

There were **31 trainers** listed in the 2008 programme. By 2018 almost half of them had ceased to train in Lambourn for the following reasons:

- retired: 7
- left to train outside the area: 5
- died: 3.

Of the 16 remaining in the study area, 10 still occupied the same yards and six had moved to another yard within Lambourn. Over the same 11-year period, 16 of the current trainers moved into Lambourn; eight largely train for the Flat, six for Jumps and two have an approximate balance. Just under 40 per cent of these in-movers own their premises; a similar proportion to that for all Lambourn trainers.

⁴ Kingwood Stud farm is discussed in Chapter 4.

Training facilities

A distinctive characteristic of Lambourn Valley's horse racing industry is that several major trainers have private gallops which are owned together with their training yard. Together they accounted for just less than 40% of the total horses in yard in 2017. The remaining 60% of Lambourn's trainers, together with a number of others from further afield, are regular users of the gallops operated by Jockey Club Estates.

The Nugent family had owned the public gallops since the 1920s. For various reasons their involvement with racing lessened and the gallops, in particular the all-weather facilities, were becoming run down. This was seen by The Jockey Club as an issue of strategic concern and the gallops were acquired in 2006 to safeguard the future of Lambourn's racing community. A programme of investment was started in that year and has continued since then⁵:

Table 5: JCE expenditure (excluding purchase of the gallops) in Lambourn

Year	Capital outlay	Operational costs
2006	£121,194	£804,506
2007	£231,939	£119,007
2008	£153,120	£117,839
2009	£136,603	£104,927
2010	£41,166	£119,168
2011	£11,040	£87,075
2012	£23,487	£715,481
2013	£26,000	£182,283
2014	£26,958	£123,174
2015	£108,368	£321,902
2016	£93,905	£197,427
2017	£995,752 ⁶	£212,624
2018	£269,367	£170,795
Grand Total	£2,238,899	£3,276,208

Source: Jockey Club Estates

JCE has invested in the gallops every year since 2006.

⁵ New installations or the foundations of a gallop (such as tarmac base) are capitalised on the assumption that the work has only to be done once. Regular maintenance and refurbishment outlays are accounted for as operational

costs; the figures shown above relate solely to maintenance and upgrading of the gallops and horse walks.

⁶ This includes JCE's maintenance yard and office.

The number of horses using Lambourn gallops has steadily increased.

The major item in annual operational costs is the maintenance and refurbishment of artificial riding surfaces which have a limited life and are, therefore, not capitalised. In 2012 there was an exceptional outlay to refurbish the Long Gallop and, with the agreement of the trainers using the facilities, a significant increase in the gallops tax (from £97 to £109 per month) to help pay for it. This collaborative approach is indicative of the positive relationship which has been developed between the gallops' users and JCE.

A consistent message from interviews across the local community was the

importance of the revitalised gallops to the standing of the equine cluster:

"Lambourn has always had 'character' but with JCE's investment it has become more 'modern'"

"Investment in the gallops has improved Flat racing performance. The attraction of quality trainers such as Ed Walker and Archie Watson⁷ has set the tone. Increasing interest is now being shown by Newmarket trainers".

Customer satisfaction is clearly indicated by time series data for the number of horses using Lambourn gallops on an average day.

Table 6: Number of horses using Lambourn's public gallops

2006	367	2013	562
2007	427	2014	557
2008	447	2015	632
2009	386	2016	679
2010	427	2017	747
2011	478	2018	789
2012	522		

Source: Jockey Club Estates

⁷ Archie Watson, a young trainer and a recent in-mover, (mid 2016) reached a total of 100 winners for 2018 by the

end of November – in only his second full year as a trainer.

The social and economic contributions of Lambourn trainers

Results from the survey of trainers

From the 34⁸ trainers to whom the survey questionnaire was sent, full replies were received from 11 trainers and partial information was provided by a further eight. Training establishments vary widely in size and survey data were provided chiefly by the larger ones. Measured by the average number of horses in yard during calendar year 2017, the pattern of replies was as follows:

- nine trainers had 70 or more horses in yard; five of them gave full data and three partial – together they accounted for 894 horses
- eight trainers had 35-69 horses in yard; five gave full data and one partial – they accounted for 342 horses
- eight trainers had 20-34 horses in yard; none gave full data, two gave partial – they accounted for 213 horses
- nine trainers had fewer than 20 horses in yard; one gave full data and two gave partial – they accounted for 98 horses.

In summary, full data were provided for 708 of the total 1,547⁹ horses in yard (46%) and partial information (including staff numbers) for a further 383 (24%). In the aggregate analysis of economic contribution which follows, the actual data from the full replies are used. For trainers not responding or only providing partial data, their contributions have been estimated on the basis of the number of horses that they had “in yard” in 2017.

The trainers from whom we have data on employment reported employing 344 staff full time and 54 part-time in April 2018. These respondents accounted for 70% of the horses in yard in 2017. It may be supposed, therefore, that the missing 30% will have employed a further 147 staff full time and 23 staff part time. This gives a total for all trainers (but excluding the two non-respondent pre-trainers) of:

- 491 full time staff
- 77 part-time staff
- on the basis that a part-time member of staff is on average equivalent to half a full time, **the 34 trainers employ 529.5 full time equivalent (FTE) staff.**

Fewer trainers provided financial information from which their gross value-added (GVA) contributions – i.e. the sum of wages and profit – can be calculated. The trainers that provided data on wages had 699 horses – 45% of the total - and the aggregate of their wages totalled £4,833,298. We, therefore, estimate aggregate wages for the remaining 55% as £5,907,364, bringing **the wages total for the 34 trainers to £10,740,662.**

In the answers received to the questionnaire there was no clear correlation between the number of horses in yard and the profit from either training operations or horse sales. We do not consider that linking profit to horse numbers will distort the totals obtained from grossing up to any great extent (and there isn't an obvious alternative

In terms of direct effects, 34 trainers employ 529.5 FTE staff and make a GVA contribution of £13,203,962.

⁸ Two trainers, both owner occupiers, did not list their horses in the 2008 Open Day programme but were in the area then and remain active in the area today. Their inclusion brings the total to 34.

⁹ This is a cautious estimate of the total number of horses. A comparison with the horses listed in the 2018 Open Day programme shows an increase of almost 8% (or 12% if the known increase in Mr Watson's horses is included).

approach). However, to be on the safe side we have assumed that no profits are made by the nine trainers with fewer than 20 horses in yard. The remaining 25 trainers had 1,499 horses. Based on the replies from 10 trainers that gave their operating profits and nine trainers that gave their profits from horse sales, we estimate an average overall profit (including operating profits and horse sales profits) of £1,700 per horse in yard and **aggregate profits for the 1,449 horses of £2,463,300.**

The social contribution is measured largely in terms of employment opportunities whereas the economic contribution is measured by the contribution to Gross Value Added – the total of wage costs and profits. Excluding multiplier effects from staff expenditures i.e. including only wages (net of NI and pension contributions), the **total GVA contribution from the 34 trainers is, therefore, £13,203,962.**

4. Commercially orientated Services and Facilities supporting the cluster



The equine cluster involves many organisations providing specialist support to local trainers.

There is a wide variety of firms and organisations located in Lambourn Valley because of the horse racing industry. Taken together with the trainers and the training facilities they form, in economists' jargon, a true cluster in which competition and collaboration increase the whole cluster's competitiveness. In a close-knit community, it is essential to preserve confidentiality and to aggregate commercially sensitive information even if this means grouping together organisations that have few apparent similarities. In large part the information reported below was obtained through face to face discussions. The aim was to gather hard facts from all the significant firms that provide specialist support to local trainers; thereby obtaining an accurate estimate of the *indirect* component of the *multiplier*. The commercial data, however, include both business obtained from Lambourn trainers and business won outside the area; on the grounds that local relationships and the image of the "Valley of the Racehorse" are why the firms have chosen a Lambourn location.

Veterinary practices

Equine vets are involved in many aspects of training and racing horses. As well as responding to instances of sickness or injury, they make inspections when horses are bought and sold, advise on nutrition, attend race meetings and supervise breeding. There are four equine practices in Lambourn Valley¹⁰; two are long established in the area and the larger of them provides RCVS regulated equine hospital facilities. The other two have established more recently as branches of Newmarket partnerships. Their arrival has

affected the way this part of the cluster "works".

Lambourn trainers also have access to a number of vets, some from Newbury and others based elsewhere, who visit the area on a regular basis. The advantage of local vets is that they are on hand to deal with emergencies on a 24-hour basis. Lambourn-based vets themselves serve a wider market and, when specialist treatments are required, may well use hospital facilities elsewhere (including Newmarket).

In aggregate, approximately 35% of the four Lambourn practices' turnover comes from Lambourn trainers. They provide 36 jobs and 57% of these are held by people living in the study area.

Horse Transportation

In addition to the travel involved with race meetings, some of them overseas, horses are taken to and from the major sales houses and may also need to travel to specialist hospital and remedial facilities. Many trainers have their own transport in the form of two-box vans which are exempt from tachograph regulations and have the added advantage that they can be driven by part-time drivers who do not require an HGV licence. There are, however, two specialist horse transportation businesses with a Lambourn presence, although only one of them – Lambourn Racehorse Transport - is locally headquartered and making a significant local economic contribution.

Equine surfaces and equipment

Martin Collins Enterprises develops, produces, supplies and installs artificial

¹⁰ There are several vets from outside the area who have established relationships with Lambourn trainers and two

partners of Donnington Grove, the major Newbury-based veterinary practice, live in Lambourn Valley.

surfaces for the full range of equine activities; racing, performance and leisure. It also designs and supplies equipment for the maintenance of its surfaces. Although Jockey Club Estates in Lambourn is a significant customer, over 90% of the firm's business comes from outside the local area. The company website¹¹ summarises its track record as follows:

- Opened offices in Europe, North America, Australia and Asia, and have joint venture companies in South Africa, China, Japan and France.
- Supplied over 200km of racehorse training gallops in the UK.
- Installed over 4,000 equine arenas worldwide.
- Provided arenas for major national and international competitions, including London International Horseshow, Olympia, Longines Global Champions Tour, Royal Windsor Horseshow, Dressage at Hickstead, Wales & West Showground, Your Horse Live, Spanish Riding School Tour, HM The Queen's 90th Birthday celebrations and many other prestigious temporary events.

Farriers

Inputting "Lambourn" to the search facility on the Farriers Registration Council generates a list of 18 farriers who are 2.1 miles or less away from central Lambourn. Amongst these is Chapel Forge Farriers with a team of seven qualified farriers (six of whom live locally) and seven apprentices who live locally. Apprentices train for four and a half years and on completion most choose to move. About

75% of the firm's work is from racing and three-quarters of this is in the Lambourn Valley. Around two thirds of the 25% 'recreational' business is also local.¹²

Racetech

Racetech, based in West London, provides a range of services to horse racing. These include video coverage, Photofinish and Starting Stalls. To support the starting stalls work and reflecting Lambourn's equine expertise together with its excellent location in relation to major racecourses, the company employs locally-based stall handlers and drivers. Seven staff are on six-month contracts and a further 13 casual staff work, on average, about 30 days a year.

Inns with rooms

Both of Lambourn Valley's inns with rooms, The Pheasant and The Queen's Arms, have had new owners for the past three years. Each has a modest number of rooms (11 and 12 respectively) but The Pheasant hopes to add a further eight shortly. The quality of accommodation is good and rack rates range between £115 and £135. For both these establishments (and other pub/restaurants such as the Plough), quality dining is a crucial ingredient in their business model. Whereas the racing industry, other than the big Newbury meetings, contributes only a small share of room occupancy, the patronage of trainers and owners is crucial for both lunchtime and evening trade. The Queen's Arms, in particular, has sought to appeal to the industry through themed lunches and dinner events relating to major racing events and has set up a racing

¹¹ <http://polytrack.com.au/> [accessed 08/02/2019]

¹² Chapel Forge declined to provide financial information, but we have made estimates for wages and profit for

them and the independent farriers based on information obtained in Newmarket.

club. Although they are very much part of the racing community, the location of these inns in Lambourn cannot be claimed to result from racing. In consequence, a relatively low percentage (we have taken 15%) of their employment and turnover can be attributed prudently when calculating racing's contribution to the Lambourn Valley.

Yard & Stable Hygiene Services / Stable Shield

Yard & Stable Hygiene Services is a small Lambourn firm that provides building and maintenance services with a specific focus on hygiene. They have developed and supply a proprietary anti-bacterial paint (manufactured for them in the Netherlands). Whilst the paint is supplied more widely, most (some 80%) of their contracted work is within the Lambourn Valley and there are well-developed relationships with a number of trainers. A core of local full time and part time employed staff is supplemented by casual workers who are typically hired from further afield.

E J Wicks (Saddlers)

E J Wicks' shop in Lambourn provides a very wide range of items for horses and riders. Lambourn trainers contribute an important proportion of the firm's turnover but, although the Lambourn connection is highly significant to market credibility, they now account for somewhat less than half total income. As well as serving local customers, specialist leather work, both production and repair, is undertaken for non-equine customers outside the valley and further diversification in both equine and non-equine markets is seen as important for the future. In a recent development, racing

equipment now features on the company website and on-line orders are being secured both from outside the valley and from overseas.

Kingwood Stud

The stud farm was purchased in 2010 with the specific objective of developing and demonstrating a radical new approach to pre-training young horses. After earlier development work in Turkey, its owner's home country, Lambourn was selected as the location to showcase and further develop "Kurtsystems" because of:

- the Lambourn Valley's reputation as a centre for the racing industry and the fact that it is growing fast
- the availability of ideally suited premises
- its excellent location in relation to racecourses and the first-rate equine support services available locally.

Their website explains the motivation insight and innovation of its owner, Mehmet Turk, who sought to develop a new approach that would minimise injuries to young horses in their first year of training:

"Most injuries were due to problems with the young horses' musculoskeletal system. These young horses couldn't bear the weight and exercise regime in the early months of training as their musculoskeletal systems had not yet matured.....I felt that if we could pre-train the young horses using an entirely mechanical system, we could then introduce gentle speed and light weights, and then gradually increase them in a controlled and sustained manner."

A fully functional mechanical system is now operating at Kingwood Stud and there

are encouraging early signs of success. Five young horses that have been developed through it are now with trainers, three of them in Lambourn, and this autumn has seen racing success as well as an encouraging sale at Tattersalls.

The stud has 13 mares and operates commercially. It is hoped that further income will be generated from trainers using the “*Kurtsystem*” in Lambourn though the principal business objective is to sell the “*Kurtsystem*”. It is highly unlikely that this will be produced in Lambourn. We have estimated the GVA contribution from the information provided on staff numbers. In the Lambourn Open Day programme for 2018 it is stated that Mr Kurt has spent £25 million so far but, as it is unclear how much of this relates to

Lambourn, none of this is included in our estimate of economic contribution.

Aggregate social and economic contribution¹³

The social contribution to the economy of Lambourn Valley can best be quantified in terms of jobs. In aggregate these businesses employ **141 Full Time Equivalent people of whom 95 (67%) live in the Valley.**

The economic contribution is measured by the contribution to Gross Value Added. Excluding any possible multiplier effects from employees spending in the study area, the aggregate **GVA contribution of these businesses is £6,970,000.**

¹³ The employment numbers are totally based on information provided by the businesses themselves. The GVA calculation includes some SQW estimation but more

than 85% of the total is from data the businesses provided so any errors will be only minor.

5. Other organisations supporting the cluster



As with the commercial businesses in the previous chapter, the organisations described below have chosen to locate in Lambourn because of the large number of trainers in the area. However, whilst they also serve the racing community outwith the study area, it is appropriate to consider all their local operations as attributable when calculating the overall economic and social impact of the Valley's horse racing industry.

Oaksey House

This is a state of art rehabilitation centre established ten years ago by the Injured Jockeys' Fund (IJF) with generous support from leading owners and their foundations. Its website¹⁴ describes the activities and facilities as follows.

- provides specialist rehabilitation treatment for physical and neurological injuries
- has a fully equipped gym including a state-of-the-art AlterG anti-gravity treadmill
- has a hydrotherapy pool added in 2018
- has respite accommodation also available for those receiving extended treatment together with their carers if required
- offers educational courses on fitness and nutrition for the general well-being of young and aspiring jockeys
- has private function rooms available for hire for meetings and conferences.

Oaksey House typically does not charge holders of professional jockey licences and offers subsidised access for retired jockeys and other racing staff. A limited amount of additional revenue is generated commercially from a company located on-site that provides specialist treatment for head injuries, but we do not have data on

their economic contribution. A major refurbishment was completed recently, including the hydrotherapy pool.

Racing Welfare

Racing Welfare (RW) was formed in 2000 as an amalgamation of several racing charities. It focusses on the behind-the-scenes staff in racing and their dependents (both active and retired); thus dovetailing with the support that the IJF provides for jockeys. Much of the work of the Lambourn office is concerned with accidents and injuries but advice and some assistance are also provided in respect of financial issues such as benefit entitlement and indebtedness. In recognition of the difficulties that racing staff have in finding suitable accommodation to rent¹⁵, even if they can afford it, RW provides through its housing arm, *Racing Homes*, hostel accommodation in Lambourn for four young people starting their careers in racing. There is an active business plan to develop more housing focused on the young and retired.

Both in respect of housing and other issues, the situation in Lambourn is complicated somewhat by an element of transience in the racing community. Young people who have completed their training at one of the specialist racing schools (the British Racing School in Newmarket and the Northern Racing College in Doncaster) tend to start their careers in one of the major racing centres, but a proportion will then move on elsewhere.

Jockey Club Estates

Jockey Club Estates' capital outlays on the training grounds are described in Chapter

¹⁴ <http://www.injuredjockeys.co.uk/Oaksey-House.asp> [accessed 08/02/2019]

¹⁵ Housing was highlighted as a major issue by many of the people we met.

3, where mention is also made of the exceptional operational expenditure in 2012. In a normal year, operational expenditures are lower, though still substantial, and a high proportion goes to suppliers in the valley. In addition to the outlays on the training grounds, JCE recently invested heavily in its new offices and yard; a tangible statement of its long-term commitment to the area.

National Trainers Federation

The National Trainers Federation is a regulated employers association for licenced racehorse trainers. Its stated objective is to: *"..... represent and protect trainers' interests and to be a reliable and respected source of information, advice and support."* Services are provided by NTF's own staff (these include an in-house legal executive) and retained professional advisers on accountancy, insurance, veterinary matters, property and work permits for foreign staff. The Lambourn office has national coverage and although some staff live quite near, none is a valley resident.

Lambourn Open Day

The Open Day is held on Good Friday a day on which, until recently, no race meetings were held. Many yards are open in the morning (26 had intended to open in 2018 although heavy rain caused great disruption) and the afternoon has a programme of demonstration events. Money raised for charity is a major benefit

of the day; in a typical year this might amount to £100,000 net of expenses. As the Open Day receives good media coverage, it also benefits the wider racing community in terms of PR and provides a good opportunity for trainers to meet potential owners.

Lambourn Valley Housing Trust

Whilst a proportion of the money raised is distributed to a variety of local charities, there is an especially close link to the Lambourn Valley Housing Trust. The stated principal activity of the Trust is to *"relieve poverty among persons employed, or formerly employed or active in the horse racing industry together with their wives, widows and dependent children, in particular by the provision of housing."* The Trust has built 12 two bed and 6 three bed properties on land within its ownership and, in addition, purchased three houses one of which is converted into three flats. All are let at subsidised rents, some 50% of those charged by the local Council. Its future focus is likely to be on the needs of single staff.

Aggregate social and economic contribution

In aggregate these organisations employ **23.5 Full Time Equivalent people of whom 9.5 (40%) live in the Valley.**

Excluding any possible multiplier effects from employee's spending in the study area, the aggregate **GVA contribution of these organisations is £1,012,000.**

6. Newbury Racecourse



Newbury Racecourse is some 16 miles distant from Lambourn Valley but it provides an important asset for Lambourn trainers. This is all the more so since the major reinvestment programme which has greatly enhanced the ambience and functionality of the racecourse. From a racing point of view, Newbury is a Grade 1/Group 1 track, with a programme that caters for a good cross section of horses in training. It is wide, relatively flat and has gentle bends, in summary a “fair” track and well suited for proving younger and less experienced horses. A number of Lambourn trainers use the course to gallop their horses during the Jumps season on a regular basis.

The questionnaire sent to Lambourn trainers asked:

For your Lambourn establishment is Newbury’s racecourse (please delete as applicable): very important / fairly important / not important.

Some 15% of respondents said “not important”, 15% said “fairly important” and 70% said “very important”. Prize money is crucial for the quality of racing and although the racecourse has increased its contribution to the total, some trainers still expressed a degree of dissatisfaction. In 2017 prize money totalled approximately £5 million of which the racecourse and associated sponsors contributed about 43%.

Viewed from another angle, Lambourn trainers are also important for the racecourse as data on runners and winners clearly demonstrate.

Table 7: Lambourn trainers’ horses at Newbury Racecourse 2013-2018 (up to 5th August)

Trainer	2013		2014		2015		2016		2017		2018	
	Ran	Won	Ran	Won	Ran	Won	Ran	Won	Ran	Won	Ran	Won
<u>Flat runners</u>												
Lambourn	222	11	199	11	199	14	227	19	269	15	177	10
All trainers	1256	124	1237	121	1296	130	1155	117	1375	130	831	80
Lambourn percentage	17.7	8.9	16.1	9.1	15.4	10.8	19.7	16.2	19.6	11.5	21.3	12.5
<u>Jumps runners</u>												
Lambourn	104	14	78	18	106	16	98	11	97	16	49	8
All trainers	679	70	640	77	761	82	651	70	669	75	240	26
Lambourn percentage	15.3	20.0	12.2	23.4	13.9	19.5	15.1	15.7	14.5	21.3	20.4	30.8

Source: Jockey Club Estates and British Horseracing Authority

As a contribution to Lambourn Open day’s charitable fund raising, the racecourse acts pro-bono as its box office, communicating with their own ticket purchasers about the event. The facilities for owners and trainers have been greatly improved with a

recently opened brand new facility in the Owners Club which Lambourn trainers have started to use for events; for example, Mr Henderson’s “40 years in training” gathering.

Overview

The racecourse website¹⁶ gives the following overview of its activities:

“Newbury Racecourse PLC is the parent of a Group of companies which own Newbury Racecourse and engage in racing, hospitality and catering retail activities. The first class racing and leisure destination boasts the largest conference and events centre in Berkshire with over 3,800 sq. metres of event and exhibition facilities.

The Racecourse provides 29 race fixtures annually including 11 Jump racedays and 18 days Flat racing. In September 2012 the company completed a Joint Venture agreement with David Wilson Homes to undertake a major redevelopment of the racecourse as well as a housing development of 1,500 homes

[...] Today the historic racecourse site is undergoing a multi-million-pound redevelopment and it is a key part of the company’s strategy to become a vibrant leisure and events business with horseracing at its core. The racecourse runs its own nursery – The Rocking Horse Nursery, located within the site.”

Operations

From the Financial Statement for year ended 31st December 2017, the direct contribution to Gross Value Added (essentially staff costs and profit) can be estimated at somewhat over £5 million; the precise figure depending on whether or not “exceptional” profit items are included. Across the various business units there are 89 staff and two executive directors. The staff breakdown is as follows:

- Office and management: 32
- Catering: 12
- Ground maintenance and security staff: 13
- Lodge (a 36-bedroom hotel): 6
- Rocking Horse Nursery: 28

In addition to staff on the permanent payroll, 300 casual staff are, on average, employed on race days, with up to double that number for the major meetings. The Lodge also makes extensive use of casual

staff. With their inclusion the GVA total increases to approximately £6.3 million. Purchases totalled some £8.3 million, of which approximately 10% was spent with West Berkshire businesses.

Turnover in 2017 totalled just under £18 million. The nursery, which contributed £1.3 million of this, can be considered a business that serves both residential development at the racecourse and the wider community. Of the remainder, £16.4 million is racing or conference/events related. Racing itself performed strongly with total attendances of 196,000 in 2017, some 11% up on 2016 (when three meetings were cancelled owing to adverse weather), but it is also noteworthy that media revenues are of increasing importance - amounting to approximately 20% of turnover.

Music nights are major events (there were two in 2017) which increase attendances by around 50% and add 20% to the cost of

¹⁶ <https://newburyracecourse.co.uk/> [accessed 08/02/2019]

entry. Attitudes towards them amongst traditional racegoers are mixed, as they attract a different clientele, and this may limit the scope for increasing their number. Overall, some 48% of racegoers come from within a 20-mile catchment and the annual membership, of approximately 1,000 members is similarly quite local.

However, both the two major race meetings and the music nights attract racegoers from a considerably wider area.

The racing calendar is well spread over the year; attendances in 2017 were as follow (three meetings were cancelled owing to adverse weather):

Table 8: Race meeting attendances in 2017

Date	Attendance	Type	Date	Attendance	Type
18 th January	2,834	Jump	11 th February	7,278	Jump
3 rd March	3,488	Jump	4 th March	4,796	Jump
24 th March	3,304	Jump	25 th March	6,678	Jump
21 st April	4,239	Flat	22 nd April	8,178	Flat
19 th May	3,902	Flat	20 th May	12,197	Flat
15 th June	3,518	Flat	29 th June	3,628	Flat
6 th July	4,324	Flat	13 th July	4,349	Flat
21 st July	4,588	Flat	22 nd July	18,294	Flat
27 th July	5,553	Flat	18 th August	4,181	Flat
19 th August	23,408	Flat	22 nd Sept	4,456	Flat
23 rd Sept	8,131	Flat	27 th October	3,514	Flat
28 th October	7,375	Flat	9 th November	5,203	Jump
1 st December	8,431	Jump	2 nd December	16,986	Jump
20 th Dec	4,692	Jump	30 th Dec	8,450	Jump

Source: Horserace Betting Levy Board

Investment

The racecourse is nearing the end of a major programme of investment in new facilities and the upgrading of existing ones. Approximately £21 million will have been spent on the racecourse re-development when the current work on the parade ring is completed and planning approval has been given recently for an upgrading of the Berkshire Stand and the Pall Mall Building. Further investment has taken place in the Rocking House Nursery (£4 million) and the Lodge (also £4 million).

A crucial impetus for these enhancements to the racecourse has come from the joint venture with David Wilson Homes, signed in 2012. Half of the phased development to 2020 of 1,500 homes, has now been completed. As part of the Section 106 agreement a new access route has been opened; serving both the housing and the racecourse; this included a major outlay for the bridge over the main railway line.

7. Capital expenditures within the study area



It is not possible to estimate the attributable contribution to either employment or GVA from capital expenditures made by trainers or the various organisations described in chapters 4 and 5¹⁷. As there is no major construction company located in the study area, most of the economic benefit will accrue elsewhere, although we have no doubt that a number of Lambourn Valley residents will have found employment on capital projects.

An outline picture of the impact from the horse racing industry is given below, including the data provided from the survey of trainers (which asked for an estimate of their average annual capital expenditure over the past four years) and a summary of information obtained from other organisations:

- 10 trainers, with 614 horses, reported an annual outlay on capital projects of £516,000. Grossed up for the total of 1,547 horses gives an estimate of about £1.3 million
- when a new trainer's yard is developed this will increase the total radically. For

instance, one that is currently under construction will cost well over £1 million

- when Oaksey House was built some ten years ago it cost approximately £5million and two years ago there was a further major outlay on refurbishment and additional facilities
- since purchasing the public gallops in 2006, JCE has undertaken capital works on them totalling just over £2million and spent a further £3.3 million on gallops and horse walks
- there has been a major programme of investment at Kingwood stud, notably including the installation of the *Kurtsystem*
- racing charities have invested in housing for their community and further investment is planned
- the veterinary practices have made significant capital investments in recent years in both office accommodation and equine hospital facilities.

¹⁷ Part of the contributions from Yard and Stable Hygiene Service and from Martin Collins Enterprises may be

attributable to capital projects in the study area, but the associated GVA will be fairly small.

8. Opportunities, issues and challenges



The main focus of the fieldwork research for this report has been on assembling hard data. However, during the programme of meetings held in and around Lambourn we also explored views on the horseracing industry and other aspects of the area's economic and social life including:

- how it has evolved over recent years and the prospects for further development
- current issues and challenges.

Lambourn as a place to train horses

Our various consultations were consistent in the view that recent developments in Lambourn's horse racing industry have been strongly positive. The figures in chapter 3 evidence the successful programme of improvements to the gallops and people well placed to provide an overview suggest that the average occupancy rates for trainers' yards have improved. The attraction of trainers to the area who have demonstrated success since coming to Lambourn is seen as helping to reinforce racehorse owners' confidence that Lambourn is a good location for their horses.

Some took the view that, with the land now being brought forward for new yards, Lambourn is *"on the cusp of moving up a league"* and is now *"as good as anywhere to train"*. They believed that the training facilities can and should attract significantly more horses to the Valley. Others had a more nuanced and cautious view. They were concerned that growth should not be too rapid and that care should be taken to pace development appropriately.

The changes in the ethos of horse ownership over recent decades were seen

as positive for Lambourn. Attitudes are now much more relaxed and the increasing importance of syndicates means that ownership is more accessible to those not amongst the super wealthy. This plays to Lambourn's strengths as a location that is well-connected both to London and to many of the leading racecourses. Taking only a single day out of work, London-based owners can come and see their horse in Lambourn early in the day and then watch it race in the afternoon.

Housing and staffing

Staff recruitment and housing are related and serious issues for Lambourn trainers and, perhaps to a lesser extent, other local businesses. Although wage rates in the industry have improved, the pattern of work required to work with racehorses is intrusive and the increase in weekend racing has reinforced the "anti-social" aspects of the job. Lambourn is set in a highly attractive area of countryside and, as the figures in Chapter 2 confirm, this is reflected in high house prices. There have been several responses to this:

- as mentioned in Chapter 5, charities connected with racing have developed housing for rent and they have plans to do more
- trainers have built and plan to build accommodation for their own staff in the form both of hostel accommodation and more traditional housing types
- local Almshouse Charity funds are used to maintain housing which is around 50% occupied by people who are or have been involved with racing. The Charity has plans to provide more units by converting the redundant Methodist Chapel, adjacent to the

existing sites in the centre of Lambourn.

Whilst it seems likely that housing availability will remain problematic, a more intractable issue relates to social amenities. Young people account for a high proportion of racing staff and, as mentioned above, may well be in the area for a relatively short time. Housing may be one reason for this transience, but another is the lack of social venues and things to do. In this respect Lambourn falls between two stools. Freestanding training yards in more rural settings are more likely to be able to recruit and retain local staff with family roots in the surrounding area. Market towns such as Newmarket, though not providing the “bright lights, big cities” ambience, offer at least some entertainment options.

One response to staffing shortages has been to introduce mechanical aids such as horse-walkers and treadmills and thereby increase the number of horses per worker. A second has been to increase the number of female staff and a third has been to bring in more staff from overseas. Nonetheless, to enable successful trainers to expand in response to market demand and to create a good environment for aspiring in-movers, further housing initiatives are required. In the words of one trainer *“What Lambourn needs is a 30 person ‘Premier Inn’ for racing staff.”*

Despite the inherent challenge of a young and often transient population located in a ‘quiet’ village, the social issues should not be overstated. Trainers’ staff have chosen to work in the industry because they want to work with horses and this positive factor needs to be set against the negative aspects mentioned above. There are issues relating to social isolation, alcohol and the use of illegal drugs, but the local surgery

suggests that these, whilst needing to be addressed, are no more pronounced in Lambourn than other comparable settlements.

Roads, traffic and safety

Over the years there has been growth both in housing that serves other employment centres, such as Swindon, and the numbers of horses in trainers’ yards. Road capacity has not increased and although interventions, such as horse crossings and horse walks, have sought to compensate; traffic and safety remain topics of great concern to trainers. There is a levy of £3 per horse per year paid to the Parish Council to help fund extra road salting and gritting in the winter and local sentiment is generally sympathetic to trainers’ concerns, though it is felt that scope exists for some trainers to be cooperative.

There are no easy solutions which will be affordable and acceptable to all road users and there is a particular sensitivity surrounding the development of yards that remain in Lambourn village. It is important that further growth in trainers’ yards is accompanied by infrastructure that helps to mitigate conflicts between motor traffic and horses. Recent developments have sought to address this requirement. Continuing efforts are needed to achieve a meeting of minds on what can be done to manage the relationship between horses and other road users.

In this respect, a good deal of relevant work has been undertaken in Newmarket to improve horse and rider safety. This includes a current project to develop an improved surfacing material for horse crossings. Newmarket’s experience may well provide useful insights for improving Lambourn’s infrastructure.

Economic outlook

Horse ownership is a “luxury good” and susceptible to a downturn in the economy. Moreover, any restrictions that hamper easy movement of horses between the UK, Ireland and the continent would be problematic for race meetings and for horse breeding and sales. Nonetheless,

Lambourn’s current buoyancy means that it is well positioned to withstand a downturn and there is still considerable scope for increasing the scale and diversity of the cluster. In this context various planning applications for new yards signal a level of local confidence.

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