



# **Folkestone Racecourse**

## **The economic benefits of the redevelopment of Folkestone Racecourse**

**September 2010**

**Prepared by: Arena Leisure Plc**

## Contents

1. Introduction .....	3
2. Deloitte report – “Economic Impact Of British Racing 2009” .....	5
3. Folkestone Racecourse today:	
I. Introduction .....	6
II. Facilities .....	6
III. Access .....	7
IV. Geographical location .....	7
V. Employment .....	8
VI. Racing attendances .....	10
VII. Fixtures .....	11
VIII. Non race-day activities .....	11
IX. Finances .....	12
X. Illustrative additional economic benefits .....	12
XI. Funding and competitive pressures .....	16
4. Outlook (in the absence of a redevelopment of the Racecourse) .....	21
5. The rationale for a redevelopment of the facilities in a new location on the Racecourse ...	23
6. Folkestone Racecourse after a comprehensive redevelopment:	
I. Facilities .....	26
II. Access .....	26
III. Additional leisure activities .....	27
IV. Tourism .....	27
V. Employment .....	28
VI. Racing attendances .....	30
VII. Fixtures .....	31
VIII. Civic pride .....	31
7. Benefits of the Racecourse development on Westenhanger Castle .....	33
Appendix 1: Racecourse developments and complementary activities .....	34
Appendix 2: The need for housing as the enabling development .....	38

## 1. Introduction

Folkestone Racecourse is an important and valued part of the racecourse portfolio of Arena Leisure plc ('Arena') and Arena has a strong desire to continue horse racing at Folkestone Racecourse and to ensure its long term success.

Folkestone Racecourse is Kent's only racecourse. It is arguably Kent's premier sporting facility. That is certainly Arena's aspiration for the Racecourse. As a consequence, it is an important leisure amenity in the Folkestone and East Kent area. It also provides the area with a valuable source of positive publicity from the considerable associated press and TV coverage.

Para 7.22 of the Shepway Local Plan (2006) states that: "Folkestone Racecourse is accepted as being located in an excellent position in relation to both mainland Europe and the rest of the south east of England. The principle of its use for leisure purposes is long established and it is felt that its tourism and leisure potential has not been fully realised, primarily as a result of the nature of existing development within the site". Through a comprehensive redevelopment, including improved access, the potential exists to create an all year round attraction of major importance to the provision of leisure, recreational and tourism facilities within the Region. Policy SH1 of the former Kent and Medway Structure Plan stated that: "Proposals to retain and strengthen the current uses at Lydd Airport and Folkestone Racecourse and to bring forward employment land at Link Park, Lympe should be pursued."

Kent has a proud history of association with the horse and, in turn, horseracing. This is dramatically illustrated by the selection of a giant white stallion for Ebbsfleet international station. This combines a number of local and historical references as Kent is a horse breeding area and Horsa, the semi-mythological Anglo-Saxon figure, who gave his name to the horse, allegedly landed at Thanet in the 5<sup>th</sup> century, with the result that a white horse became the emblem of Kent. In 2003, the Folkestone logo was changed to that of a white horse, drawn by local artist Charles Newington, reflecting the white horse constructed near the M20 to mark the millennium. Horse & Hounds magazine recently undertook a survey to determine the 'horsiest' county in the UK. Kent came tenth (out of 41). The survey showed that Kent currently had: one racecourse, no megacentres (as in equestrian centres which stage iconic events), no polo clubs, 10 individual hunts, 5 point-to-point meetings, 34 registered livery yards, 28 registered riding schools, 10 Pony Clubs, 18 riding clubs. There are 20,400 registered passported equines, 3 equine veterinary centres, 4 affiliated horse trials, 54 affiliated show jumping shows throughout the year, 65 affiliated dressage shows, 23 affiliated horse trainers, 87 registered farriers, 45 tack shops and equine feed merchants, one chalk horse, one new equine statue at Ebbsfleet and the county logo is a white horse.

Arena wishes for Folkestone Racecourse to continue to maintain Kent's links with the horse for a considerable period of time.

A sport unrivalled in reputation around the world, with a rich heritage, iconic events and year round entertainment for many millions. Racing is part of the country's social fabric, and makes an enormous contribution to a wide variety of communities. (Deloitte Report – page 2)
---

This document highlights the importance of, and the need for, a comprehensive redevelopment of the existing Racecourse facilities, setting out the current situation and the significant economic benefits that a redevelopment will bring to the wider regional community. The financing for such a redevelopment will need to come from enabling development.

The aim of the proposed redevelopment is to take Folkestone Racecourse from its current status as a relatively antiquated facility and to produce a vibrant leisure, business and tourist attraction that the local community can be proud of and which is well placed to ensure the viability of the Racecourse in the face of the negative impacts of increasing change and competition. The improvements are an essential step in ensuring the long-term vitality and viability of the Racecourse, whilst maintaining and enhancing the role it plays in the economy and life of Shepway, its host community, and the country as a whole.

Sport plays a vital role in helping businesses market themselves to their customers. A redeveloped Folkestone Racecourse will dramatically reinforce its position as Kent's premier sporting venue, providing the perfect opportunity for Kent based businesses to promote themselves in a modern, state-of-the-art venue that can symbolise the opportunities presented by the East Kent Region.

**In summary, the proposed Racecourse redevelopment would result in:**

- **Folkestone Racecourse being secured as an important leisure amenity in the East Kent Region;**
- **The development of enhanced leisure, business and tourism facilities for the District;**
- **The creation of a significant number of leisure and tourism related employment opportunities;**
- **Significant enhancements to the setting and commercial viability of Westenhanger Castle;**
- **A unique sense of community and place for residents;**
- **Part of the housing need in Shepway being addressed in a sustainable way; and**
- **The residents of Westenhanger benefitting from the removal of all of the traffic from Stone Street that currently accesses the Racecourse, Station and Castle.**

**Arena wants to turn an antiquated facility into a vibrant, enhanced, all-year-round attraction for business, leisure and tourism, with racing at its heart.**

## 2. Deloitte report - “Economic Impact Of British Racing 2009”

In 2009, Deloitte, the professional services firm with a specialist sports finance division, was engaged by the British Horseracing Authority (‘BHA’), the governing body of British horseracing, to undertake a review of the economic impact of the UK racing industry.

Extracts from their report have been included throughout this document in order to either reinforce a point with a third-party view or illustrate the potential that a redeveloped Folkestone Racecourse could strive to achieve. The full report can be downloaded from:

[www.britishhorseracing.com/resources/media/publications\\_and\\_reports/](http://www.britishhorseracing.com/resources/media/publications_and_reports/).

The principal findings relating to the UK racing industry as a whole are reproduced below.

Racing’s position within the British sporting landscape is well established. Behind football, the sport retains its second place ranking in terms of total attendances and revenues, and there is evidence that it is competing effectively for market share. The leisure and entertainment market continues to be hugely competitive, with perceptions of which activities deliver the best value for money increasingly important in terms of how consumers choose to spend their leisure time and allocate discretionary spend.

On a national level, British Horseracing is, by a clear margin, the country’s second biggest sport after football, judged by annual attendances, and revenues generated. Core industry expenditure exceeds £1 billion per annum, with a total economic impact of £3.4 billion. In total there are over 100,000 jobs that are directly in or supported by British Horseracing.

### **Economic Impact of British Racing 2009**

5.7m	Attendance at 1,423 fixtures
£3.4bn	Total direct and indirect expenditure of British Racing
£5.5bn+	Gross win generated by British betting operators from British Racing in the last 5 years
£325m	Tax contributed by British Racing
£706m	Five year capital expenditure of British Racing
18,600	FTE employees of the core British Racing industry
15,349	Average number of horses in training during the year
100,000+	Direct, indirect and associated employment of British Racing
£450m+	Net expenditure of owners on training fees and horse purchases.
£1.05bn	Direct expenditure of core British Racing

Note: All figures refer to 2008, unless otherwise stated

### **3. Folkestone Racecourse today**

#### **I. Introduction**

Folkestone Racecourse is Kent's only racecourse and an important regional leisure amenity.

The 203-acre Racecourse site does not lie within the Kent Downs Area of Outstanding Natural Beauty ('AONB') or within a Special Landscape Area (Chapter 12 Countryside Shepway Local Plan (2006)). The Racecourse and the immediate surroundings represent the first area along the railway from Folkestone that does not fall within the AONB.

At least 50-acres of the site are currently surplus to the Racecourse's needs. This figure does not include the significant area of land within the centre of the track itself. A Racecourse is a good use of, and provides very good stewardship of, an open rural landscape.

Westenhanger Station, which is effectively the Racecourse's on-site railway station, provides a valuable public transport communication link with Folkestone, Ashford, London and mainland Europe via the Channel Tunnel Rail Link.

However, the existing facilities at the Racecourse for both racing professionals and customers are antiquated, are not compatible with modern standards and will no longer be viable without significant investment. As a consequence, the future of the Racecourse is in jeopardy as low levels of profitability will inevitably lead to its closure.

#### **II. Facilities**

Arena has owned Folkestone Racecourse for over 10-years and in that time numerous improvements have been made. However, there is only so much that can be achieved to attract attendances with superficial repair and decoration. The Racecourse is in a period of decline, one that was already apparent from before Arena's acquisition of it.

The Racecourse is a popular racecourse, but is under threat because its facilities and infrastructure are old, antiquated and inadequate and do not provide the standard of facility and accommodation which will meet the expectation of customers and those involved in the sport in the years to come. This is best illustrated by one stand having been constructed in the 19<sup>th</sup> century, in 1898. In 2007, this 110-year old stand was closed due to concerns over its structural stability, potentially caused by the small earthquake in the area. Repairs have been completed, although these are little more than a short-term "sticking plaster" solution to the problem and will not provide a long-term solution to the future of either the Stand or the Racecourse. It is vital for the Racecourse's future viability that it is able to compete effectively not only for customer attendance but for the support and interest of owners and trainers whose race entries are vital to providing competitive and entertaining racing. This was illustrated by comments made at a meeting of the National Trainers Federation in summer 2010 in which Folkestone was singled out as a Racecourse where stable staff facilities were urgently in need of upgrading.

Taken overall, the venue lacks the quality of offer to race-goers, owners and trainers and the adequacy of infrastructure to ensure that it remains successful and viable into the future. The major re-developments at rival racecourses (see section XI c) highlight the fact that some of the key elements of Folkestone Racecourse's infrastructure are obsolete and do not compare favourably. The facilities are also too small and constrained. The making of this unfavourable comparison by Folkestone Racecourse's customers will ultimately lead to reduced customer numbers and/or reduced revenues and result in a terminal downward spiral of events.

Folkestone Racecourse is also currently only able to perform a limited role as an integrated leisure and entertainment venue, with horse racing as its core. At competing racecourses, these other business activities help to support and maintain the core racing activity, with key aspects of the racing programme, such as the acquisition of racing fixtures, the payment of prize money and future

improvements to the racing facilities, etc., being reliant on the contribution from these non-racing revenue streams. Without the ability to develop new and existing revenue streams, Folkestone Racecourse will become increasingly uncompetitive when compared to other racecourses.

As a result of the wide ranging funding and competitive threats facing the UK racing industry (section 3 XI), many racecourses are expanding their non-race day revenue streams, thereby supporting the maintenance and improvement of their racing facilities to ensure they meet the quality expectations of customers as competition for the leisure pound also grows ever stronger. Folkestone Racecourse is no exception. However, its current facilities are incapable of rising to the challenge. Without expanding and widening its revenue-generating activities, its operational viability is in jeopardy with the long term risk being the decline of the Racecourse's operations to a point where the business is no longer commercially viable and closure would need to be considered. The cost of improving the facilities to support only around 22-26 race days per annum is prohibitive in isolation.

The facilities are currently just about fit for the limited purpose they perform, although this situation is unlikely to last more than three to five years, after which they will no longer be viable without significant investment. The future of the Racecourse is, as a result, seriously in doubt.

### III. Access

All access to the Racecourse is currently via Stone Street, a narrow, country lane, barely able to accommodate the passing of two cars in some places. This is exacerbated by the number of cars parked in the road by the residents of Stone Street, many of whose houses do not possess off-street car parking areas. There are no central road markings and very limited street illumination.

Stone Street also services Westenhanger Castle and Westenhanger railway station. The latter possesses insufficient car parking facilities, with the result that many cars, averaging, it is estimated, 30 cars each day, park at the top end of Stone Street adjacent to the entrance to the Racecourse. This hinders access/exit from the Racecourse and potentially endangers pedestrian visitors to the Racecourse from the Station. Cars are also known to speed along Stone Street in order for the occupants to reach trains before they depart, endangering all users of the narrow lane.

On a busy race-day, it is typical for 2,280 cars and 10 coaches to be accommodated in the Racecourse car parks, together with up to 70 horse-boxes in the stables area. All come via Stone Street.

There have been instances of grid-lock in the Newingreen area, stretching as far as junction 11 of the M20, caused by the difficulties of customers accessing the Racecourse due to the cumulative shortcomings set out above. The level of traffic that needs to use Stone Street occasionally inconveniences the residents, for example on busy days such as the East Kent Show in 2009.

It will not be possible to develop a modern thriving business with such an inappropriate means of access; one that will always hinder the safe access and exit of customers from the Racecourse.

### IV. Geographical location

The location of Folkestone Racecourse is both a great asset, but also a potential constraint.

The Racecourse enjoys its status as "Kent's only racecourse". Lying so close to junction 11 of the M20 and adjacent to Westenhanger Station gives tremendous opportunity to attract customers to both race-day and non-race-day events.

The proximity of the Racecourse to the tourist resorts along the Kent coast gives it the ability to not only attract tourists in its own right, but to work closely with tourist attractions in the area to boost the overall level of tourism. The proximity to France, combined with the ease of crossing the Channel, offers the potential to attract custom from abroad. In 2010, both the 2,000 Guineas winner, Makfi, and the 1,000 Guineas winner, Special Duty, were French owned horses and travelled through the Channel Tunnel to get to the UK. This illustrates the fact that French horses will travel to the UK to race if the owners and trainers are offered the right facilities and that with Folkestone Racecourse

being situated on the doorstep of the Channel Tunnel, the more French horses that come over the more French tourists we will get coming into the area. The twinning of the Racecourse with Pompadour Racecourse in France is a further example of the potential. Strong links have been forged with Le Club des Gentlemen-Riders et des Cavalières in Paris which sends French jockeys to Folkestone to compete in races and who use local hotels, B&Bs and other local facilities during their stay. A French, English and Irish challenge race is also being arranged, with Folkestone hosting the English leg of the series, which will further increase visitors to the Region. The strong link with France is further illustrated by at least one-third of the members registered with the Racecourse's newly formed Facebook group being French, indicating strong interest from across the Channel. The Racecourse Manager is learning French to help communicate and draw people to the area from France.

On the downside, despite the excellent road and rail links, the Racecourse is one of the UK's more remote racing locations, particularly for the main horse training centres in Newmarket, Lambourn and Yorkshire. This is compounded by the developments undertaken by competitor racecourses in recent years, such as the introduction of the floodlit all weather surface at Kempton Park.

### V. Employment

Due to the relatively small scale of its current operations, Folkestone Racecourse is operated as a satellite operation of Lingfield Park Racecourse located 60 miles away on the Kent/Surrey border. The following principal functions are shared: managing director; HR; finance; catering; and operations. As a result, the current permanent employment opportunities at the Racecourse are limited due, in principle, to the scale and range of the customer offering.

This model is not ideal and is not one that is common within Arena. For example, Royal Windsor Racecourse that stages 24 fixtures each year is run autonomously with its own managing director and each of the other functions listed above. A redeveloped Folkestone Racecourse would be expected to follow the same model as at Royal Windsor. Page 15 of the Deloitte Report outlines the employment benefits that racing contributes to the rural economy.

Racing is a major employer in the rural economy. Given the decline in the agricultural sector, Racing's importance to the rural community has increased and this trend is likely to continue.

Whilst racecourses employ over 1,800 full-time staff, numerous additional staff are employed on a raceday including to staff catering operations and by the Tote to assist in delivering on-course betting facilities. Raceday employees equate to 2,500 FTEs with many thousand individuals employed at the 60 racecourses in any given year and in excess of 5,000 people working on course at the largest meetings.

The estimated numbers of people that are employed on a race-day at Folkestone Racecourse are:

Full time employees of the Racecourse	10
Race-day 'casuals'	60
Catering 'casuals'	65
Employees of the Tote	20
Employees of Ladbrokes	20
Camera patrol operators	6
Stalls handlers	12
Employees of Racetech	4
Private security guards	2
Stewards, judges, starters, veterinary officer etc	20
Jockeys	50
Other (inc. car park officials, vets, doctors, first aid)	11
<b>Total</b>	<b>280</b>

This does not include all the other staff not directly paid by the Racecourse, for example: those employed by trainers involved in bringing horses to the Racecourse such as drivers, stable lads/lasses; employees of supplier businesses such as the provider of the fireworks display; coach drivers bringing parties to the Racecourse.

The figures above represent one race-day. The actual number of people that earn some part of their living from the Racecourse will be much greater as, with the exception of the 'full time employees of the Racecourse' category, each of the other categories draws people from a larger pool; each person within such a pool earning an income from the Racecourse at some stage during the year.

The range of employment opportunities provided at a Racecourse is very varied, ranging from senior management and highly technical roles such as chefs and Clerk of the Course through to lower skill roles such as cleaning, maintenance, porters, waiting and bar staff. Page 3 of the Deloitte Report outlines the scale and diversity of employment in British Racing.

In total there are over 100,000 jobs that are directly in, indirectly supported by or associated with, British Racing. Many of these are located in rural areas.

Despite the considerable number of people who earn the whole or part of their living directly from Folkestone Racecourse, as mentioned in the introduction, this is a much smaller number than would arise from a redeveloped, modern racecourse. Illustrative numbers based on other, more economically resilient racecourses are set out in section 6 V.

### ***Indirect and induced jobs***

In addition to the jobs directly generated by the Racecourse, there are 'indirect' and 'induced' jobs that are also generated in the wider economy. The following is extracted from an independent economic survey undertaken as part of a planning application for Wolverhampton Racecourse, one of Arena's other racecourses:

"Indirect jobs are those supported by the spending of staff wages/salaries with local businesses, such as staff in supermarkets and other retail outlets. Induced jobs are those supported by the re-spending of income earned directly or indirectly by local businesses. Indirect and induced jobs are notional jobs and rely on factors or multipliers that estimate the likely economic activity that is generated by direct expenditure. The most important indicator of a company's economic value to its local community is its direct impact. However, it is conventional in studies of this type to estimate the full range of impacts attributable to a business using estimated multipliers as a basis for deriving indirect and induced impacts.

For 'indirect jobs' we applied a multiplier of 0.08. A multiplier of 0.08 means that for every 100 direct jobs provided at the Racecourse, a further 8 indirect (or supply chain) jobs elsewhere in the local economy are supported by the spending of staff salaries and wages. An indicative example of these supply chain jobs is the employees at local supermarkets, i.e. a location at which staff from the Racecourse might reasonably be expected to spend some of their wages and salaries.

For 'induced jobs', which are dependent on the re-circulation of both direct and indirect income, multipliers are typically higher. We have applied a multiplier of 0.16. A multiplier of 0.16 means that for every 100 direct jobs provided at the Racecourse, a further 16 induced jobs elsewhere in the local economy are supported by the spending of staff salaries and wages. Our proposed multipliers would be regarded as low by many consultants in this field. However, our approach is to illustrate the basic points using values that can be regarded as giving a prudent 'at least' position, rather than using more ambitious and less defensible values."

The Deloitte Report provides further support to this approach (pages 5, 14 and 15),

The core Racing industry sustains over 18,600 FTE jobs. The further economic activity generated through Racing's combined expenditure creates additional employment of 28,800 (excluding betting industry and construction jobs). Of this, around 2,800 individuals are employed in

activities directly related to the horseracing industry such as vets, farriers, and horse transportation. A further 26,000 are employed indirectly in non related industries, as Racing's expenditure flows through the economy. In addition 700 jobs in the construction industry are currently supported by the significant level of capital investment by British Racing.

The largest proportion of employees are involved in the production and training of racehorses, with 9,500 full-time and 7,400 part-time employees involved in this activity, predominantly in rural areas. Racecourses and their direct service providers are the next largest. Further activity within the economy as a result of the Racing industry sustains another 29,500 jobs, of which 2,800 are in activities directly related to the racing industry such as vets and farriers.

There are an estimated 52,000 FTE jobs in the onshore betting industry, the large majority in Licensed Betting Offices ('LBOs') in Britain. The considerable proportion of gross win provided by Racing indicates that a significant proportion of these jobs are supported by the sport.

**VI. Racing attendances**

Despite the current state of the facilities and the economic climate, through the dedication of the local staff, Folkestone Racecourse has maintained a good level of popularity with the race-going public, with corporate clients and guests from within and outside the Region. The overall record is good and reflects Arena's good management and strategy to improve the Racecourse and its general perception with race goers. The consistent level of attendances, as set out below, is indicative of the underlying support for the Racecourse in the local and wider area.

Total attendances		
2009	2008	2007
34,856	33,529	40,900

Racing is a very family oriented activity, with children up to the age of 18 admitted for free at Folkestone. In 2009, over 2,300 children visited Folkestone Racecourse and enjoyed a day in the country. Page 6 of the Deloitte Report confirms this, quoting age 16 that is common amongst other racecourses.

Children under the age of 16 gain free admission to the majority of fixtures, allowing families to enjoy days out at competitive prices compared to other sporting events or leisure pastimes.

This level of attendance places Folkestone Racecourse at around number 50 (out of 60 UK racecourses) in terms of attendance in 2009. Average attendance was around 1,600 per fixture.

British Racing has a diverse and busy fixture list, with 5.7m people attending meetings in 2008 (an average of 4,029 per fixture). Racing is increasingly combining entertainment with the core racing product. Over 250,000 people attended fixtures with a significant music element in 2008, and Ladies days are extremely popular at both a national and more local level. (page 6)

With Folkestone Racecourse racing throughout the year and staging both 'national hunt' and 'flat' racing, it caters for all interests within the sport of racing. 'National hunt' racing is largely staged through the winter months, with 'flat' through the summer. Together they have the potential to attract a diverse group; appealing to both locals and tourists.

Attendees come from a wide geographical area. Owners of horses come from all over the country; as do the trainers and their travelling entourages. Paying customers, on the whole, are drawn from Kent, but with sizeable numbers coming from the wider south-east Region; the Racecourse often featuring as part of a tourist's activities. Customers also travel to the Racecourse from abroad. As already mentioned, the Racecourse is popular with customers from France - possibly as part of the twinning with Pompadour Racecourse in south-west France - and also draws custom from Belgium, Switzerland, Australia and Guernsey to name but a few. These people all use local hotels or B&Bs.

The Racecourse also actively promotes free admission to certain events to the local community. These include the residents' race day where four people from each household are admitted free of charge and the annual firework display. This is of course in addition to free entry to anyone under the age of 18 and anyone that is registered disabled.

### VII. Fixtures

Folkestone Racecourse is scheduled to stage 22 fixtures in 2010, although three of these have already been lost to the severe cold weather in the early part of the year, leaving a maximum of 19 for this year. The pattern of staged and scheduled fixtures over recent years is set out below:

	Fixtures			
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Scheduled	22	25	25	25
Staged	19 (max)	22	24	25

The reduction in scheduled fixtures in 2010 results from the Racecourse having been outbid by other courses for the right to stage fixtures owned and auctioned by the BHA. Within the 2010 scheduled number of 22 fixtures, 21 are owned by the Racecourse, with the other one being the last remaining BHA fixture. The competitive bidding process for BHA fixtures introduced in 2005 has driven up the cost of prize money generally, putting a squeeze on the profitability of individual race meetings and leaving less cash available to be spent on inward investment and the maintenance of facilities. This process has benefitted wealthier, premier tracks to the detriment of the middle and lower tiers.

Folkestone Racecourse is scheduled to stage 24 fixtures in 2011. The 22 fixtures in 2010 has been augmented for one-year only by the temporary transfer of two fixtures from Lingfield Park whilst repairs are undertaken to the latter's track.

In the future, the number of fixtures staged at the Racecourse is vulnerable on two counts. Firstly, the BHA fixture could be lost to a higher bidder. Secondly, as a consequence of the declining profitability of fixtures staged at Folkestone, Arena will be forced to transfer fixtures to other racecourses within its group where a more appropriate financial return can be achieved. Declining profitability can be attributed to the inadequate facilities resulting in reduced customers - in particular, reduced numbers of higher spending corporate and private hospitality customers - and reduced numbers of horses running due to owners and trainers choosing to run their horses at better equipped courses. Reduced numbers of runners also impact upon the attractiveness of the racing to betting customers both in the UK - leading to reduced Levy funding (section 3 XI a) i) - and overseas, resulting in reduced media rights income from At The Races (section 3 X).

The Racecourse does not have significant expansionary capability in respect of its fixture list, due to the inability of its turf track to sustain any material increase in the number of race meetings it operates. The maximum number that the course can probably accommodate is around 26 fixtures.

### VIII. Non race-day activities

It is clear that all racecourses need to generate additional sources of revenue through the increased utilisation of their facilities; facilities that, for Folkestone Racecourse, are only scheduled to be used for racing on 22 days in 2010. Folkestone Racecourse works hard to secure this additional business and is in a prime location for such events. However, the quality and scale of the facilities restricts these opportunities and the access road is not good enough to support such events.

Folkestone Racecourse is a preferred facility for Kent County Council for conferencing and events. However it is only able to hold its smaller functions as its rooms are not large enough. In fact, the Racecourse has to turn away business for parties of over 150 as it does not have the room capacities due to the restricted facilities.

Weddings are also a big potential source of income, with high demand for Racecourse related facilities. However, the age of the facilities frequently puts people off using them.

Principal non race-day events have included:

Life Church School used the Racecourse as a school for the whole summer term as their school had earthquake damage. An OFSTED inspection was passed during this period. (2008)

KCC Educational conference (2007)

East Kent County Show

Weddings and wedding fairs

Kent County Council conferences

Antique fairs every month

East Kent Pony Club Camp

Mounted Police stabling for Police horse in training

Left Hooker Charity Car Show

Car parking for Westenhanger Castle

A wide variety of small day-delegate events

### IX. Finances

In terms of profitability, Folkestone Racecourse typically operates at little better than a breakeven position. The audited statutory accounts for Folkestone Racecourse for 2009 show a profit before tax of only £10,000. This low level of profitability prohibits the necessary and considerable investment that the Racecourse requires.

### X. Illustrative additional economic benefits

Folkestone Racecourse makes a large positive contribution to the local and regional community. The employment benefits and visitor numbers have been described in earlier sections. This section gives a flavour of the wide array of interactions that the Racecourse has with the wider community. Page 14 of the Deloitte Report states:

Horseracing is a significant contributor to the economic and social infrastructure of the rural economy in Britain as a whole.

Visitors to Folkestone Racecourse do not solely interact with the Racecourse. They also engage with other businesses such as petrol stations, cafes and pubs, visitor attractions, hotels and retail outlets. Race goers are known to often use the Drum Inn in Stanford North after racing and sometimes the Tiger Inn in Stowting. The Racecourse promotes extensively through local pubs and clubs, tourist information centres, hairdressers, Age Concern, schools, universities and colleges, dentists, hospitals and the East Kent Hunt. It actively promotes local B&Bs and hotels for customers that are looking for a longer stay, in particular The Hythe Imperial and Eastwell Manor, contributing to inbound tourism in the area. Eastwell Manor actively markets Folkestone Racecourse racing packages, including accommodation, transport to the course and dinner afterwards. The Racecourse also promotes itself through local point-to-points (Charing, Aldington, and Detling) via their race cards, particularly for the United Hunts Meeting. Following a redevelopment of Folkestone Racecourse, its catchment area will increase and the number of out of Region visitors will increase, resulting in additional knock on effects with local and regional businesses. This is supported by the Deloitte Report.

In addition, the c.5.7m annual race goers incur additional expenditure costs on travelling to the racecourse, accommodation, food and drink outside the racecourse and other local spending. This expenditure has been directly generated by the decision to go racing. (page 10)

It has been estimated that 1 in 20 race goers include an overnight stay and incur expenditure of £41m on accommodation, transport and food and beverage. The remaining race goers are day trippers and are estimated to incur expenditure of £147m on transport, off-course food and beverage and other spending – an average £27 per attendee. (page 43)

The core industry expenditure of £1,046m, augmented by £222m of off-course expenditure, generates a further £2.12 billion of expenditure in the economy as the initial expenditure filters through the economy. Business to Business expenditure made up £1 billion of this total, with the balance of £1.12 billion generated by consumer expenditure. (page 11)

This means that for every £1 spent in the core industry and on off-site expenditure, an additional £1.68 is generated in secondary expenditure by linkages in the economy. (page 11)

Folkestone Racecourse also works closely with local businesses and business organisations, helping in their promotion.

- It is a member of the Channel Chamber of Commerce and Kent Tourism.
- It has started working closely with Stop 24 to try and help it increase its footfall through the use of on-course banners, adverts in the race-card, advertising on our 'big screen', website links, and promotion of car parking opportunities at Stop24 for race-going customers.
- It provides overspill and wet weather car parking for Westenhanger Castle.
- It rents surplus land to local farmers.
- Police dog training occurs on the Racecourse at regular points each year.
- It has a strong relationship with Sainsbury's in Crayford resulting in its racing fixtures being promoted in stores in Kent.
- The Racecourse also has good long standing media relationships particularly with the Kent Messenger Group, Heart Radio and BBC Radio Kent.

As has already been mentioned, the Racecourse plays an important role in the Region's inbound tourism. Port Lympne Wild Animal Park and the Racecourse work closely to support each other with tickets for prizes and the Park often has a trade stand or a bucket collection to help support the animals. During the summer, the Racecourse attracts many holiday makers from all along the Kent coast and promotions are run at the caravan parks and holiday centres which work well. Greater opportunity will arise due to the rejuvenation along the south coast. It also interacts with various other tourist related activities such as Euro Tunnel, Pontins and other holiday centres and has had relations with Lydd Airport and Air France. As already mentioned, the Racecourse is twinned with Pompadour Racecourse in south-west France. Events such as the East Kent Show and the parading of local hunts at some fixtures also bring in a wider audience. Racing's rural and local impact is outlined in page 7 of the Deloitte Report.

While a national industry, Racing is particularly engrained in the fabric of some regions. The depth and spread of the grassroots of Racing are illustrated by over 600,000 people attending the 200 plus Point-to-Point fixtures each year and 3,800 registered horses involved.

Folkestone Racecourse makes extensive purchases from the local and regional area and has a policy to purchase locally wherever possible. In 2009, the Racecourse spent in excess of £0.3m in the Kent Region. Suppliers to the Racecourse include: Brake Brothers (based in Ashford) for food; Hire Station in Folkestone for hire equipment, birch purchases, marquees; Bournes for soil etc.; Jewsons in Hythe for materials; Screwfix in Folkestone; and Brewers in Folkestone for paint.

The Racecourse also works closely with a wide range of local and national charities, often by allowing them to have bucket collections at the Racecourse. Supported charities include: Canterbury Horse Rescue; The Lions Club (supporting local charities); Kent Air Ambulance; Pilgrims Hospice; Paula Carr Trust based at the William Harvey Hospital; Demelza House hospice for children; Kent Kids; Help the Aged (Lyminge); Left Hooker Charity Car Show; and the Children's Charity and Wooden Spoon. The Kent Messenger Group uses the Grandstand for a charity zip-wire event. Tickets are also sent out to local schools, charities and associations for raffle prizes so that they can raise money for their causes.

Local and national businesses also use the Racecourse to promote their own goods and services in the form of sponsorship. There are long-standing relationships with the Daily Mail, which sponsors around £10K each year, and with Eastwell Manor Hotel, which also has an annual box through which it introduces clients to the Racecourse. Four race meetings are sponsored by the Kent Messenger Group. The following is an outline list of other important sponsors: Saga, Ladbrokes, Shepherd Neame, BetFair, Carlsberg, Stop24, Tote, BetDaq, Jewson, Travis Perkins, Smith and Williamson, Holiday Extras, Hobbs Parker, Lipscomb, European Breeders Fund, NFU, Pertemps, Betterbet, Ward

Thomas Removals, Hamlet Building, SG Fencing, Burgess Hodgson, BSS, HR Go, Swale Heating, J & J Recruitment, Nigel Collison, Mr Busbridge, Sir Christopher Wates.

Disappointingly, and probably reflecting the facilities on offer at Folkestone Racecourse, some local businesses with an interest in racing find competing courses in neighbouring counties too attractive, as identified in the BHA's 2009 report "Racing Together - Horseracing and the Community:

Plumpton has an ongoing relationship with the local Tunbridge Wells Sainsbury's store, who have taken hospitality at Plumpton Racecourse in past seasons. To develop the relationship further, this year during their planning meeting they raised the possibility of partnership initiatives with them. The Manager of Tunbridge Wells Sainsbury's said: "Tunbridge Wells Sainsbury's are looking to increase the visibility of the brand and the store in the local community".

An important but often unappreciated aspect of a racecourse's operations is its coverage in the media and the attention this can focus on the associated town and Region. Folkestone's race-cards are provided in all national newspapers, many regional newspapers and the Racing Post. All of its races are shown live in 9,000 UK betting shops, plus those in Ireland. Folkestone Racecourse is signed up to At The Races ('ATR') and all of its races are shown live on the TV channel. ATR is half owned by BSkyB and is the UK and Ireland's most watched dedicated horseracing channel. Broadcasting 24 hours a day in basic subscription packages, ATR is available to over 13 million multi-channel homes across the UK and Ireland through Sky, Virgin Media and UPC. Around 1.9 million individuals tune into the channel every month. An average of 300,000 people watch each day and a peak audience of 500,000 tuned in on a single day. The website, attheraces.com, attracts over 950,000 monthly unique users and serves over 1 million video streams each month with instant race replays available free of charge. ATR also distributes its content into over 20 countries. Territories include France, Holland, Germany, Spain, Italy, Russia, Turkey, the Caribbean, Sri Lanka, the UAE, South Africa and Australia. An agreement in the US means that ATR is available to over 20 million US homes. Through this level of national and international exposure, a redeveloped Folkestone Racecourse would play an important role in helping to re-image Folkestone as a vibrant town of the third millennium through significantly improving external perceptions of the town and Region. Page 37 of the Deloitte Report supports this very clearly.

The reputation and quality of British Racing is demonstrated by its global broadcasting reach.

Broadcast coverage is a crucial 'shop window' for sport, as it allows access to a greater proportion of the population than just race goers. British Racing benefits from extensive broadcast coverage, through both terrestrial services – BBC and Channel 4 – and two dedicated racing channels, ATR and Racing UK, which between them broadcast live every race staged in Britain. Racing therefore has the most broadcast time of any sport in Britain.

Finally, page 14 of the Deloitte Report identifies a range of other equine dependent industries.

Horse costs consist of veterinary, feed, transport, farriers' costs and others incurred by trainers and breeders..... the purchase of horses from breeders, and ongoing training and racing expenditure paid to trainers and jockeys and supporting industries such as vets, farriers and horse transport companies; a large proportion of which is injected into the rural economy.

Examples of associated equine dependent industries in Kent include the following:

*Racehorse Trainers, for example:*

- John Best (Hucking, Maidstone, Kent)
- Edward Creighton (Wormshill, Sittingbourne, Kent)
- Linda Jewell (Sutton Valence, Maidstone, Kent)
- Murty McGrath (West Malling, Kent)
- D C O'Brien (Capel, Tonbridge, Kent)

*Bloodstock Agents, for example:*

R & B Bloodstock Services (Dover, Kent)  
Elmhurst Bloodstock Ltd (Lamberhurst, Tunbridge Wells, Kent)

*Jockeys, for example:*

A Creighton (Wormshill, Sittingbourne, Kent)  
Eddie Creighton (Wormshill, Sittingbourne, Kent)  
K M Ferguson (Hucking, Maidstone, Kent)  
M C Halford (Hucking, Maidstone, Kent)  
Sam Hitchcott (Edenbridge, Kent)  
Kylie Manser (Whitstable, Kent)

*Racehorse Owners - Companies, Partnerships & Syndicates, for example:*

G G Racing (Ashford, Kent)  
Mary Wilson (Maidstone, Kent)  
Trevor Heathcote (Kent)  
Nigel Collison (Hawkhurst, Kent)  
Pat Gallagher (Maidstone, Kent)  
Neil Annand (Hythe, Kent) - founder member of the Highclere Syndicate

40,000 individuals are estimated to have an involvement in horse ownership in some way.  
(Page 27 Deloitte Report)

*Horse Veterinarians, for example:*

Milbourn Equine (Sevington, Ashford, Kent)

*Horse transportation, for example:*

John Parker International Ltd (Pedlinge, Hythe, Kent)

*Horse Stable & Paddock Hygiene, for example:*

Thomas Pettifer Horse Health Westgate EFI Ltd (Newchurch, Romney Marsh, Kent)

*Stud Farms & Stallions, for example:*

Knowlton Stud (Canterbury, Kent)

The British breeding industry is a major global player, producing the sixth highest number of thoroughbred foals each year. There are around 300 full time stud farms in Britain, and in excess of 4,000 part time breeders .... generating revenue primarily from the sale of horses (via public or private sales). Additionally, over £25m was paid to public auctioneers in commission.  
(Pages 7 and 10 of the Deloitte Report)

Folkestone Racecourse takes great pride in the positive contribution it makes to both the local and regional economies. This contribution stretches far beyond the course to include those businesses and other self-employed individuals and support services whose prosperity depends on its success. The Racecourse is extremely popular, providing a valuable and exciting sporting and entertainment venue. It not only attracts the support and patronage of local communities but also plays a vital role in promoting tourism in the area. It is responsible for creating significant employment on a permanent and flexible basis in and around Folkestone and Hythe. Folkestone Racecourse plays a vital role in helping sustain the local rural economy. Page 40 of the Deloitte Report illustrates this.

While the number of thoroughbred horses in training or breeding of c.40,000 represents a relatively small proportion of the total horse population of over 1m, thoroughbred horseracing acts as a valuable 'flagship' for the wider equine industry. A study of the equestrian industry, performed by the British Equestrian Trade Association (2006), estimated annual expenditure within the equestrian industry to be £4.3 billion, driven by 0.7m horse owners and over 4m riders. 0.5m hectares are dedicated to maintaining and producing horses. The 2.1m people who ride at least monthly (and many of the 2.2m more occasional riders) are almost certainly open to

Racing involvement whether in ownership or going racing. The Racing industry engages with many of these people, but is developing new schemes to build on this. The British Horse Industry Confederation has estimated that, excluding Racing, there are 24,000 businesses active in the equestrian industry (incorporating riding schools, farriers, livery yards, retailers and manufacturers of equestrian supplies), which employ 50,000 full time employees. A significant proportion of these businesses and jobs are rural based. Once employment in the equestrian sector is added to Racing, it is the UK's largest sporting employer.

### **XI. Funding and competitive pressures**

Folkestone Racecourse faces the specific threats arising from the issues associated with its standard of facilities and access. These are compounded by the actions of competitor racecourses in response to industry level threats. In general, horseracing in Britain faces a wide range of threats to its future. Recent trends in the UK horse racing industry have resulted in considerably increased competition between racecourses and also uncertainty over the future funding of the sport.

#### **a) Funding – industry level threat with implications for Folkestone Racecourse**

Around 40% of Folkestone Racecourse's revenue comes from the 'Levy' which is the Racecourse's single largest source of funding. This percentage is higher than for the average UK racecourse due to the relatively lower levels of other revenue that it is able to generate. Reductions in this funding source will put the Racecourse operation under increasing financial pressure. The Levy arises from a 10% statutory charge on the gross profits of UK bookmakers derived from bets placed on UK horseracing. This revenue is distributed to UK racecourses by the Horserace Betting Levy Board ('HBLB'). The future of this funding is uncertain for the following reasons:

##### **i. Reduced Levy**

The UK has seen a number of factors causing a shift in betting patterns away from betting on horse races over recent years. Page 35 of the Deloitte Report identifies the issues.

The marked decline in gross win from British Racing in 2008/09, and hence the Levy generated, is reflective of a number of trends which are currently against Racing – notably an ageing demographic, a shift to other betting products (which is typically beneficial to betting operators given the higher and/or more predictable returns of other betting products) and the continued movement offshore of former British betting operators.

Betting on sports other than horseracing has grown in recent years and continues to grow; with the most dramatic change having come with the introduction of Fixed Odds Betting Terminals in UK betting shops. In addition, the 'offshore' relocation by the major bookmakers of their online and/or telephone businesses has taken a significant and growing proportion of horse racing betting out of the reach of the Levy. Finally, the development of Betfair has resulted in a growing number of people using the betting exchange as a means to effectively act as a bookmaker and again not pay the Levy.

In addition, the improvement in internet communication and the widespread use of broadband has brought many new gaming opportunities, in particular online casino and poker businesses which also look to attract cash away from the more traditional horserace betting business. Paradoxically, the Levy is a disincentive to bookmakers to promote betting on UK horseracing in favour of other sports as the latter do not charge a Levy. Furthermore, the Gambling Act 2005 allows the creation of a new breed of casino, with the creation of 16 new casino licences. These will add to the existing casino licence applications being sought under the 1968 Gambling Act.

As a result, the proportion of bets placed on horseracing is in decline and, as a consequence, Levy income has declined in recent years and is projected by bookmakers and the HBLB to decline further. The Levy yield in 2008 was £115 million and in 2011 it is forecast to have fallen below £70 million – a reduction of 40%. Funding reductions have been put in place in the last two years and

the HBLB has announced further significant funding reductions in 2011.

Page 39 of the Deloitte Report sets out the differences in UK racing's funding model and, in particular, the need for a racecourse to have a diversified funding model.

Britain operates a different Racing funding model from many other countries, notably it has much lower receipts from betting. In Britain, only around a third of racecourses' revenue is from betting, despite it generating the second highest betting turnover. Two thirds of revenue is derived from other sources, including admissions, catering, media, sponsorship and other commercial activities. This contrasts with the situation in many other countries, where income from betting forms the large majority of racing's revenue. British Racing has in effect been forced to develop a more diversified funding model. It is increasingly placed at a major international disadvantage as it is not able to match the levels of prize money paid by some other countries. This situation risks being exacerbated if further declines in betting revenue paid to British Racing through the Levy are experienced. Racing is therefore considering all options, including a replacement to the Levy system, to arrest this decline.

Income from horserace betting is forecast to decline, coming under increasing pressure in years to come. As racecourses are direct beneficiaries from the amounts bet on horseracing (via the Levy), this represents a clear signal to forward thinking racecourses to widen their range of operations.

ii. The future of the Levy

The future of the Levy itself has been regularly questioned, with (as yet unspecified) commercial alternatives suggested. The absence of the Levy, with its statutory backing, would introduce great uncertainty for those racecourses that could not adjust their business model. In such a scenario, only those courses with modern facilities and/or staging quality racing may survive.

iii. Expanded fixture list

The problem of a shrinking Levy fund is exacerbated if it is distributed across a constant annual number of racing fixtures. In recent years, the scheduled national number of fixtures has been increasing in response to increasing demand from bookmakers, although the number will show a small decrease in 2011.

A reduction in the amount of Levy received by Folkestone Racecourse has a direct effect on its operational capabilities. It is a fact that this source of revenue is in decline. The majority of the Levy funding is used to finance prize money. An inability to develop additional revenue streams to support the racing business will result in prize money inevitably dropping and therefore further discourage owners and trainers from running horses at the Racecourse in favour of more competitive races at other courses. As a consequence, for Folkestone Racecourse to survive, it needs to attract more customers and to broaden its commercial activities – thereby achieving greater utilisation of its facilities. In order to achieve both, dramatically new facilities are required.

**b) Competitive leisure pursuits - industry level threat with implications for Folkestone Racecourse**

Racing is a form of entertainment as is, for instance, a football match or the cinema, and needs to compete with these, as is made clear on page 45 of the Deloitte Report.

The challenge for Racing – like all sports – is to continually assess its product offering in order to attract attendees, sponsors, commercial partners and national and international media coverage.

As other forms of entertainment are becoming more prolific and, in the case of football and cinema, entertaining their customers in modern facilities, racecourses need to upgrade their entertainment product to remain viable. This means keeping facilities up to date and improving their overall offer.

**c) Commercial developments by competing racecourses**

As a result of the wide ranging changes facing the industry in general, many racecourses are being

forced to improve their racing facilities and/or expand their non-race day revenue streams – through either making greater use of their existing facilities or introducing new activities - in order to support the maintenance and improvement of their racing facilities to ensure they continue to meet the quality expectations of customers as competition for the leisure pound also grows ever stronger.

Our Report describes a sport that has seen the benefits of its substantial investment in improving facilities for race goers, participants and horses. In particular racecourses' investment of over £550m in five years has been a key factor in their strong revenue growth. (Page 3 Deloitte Report)

Arena welcomes the modernisation of the racing industry and the improving standards and flexibility that it brings. It also recognises that the changing landscape threatens the viability of those racecourses that do not or cannot react to change and this increasingly competitive environment. The strong will get stronger at the expense of those who are unable to improve and compete.

One impact of the recession is that we have seen a “flight to quality” with consumers increasing focusing on the country's, and respective sports', top events – although this is arguably just an extension of a trend which was already well underway. (Page 3 Deloitte Report)

Folkestone Racecourse is no exception to this. Without an expansion and widening of the revenue-generating activities at the Racecourse, its viability is in jeopardy with the immediate risk being the decline of the Racecourse's operations to a point where the business is no longer commercially viable and closure will be considered.

British racecourses committed £556m in the development of facilities and infrastructure in the five years to 2008. This investment provides the platform for racecourses not only to increase eventday revenues but also grow commercial revenues through non-raceday activities. (page 45)

Racecourse expenditure on facilities accounted for around 80% of total expenditure during this period. The expenditure was primarily directed at improving race-goer, participant and equine facilities at existing racecourses. In addition, two new racecourses – Great Leighs and Ffos Las – opened in 2008 and 2009. Britain boasts some of the best racecourses in the world to match the quality of its racing. (page 5)

The majority of expenditure by racecourses has been on race-goer facilities, such as the development of grandstands and other public facilities. The racecourses have also invested significantly in facilities (including tracks, stables, etc.) for both horses and Racing employees. Expenditure on race-goer facilities - an annual investment of at least £70m since 2004. British Racing now boasts some of the best racecourses in the world in terms of services provided to race-goers and racing participants matching the quality of the horseracing on show. (page 16)

Many of the recent racecourse developments (including those at Epsom and Cheltenham) have combined enhanced raceday infrastructure with flexible non-raceday facilities, assisting the development of 365 day a year businesses to support their core racing activities. (page 17)

Gross catering spend is estimated to have increased by around a quarter since 2005 through a combination of food and drink inflation but also by offering the race-goer a better quality, accessible and diverse catering product. (page 22)

Appendix 1 provides a comprehensive list of those racecourses that are rising to the challenges facing the UK racing industry either through complete redevelopment or through the addition of new complementary activities, plus the new racecourses that have recently entered the market. The following few examples are extracted from there.

### Lingfield Park Racecourse

Lingfield Park Racecourse completed the construction of a 116-bedroom Marriott 4\* hotel, leisure club, swimming pool and spa in May 2010. The building also houses a bar, restaurants and a new club house to complement the on-course county championship quality golf course.

Stables and overnight accommodation have also been newly constructed and the major function rooms on the racecourse have been refurbished. Permission for a small residential development was approved as part of the development. The project had a total cost of around £30m.

### Newbury

Newbury Racecourse opened a new grandstand in 2000 and has large areas of flexible accommodation providing extensive exhibition and conference and banqueting facilities. It also houses an 18-hole golf course and a leisure centre.

In January 2010, Newbury announced that outline planning permission had been obtained for a major redevelopment of the racecourse which will include “the construction of up to 1,500 residential units, upgrading of the racecourse with enhanced leisure, racing, conference and events facilities, construction of a hotel, a new bridge and access to the racecourse, new visitor parking, extensive landscaping, a hostel for stable staff, a new children's nursery, remodelling of the golf course, a new golf clubhouse and floodlit driving range”. In March 2010 it was confirmed that the application will not be called in by the Secretary of State for consideration.

Sir David Sieff, then Chairman of Newbury Racecourse, commented: "This is a positive and important step forward in pursuit of our strategy to develop and transform Newbury Racecourse into a leisure, entertainment and events business with the racecourse as its core asset. The redevelopment is expected to support and enhance the long term trading operations of Newbury Racecourse and is expected to have a positive effect on Newbury's local community and economy".

### Epsom

In the last few years, Epsom Racecourse has extended its conference centre through the construction of the Duchess Stand with its greater flexibility of space and constructed a 120-bedroom hotel with associated parking area for 100 vehicles; a series of developments costing a total of £38 million. The planning reports noted the following benefits attributed to the hotel development:

- The proposal will assist in the ability of the Epsom Racecourse on non-race days to attract overnight events and leisure such as two day plus conferences;
- It will help to secure the ongoing financial stability of Epsom Downs Racecourse; and
- It would contribute towards the overall modernisation of facilities offered at Epsom Downs Racecourse and protect the international standing and attraction of the Derby Festival.

The planning committee document noted that: “The proposed hotel is seen as an important part of ensuring the long term financial stability and sustainability of the racecourse”.

The conference and exhibition business will become more important as Epsom targets using the facility 365 days a year. It can seat up to 800 conference delegates, so with different configurations, it can handle 100 or 800 for a conference, or 1,500 people standing for one of its comedy nights.

Epsom's actions demonstrate that improvements in facilities and complimentary activities are essential to safeguard the future sustainability of even premier UK racecourses.

### Ascot

Ascot Racecourse was redeveloped at a cost of around £220m and was the most extensive and significant re-development of a racecourse ever seen in Europe. The final result is a magnificent new grandstand and track that represents one of the most impressive sports stadium structures in the world. The Racecourse stages a wide range of events, including concerts by Madness and Sugababes.

The re-development of Ascot has taken racecourse facilities to a new level, further eclipsing the standard of infrastructure and customer facilities at Folkestone Racecourse.

### Ffos Las

Ffos Las Racecourse in south west Wales is the UK's newest racecourse, opening in 2009. It has been given 18 fixtures by the BHA and, for 2010, has been able to acquire in competitive auction a further 10 fixtures, giving 28 in total. The development of the Racecourse was largely funded by an enabling

housing development and support from the local authority. Deloitte Report (page 17) explains.

Ffos Las is planning on building comprehensive non raceday activities covering both conferences and entertainment. It can stage large outdoor and indoor events, such as concerts and exhibitions. To maximise its success as a non raceday venue it must draw on the region's tourist population. The new racecourse has already aided the local economy, as many local people were employed in its construction. Now open, 60 local staff members are employed on race days and the visitors it will attract to the region will provide a significant boost to tourist expenditure.

### Doncaster Racecourse

A £35 million refurbishment completed in 2007. A new grandstand was constructed, incorporating flexible conference and exhibition facilities, and all other facilities were completely refurbished. A new racing surface was laid, and new stables and overnight motel constructed. The result is a state of the art racing, hospitality and business facility. The new facilities also permit the racecourse to stage top level concerts including Madness, Status Quo, Alesha Dixon and X-Factor Finalists.

Planning permission has been obtained for a 120 bedroom hotel, with 34 residential units.

### Wolverhampton Racecourse

Wolverhampton Racecourse has an integrated hotel that helps promote the use of the racecourse facilities for conferences and event activity throughout the year. Planning permission has been granted to incorporate a casino and a leisure club and extend the hotel from 54-bedrooms to 170-bedrooms, thereby creating the UK's first integrated gaming based resort – a "racino". The estimated cost of the development is around £25m.

### Cheltenham Racecourse

In 2004 Cheltenham Racecourse opened "Centaur", a new purpose built conference, event and exhibition centre to complement the existing facilities and to attract large-scale non-race day activity. This is able to seat more than 2,000 delegates for conferences and stage shows and more than 3,000 standing for concerts. Outside of the racing calendar, the facility is used for exhibitions, conferences, banqueting, dances and concerts as well as sport and entertainment events.

Racing has a small core of high frequency race-goers that is responsible for around half total attendances. For them the racing itself is central to the raceday experience. However, for many other less frequent race-goers, while racing is a part of the attraction, it is just one of many factors involved. Racing has acknowledged the need to expand its appeal to a wider demographic through the development of mixed entertainment and racing events. The combination of music and racing has been particularly successful. Well over 250,000 people attended fixtures with a significant music element in 2008. Newmarket's Friday nights were visited by 125,000 and are well established. Ladies days and nights are extremely popular and vary from those with national significance (Royal Ascot), regionally (the Friday at Aintree's Grand National meeting) and the numerous more local events that take place. (page 25)

This modernisation programme is largely the result of an investigation by the Office of Fair Trading designed to increase competition and commercial development within Racing. This prompted the significant strategic development plans of existing racecourses and plans for the development of new racecourses. The best tracks will get stronger and the rest will go backwards. This ongoing process will benefit customers and those racecourses that can react. However those who either do not, or cannot react to this changing environment will suffer and may eventually fail. In particular, closure of courses in the bottom division that are characterised by poor facilities, weak attendance and financial instability – Folkestone Racecourse - should be expected.

The competitive threats from within 'racing' are clear. Folkestone Racecourse needs to upgrade its facilities to a much higher level in order to regain a competitive advantage if it wishes to retain or, more optimistically, improve on its current standing within the sport.

#### **4. Outlook (in the absence of a redevelopment of the Racecourse)**

Two clear facts run through the previous section:

1. Folkestone Racecourse plays a big part in the East Kent community, yet the facilities that it provides and the means of access to it fall a long way short of modern standards; and
2. there is the potential to offer significantly greater benefits to the local community if the facilities were improved.

Over the years, there have been a number of small scale plans and planning permissions sought for the Racecourse, although these have not addressed its long term future. In 1994, prior to Arena's ownership, planning permission was granted to expand the Racecourse's use to include an 18-hole golf course and driving range, a hotel, conference centre, a riding school, together with some housing development to the south of Westenhanger Station. However, due to the insufficient financial return that would have been generated by the additional assets, it apparently did not prove possible to reach agreement on the associated s106 Agreement and, so, the permission lapsed.

If Folkestone Racecourse fails to respond to the challenges provided by both the site and the increased competition, the following key factors will threaten its future prosperity and its ability to maintain and enhance the contribution it makes to the life and economy of Folkestone and East Kent:

- The profitability of the Racecourse is currently marginal, the facilities are antiquated and access is poor;
- Non race-day business will decline;
- Attendance numbers will reduce as customers migrate to better racing venues or divert their leisure spend to other activities;
- Owners and trainers will enter their horses at venues that can support higher prize money and that can offer better facilities. Reductions in the number of entries/runners will result in small field sizes and uncompetitive racing. This ultimately leads to races that provide little excitement or spectacle from a race-goer perspective, and produces poor betting opportunities;
- A reduction in the quality of the racing product will result in fewer Folkestone fixtures being selected for overseas betting shop viewing, depleting media rights income for the Racecourse and denying promotion of the town of Folkestone;
- The number of fixtures staged at Folkestone Racecourse cannot be increased significantly as this would cause serious deterioration to the quality of the turf track. The condition of the track is a key factor in attracting race entries and poor turf conditions would ultimately reflect in fewer runners, leading to smaller field sizes, uncompetitive racing and a poor spectator and betting product;
- Unless prices were significantly increased, the result would be lower revenues. Arena is reluctant to increase prices significantly as, not only would this probably be counter-productive, but because to do so would exclude certain groups of society from participating in the sport, and one of Arena's key aims is to bring the sport to as wide an audience as possible;
- Reductions in income would put pressure on costs, which would prevent the desired level of stewardship of the open countryside and result in a further decline in standards of maintenance and dilapidation of the site;
- Ultimately, further racing fixtures will be lost due to the inability to competitively bid for them and, as a result of inadequate returns being delivered on those it does own, Folkestone Racecourse's own fixtures will be switched to other courses in the Arena group.

Potential reactions to this situation could be an attempt to maintain revenues by going 'downmarket' and seeking to boost attendances by cut price drinks, increased post racing entertainment, and reducing costs and staffing. There could be pressure to host non-race day events such as car boot sales, concerts, or other one-off events. The Racecourse would be forced to focus on any means of revenue generation, almost inevitably leading to a lower quality threshold. Folkestone Racecourse would certainly then be at the bottom of the third tier of UK racecourses.

However, in reality, this slow 'death' of the Racecourse would not occur. Once it became clear that the quality and profitability of the Racecourse could not be improved, Arena would be forced to move the 22 fixtures from Folkestone Racecourse to other racecourses in the Arena group at which there is surplus capacity. This would result in the dramatic increase in the profit contribution from these fixtures. Folkestone Racecourse would then no longer be a racecourse – it will have died.

Without considerable investment, the future of Folkestone Racecourse is seriously in jeopardy as the Racecourse has reached the point where the application of further 'sticking plaster' will not remedy its ills. Most importantly, based on the current level of profitability, an economic return is not capable of being earned on the level of investment required to secure its future.

If the Racecourse was ultimately unable to remain viable it would close with the consequent loss of an important business, tourism and leisure amenity in Shepway and the loss of the current employment opportunities (plus potentially the indirect and induced jobs). Any alternative to the Racecourse would almost certainly make less of a contribution to the life, well-being and economy of Shepway. This is the very real future scenario for Folkestone Racecourse should a "do nothing strategy" be taken at this critical time. Urgent action, in the form of a major redevelopment, should be taken now to prevent such decline from reaching the point-of-no-return.

Should Folkestone Racecourse fail to make an appropriate level of investment to improve its facilities it will, without doubt, be lost. What was once a successful business with a clear opportunity to develop in to a significant business, tourism and leisure asset will have been lost.

Kent's only racecourse will have been lost.

## **5. The rationale for a redevelopment of the facilities in a new location on the Racecourse**

### ***Aspiration***

Current local policy lends support to the Racecourse and seeks to enhance the facility by providing new leisure related development. There is a strategic desire to “retain and strengthen the current uses at Folkestone Racecourse”.

Arena also has a strong desire to continue horse racing at Folkestone Racecourse. The aim of a redevelopment is to transform Folkestone Racecourse from an antiquated facility into a vibrant, enhanced, all-year-round attraction for business, leisure and tourism, with racing at its heart and with wide appeal, that will be a attraction that the local community can be proud of and which is well placed to ensure the future viability of the Racecourse in the face of increasing change and competition. The solution must improve the quality and perception of the Racecourse as a venue; one that must be capable of operating throughout the year in order to sustain the investment and its financial strength. Page 23 of the Deloitte Report reinforces the racecourse development patterns set out earlier in section 3 XI c.

Racecourses can offer an attractive mixture of more intangible factors such as picturesque settings and history, backed by practical points such as good transport links and ample, free, parking. This package is increasingly being used by racecourses to turn them into 365 day a year businesses, utilising their substantial facilities outside of racedays. Several racecourses have either opened hotels or are developing them. The hosting of conferences, functions and exhibitions are typical non raceday activities, but other activities include golf courses, concerts, and car boot sales. Racecourses can tailor their offering according to their facilities and local markets.

Folkestone Racecourse has the potential to be a premier sporting facility that Kent can be proud of. It has the potential to become a flagship racecourse, for Arena, Shepway and Kent, and, as such, the opportunity to become a leading attraction within the Region; not by virtue of its size, but in terms of the standard of facilities and the quality of the racing experience augmented by its attractive setting. Arena’s key focus is to improve customer service, presentation and facilities, with the aim of making Folkestone Racecourse one of the most desirable and attractive racing venues in the UK and with the potential to strive for membership of the top division in terms of quality of offering.

The extremely competitive nature of the leisure market means racecourses will have to continue to find new blends of Racing and entertainment to complement their core racing product. There is evidence this is happening but more can be done, including an increased understanding of their existing and potential customers’ requirements to enable tailored offerings to be created. (page 25)

Previous plans for the Racecourse (see section 4) have been too small in scale and would not have achieved these objectives, failing to address the fundamental shortcomings of the site.

The clear opportunity to develop Folkestone Racecourse in to a significant business, tourism and leisure asset should not be lost. A comprehensive redevelopment is required; one that would also contribute to overall regeneration objectives for the District through the creation of new jobs, as well as the wider economic benefits to the tourism sector.

In comparison with other sports, the relative contribution of commercial revenues to racecourses’ total revenues is proportionately low. A continuing challenge for Racing is to build revenues from commercial sources in future, particularly through sponsorship and non-raceday activities. (page 45)

### ***Why not redevelop in the current location?***

As has been highlighted throughout this document, vehicular access to the Racecourse is a fundamental problem. Assuming that the facilities required for a modern, state-of-the-art racecourse could be redeveloped in the current location - which we do not believe is the case - this would achieve nothing in terms of access improvement. Access would remain along Stone Street and the problems would actually become worse due to the more continual nature of the use of the resulting modern business. Arena would not be prepared to undertake a redevelopment in such circumstances, as such a major flaw would remain. It is also understood that the Highway Authority would also not support such an option.

In addition, such a development would not provide any benefit to Westenhanger Castle. In particular, the setting of the Castle would remain as at present; one that is not to the liking of English Heritage: "removal of the grandstand and other existing racecourse facilities would be welcomed". There would also be no improvement to the Castle's economic future and viability.

The area available in the north-east corner of the site is currently congested and is considered to be too small to build the required modern, state-of-the-art racecourse including stables and overnight accommodation. It is certainly too small to also accommodate the required enabling development; the latter being essential in order to provide the financial resources to undertake the required redevelopment of the Racecourse.

Appendix 2 identifies residential development as the most appropriate enabling development for this site, as the more leisure-based alternatives are not sufficiently viable, making only a small additional contribution to profitability. If the Racecourse facilities were to be redeveloped in their current location, the required housing would need to be situated on either the land to the west of the Castle (to which there is currently inadequate means of access) or in the south-eastern corner adjacent to the HolidayExtras site. Neither location can, in isolation, reasonably be considered to be sustainable locations due to their distance from Westenhanger Station.

### ***Why not redevelop the Racecourse facilities on the vacant land to the west of Westenhanger Castle?***

This suggestion would solve a number of the issues raised above, although ultimately create many more serious issues.

A new access route is essential. The preferred means of access to the Racecourse is a new road off the A20 in the south-east corner of the site running due north. To achieve this, the existing eastern section of the race track would need to be relocated. The latter can be relatively easily achieved and has been unofficially approved by the appropriate racing regulatory authority. Alternative means of access have been considered and rejected as unworkable. Such a new road would allow the development of a modern Racecourse business and also serve the necessary enabling development. It would also have the benefit of removing virtually all non-resident traffic from Stone Street, including that visiting the Castle and Station, which should be a considerable benefit for the residents of Stone Street.

A relocated race track, with the eastern extremity moved westwards, renders the current location of the racing viewing facilities redundant, as they would no longer have a view over the finishing line. Moving the viewing facilities and consolidating all of the racing facilities on the vacant land to the west of Westenhanger Castle is a possible next step, also having the benefit of providing sufficient space for a well planned state-of-the-art racing, leisure and tourism facility.

A significant level of enabling development is required to provide the funds for the redevelopment. A variety of leisure based developments have been considered and rejected as providing too little financial benefit, with residential development being assessed as the most viable form. This enabling residential development should be focussed in the most sustainable location, and that includes land adjacent to Westenhanger Station. The relocation of all the racing facilities would leave the area around the Station as surplus land, available for development. The location also lends itself well to a

mixture and range of sustainable housing types and is an area where the erection of housing would not be overly prominent.

Such relocation of the Racecourse facilities would also potentially improve the setting of the Castle with the removal of the current stables and horsebox lorry park immediately to the south of the Castle allowing areas of archaeological significance to become available for investigation.

However, in early consultations on this proposal, both English Heritage and officers of Shepway District Council expressed strong reservations about any development on the land to the west of Westenhanger Castle, due to the impact on the setting of the Scheduled Ancient Monument. English Heritage also expressed strong reservations with regard to a new access road either to the south or north of the Castle to gain access to that development. The officers were also very concerned about the overall visual impact of development in more open countryside away from existing settlements.

Given the strong concerns expressed by both English Heritage and the officers, these proposals were reviewed to establish whether it would be possible to achieve a revised racecourse realignment whilst reducing or even eliminating the impact of new development on the setting of the Castle.

### ***What benefits are achieved by redeveloping the Racecourse facilities in the southern area of the site?***

In simple terms, all of the issues raised above can be satisfactorily resolved by relocating the Racecourse facilities to the south, adjacent to the A20. In fact, many additional benefits also arise.

Following careful consideration of all the factors, it was determined that it would be possible to realign the Racecourse completely and to make use of the land to the west of Westenhanger Castle as part of a re-aligned track and to relocate all of the Racecourse buildings to the south, closer to the A20. In such a redevelopment, the new Racecourse facilities would be more accessible and visible to the public from the A20 and so increase the profile and viability of the new Racecourse.

The realigned track would also allow sufficient land to the east of the site to be available to provide the required number of new residential dwellings and allow the new access road.

Finally, with this new layout, the open land around Westenhanger Castle could be increased considerably with the removal of the current grandstands and, in particular, the stables and horsebox lorry park adjacent to the Castle. This will dramatically improve the setting of the Castle and allow the areas of archaeological significance that are currently covered by racing facilities to become available for investigation. The cumulative consequence of these changes will be an increased opportunity for the Castle to become economically viable.

This proposal, which now forms the basis for the Masterplan for the redevelopment of the Racecourse, has been presented to and discussed with English Heritage. English Heritage is broadly supportive of this proposal, as evidenced by the following extracts from communications received on the Masterplan from English Heritage:

“I can confirm that it addresses most if not possibly all of the concerns that I had voiced about the previous proposals.... I would go further and suggest that the revised layout has the potential to enhance the heritage asset in a way that PPS 5 now advises that major change should seek to do.... The gains for the designated assets at Westenhanger in terms of pulling the racecourse operation away from the core of the historic site are potentially very real and would to my mind represent an enhancement and not just an avoidance of harm.... In terms of what a master plan is intended to achieve English Heritage supports the current proposals.”

### ***Summary***

Relocation of the whole Racecourse operation to the south of the site adjacent to the A20 brings significant advantages to all parties – Racecourse, Castle and residents – and allows the enabling residential development to be centred adjacent to the Station, focussed in the most sustainable location.

## **6. Folkestone Racecourse after a comprehensive redevelopment**

### **I. Facilities**

The facilities that are envisaged for Folkestone Racecourse would put it as one of the most modern in the country. The aim is to create a leading attraction within the Region; not by virtue of its size, but in terms of the standard and range of facilities and the quality of the racing experience augmented by its attractive setting.

All customers of the Racecourse will experience significantly enhanced, modern facilities resulting in improved customer service and satisfaction and creating an innovative business and leisure destination, enhancing the image of Folkestone. The redevelopment will be a catalyst in driving growth in the business. Turnover in catering activity will increase and there will also be an increase in turnover on racing and conferencing activity as synergies are created and exploited. The totality of the development will create an integrated portfolio of activity whereby the whole is greater than the sum of the parts. The expanded facility will have other knock-on economic benefits for the Region as set out in this report which will contribute to increasing local and regional gross domestic product.

All the facilities, including those dual purpose facilities that will provide benefit to the community on non-race-days, will be grouped closely together in order to gain maximum synergy. All facilities will be Disability Discrimination Act compliant. The stables (including overnight accommodation) will lead seamlessly through to the pre-parade ring and on to the parade ring and out to the course ensuring that the horse is always centre-stage. The restaurant, hospitality boxes and ground floor in the main grandstand will provide flexible space to cater for a multitude of uses and are planned to be larger than at present. As part of the consultation exercise we have become aware of the lack of facilities to accommodate meetings/functions of around 400 people in the area. This size of event will be easily catered for in the new Racecourse. Additional leisure related activities and specific community related activities can also be accommodated (see section III below).

Ascot is modern, but much too large to be comparable. Ffos Las is new, but the proposed facilities at Folkestone will far exceed theirs in terms of scale. In reality, there will be nothing to compare to it – it will raise Folkestone Racecourse out of the bottom tier (where it currently resides based on virtually every measure) into the middle ranking in terms of size, and top tier in terms of amenity and modernity both for the paying customer and the visiting racing professional.

Page 38 of the Deloitte Report highlights the diversity of the UK's racecourse.

British Racing benefits from a variety of intangible factors which, although not quantifiable, are almost universally accepted as key elements in Racing's prosperity. Owning a racehorse in Britain has an 'aspirational' element to it. The continued association of the monarchy with Racing (for example, Royal Ascot) is indicative of the relatively high social standing that the sport commands. Another factor that adds to the appeal of British Racing is the variety of races, from major courses of international renown to small rural courses. Britain's racecourses are unrivalled globally in terms of their diversity, with each having its own distinct character and features. Racing in Britain is accessible to all and enjoys a reputation for both high quality sport and good value entertainment.

### **II. Access**

One of the great benefits of the Racecourse is its accessibility by train via Westenhanger Station. As part of a development, an even closer relationship would be achievable with the rail operator, with more customers arriving by train and accessing the Racecourse via improved pedestrian links from the Station. The Masterplan shows the provision of a new car park for customers of Westenhanger Station with, at this stage, approximately 150 marked spaces. The response from Network Rail to both this new car park and the potential number of new rail customers from the housing development has been very positive.

New road links off the A20 in the south-east corner of the Racecourse site will provide benefits to all users, providing an alternative to Stone Street for users of the Racecourse, Castle and Station. The roads will be specifically designed to handle the traffic associated with such use; specifically for the Racecourse, the large lorries and horse-boxes. Access will be designed in the knowledge of the nature and volume of traffic flows that will be associated with the Racecourse, Castle and Station.

The other key benefit is that this new road will allow the removal of virtually all non-resident traffic from Stone Street which will be of significant benefit to the residents of Stone Street whose sense of community will be enhanced.

Finally, with the Racecourse located in close proximity to the A20, it will become visually more prominent and accessible, opening up wider business, leisure and tourism uses and becoming a more central part of the local and regional community.

### **III. Additional leisure activities**

The facilities described above are those designed largely for racing and 'business-related' non-raceday events. It will also be feasible to include a range of additional leisure-based activities within these new facilities. Appendix 2 sets out some of the alternatives that have been considered and rejected as enabling development. Nevertheless, as stated in Appendix 2, Arena is willing to consider the creation of such additional leisure-based facilities, thereby helping to increase the critical mass of the attraction, and Arena will continue to review their inclusion. Arena will need to discuss this with Shepway District Council and the local community in particular as the justification for this would not necessarily be for reasons of commercial benefit, but as part of providing amenities to the local community.

One new additional activity that is being considered for the centre of the Racecourse is a cross country course that could be used for thoroughbred cross country races similar to those staged at Cheltenham and Pompadour (France) Racecourses. Cross country events at Cheltenham have proved to be very successful both from a competitive and a spectator point of view. This race added a new dimension to the Festival and has become as important to the meeting as the equivalent races at the Punchestown Festival (Dublin). Cross country races are very popular in France and Ireland and could attract more international runners which would increase tourism. The course could also be used as a cross country course for local riders. British eventing already holds two successful cross country events at Arena Courses - Southwell and Wolverhampton. International Three Day Event competitions attract a lot of international competitors and tourism, again using the local hotels etc.. Folkestone Racecourse, with its excellent transport links to Europe, is an ideal location for such events. Princess Anne was interested in putting a cross country course in at the new Great Leighs Racecourse. This did not happen and so there may be an opportunity for Folkestone Racecourse to work with her on this. The new course could also be used by Team Chasing; this is a sport in which teams of four horses and riders set off at intervals to tackle a cross-country course against the clock.

Less well developed ideas include developing a polo ground and cricket and/or hockey pitches. A polo ground can also be used for football, cricket, community use, pop concerts etc., being a flat well drained piece of land from 8 to 12 acres in size, perfect for the inside of the Racecourse.

The addition of new leisure-based activities would help to reinforce the position of Folkestone Racecourse as Kent's premier sporting venue.

### **IV. Tourism**

The new Racecourse will have a major role to play in the ongoing re-establishment of Shepway as a tourist destination and will assist in both the attraction and retention of visitors to the area – of both a private and business nature.

A redeveloped Racecourse will have a direct tourism benefit by improving and enhancing an existing tourist attraction, particularly with the forging of stronger links between the various tourist centres in the District.

Racecourses have the potential to be a significant tourism draw in their own right, as illustrated by the Deloitte Report (page 7).

Racing can also have a major impact on more urban areas, illustrated by York racecourse accounting for 8% of all visitors to York in a year and busy raceday/non-raceday courses, such as Haydock Park, attracting visitors to the areas all year round.

The visitor draw of a redeveloped Racecourse will contribute positively to tourism in the Region and other amenities will be able to benefit from the slipstream effect of an increasingly higher profile visitor attraction. The potential for selling mini-breaks linking a visit to the Racecourse with other local attractions, such as theme parks, will be greater than it is currently. The redeveloped Racecourse will help in demonstrating a critical mass of provision that makes it worthwhile for a day visitor to become a much more valuable overnight stayer.

The creation of expanded facilities with, for example, the potential to be able to accommodate 400 people for a meeting/function will, according to Visit Kent, bring new business opportunities into the District.

It is inevitable that a new Racecourse will receive considerable media interest, both in this country and abroad through the link with ATR. In terms of helping to re-image Folkestone as a vibrant town of the third millennium, a redeveloped Racecourse will contribute significantly to external perceptions of East Kent and hence is likely to lead to additional tourism trade.

The Racecourse, partly through the tourists that it will attract, but also in conjunction with the jobs that will be created, will also play a major role in helping the regeneration of a rural area.

One of the most dramatic illustrations of the relationship between a racecourse and the tourist trade is Cartmel Racecourse in the Lake District in Cumbria which, in 2009, staged 6 fixtures during the summer and attracted a crowd totalling 56,000 (2008: 58,000) consisting largely of holiday-makers, for an average attendance of 9,364 (2008: 9,663).

For the new Ffos Las Racecourse in South-West Wales, tourism is one of the key drivers of its business model, particularly bringing new customers to Wales from Ireland. Page 17 of the Deloitte report illustrates this.

Ffos Las: To maximise its success as a venue it must draw on the region's tourist population. The racecourse has already aided the local economy, as many local people were employed in its construction. Now open, 60 local staff members are employed on race days and the visitors it will attract to the region will provide a significant boost to tourist expenditure.

### V. Employment

Before the onset of the current recession, statistics indicated that Shepway had an unemployment rate one-quarter higher than the national average and approximately double that of the south-east Region. Shepway also has a comparatively low skilled work force with, in 2007, 14.1% of the population having no qualifications compared to the regional average of 10.1%. In contrast, tourism related employment represented 11.7% of Shepway's total employment profile (2007) compared to the regional average of 8.3%.

Securing additional employment opportunities can be seen as a priority for Shepway and a redeveloped and operationally expanded Racecourse can play a valuable role in both expanding employment opportunities and increasing the Region's skill levels.

The three key broad business areas in which a redeveloped Racecourse will deliver positive employment economic impacts are as follows:

- i. There will be an initial economic boost to the local and regional economy when the construction contracts are let, as it is likely that a proportion of construction workers would be drawn locally, particularly if local or regional contractors are appointed;
- ii. Once the new Racecourse is commissioned, there will be a 3-5 year period of introduction, growth and maturity as the facility comes into operation and establishes itself in the market place. Time will be necessary to build up the extra business capable of being accommodated by the increased capacity of the Racecourse and for marketing activity to exploit the synergies between the differing user types. Importantly, this proposal brings forward new employment opportunities in the growth leisure and tourism sectors of the economy; and
- iii. The sustained increase in local and regional economic activity via an increase in visitor numbers and employment levels will result in further indirect and induced economic impacts.

### i. CONSTRUCTION

Every effort would be made to award the building contracts for the new Racecourse, housing and infrastructure projects to local construction companies and, as such, there would be a considerable economic impact associated with the building works. The following is extracted from the independent report prepared for Wolverhampton Racecourse in 2007 referred to previously and which refers to an indicative contract value of £30m. The value of the contracts for the Racecourse, housing and infrastructure will be considerably higher than this.

“Using the Birmingham Economic Information Centre methodology, it is accepted by central government departments and bodies, such as English Partnerships, that one person-year of temporary construction employment is created for every £75,000 of contract expenditure. Thus a £30m contract is estimated to generate 400 person years of temporary construction employment. Furthermore, every 10 person-years of temporary construction employment are estimated to generate 1 FTE. Therefore, the total economic impact of the construction phase of the casino and hotel will generate 400 person-years of temporary construction employment which is the equivalent of 40 FTEs in the construction industry.

The creation of 40 FTEs in the construction industry will also create a permanent ripple effect in the community in which the contract is let. Using the same multiplier assumptions (section 3), it would be reasonable for 40 FTEs to generate a further 3 indirect jobs and 6 induced jobs.”

### ii. DIRECT EMPLOYMENT

Racing supports a large number of jobs in the rural economy, as illustrated on page 40 of the Deloitte Report, and a redeveloped Folkestone Racecourse will safeguard and enhance existing employment opportunities on site.

The relatively labour intensive nature of Racing means it supports more employment than many similar sized leisure industries. While naturally farming employs many more people, Racing’s employment is still sizeable, and employs more people than forestry, logging and related service activities. Unlike in many rural industries employment levels in Racing have increased in recent years. Levels of employment in farming have steadily declined, in part due to the falls in agricultural income which have fallen in real terms by more than half since 1973. The jobs Racing provides are therefore more valuable than ever.

The proposed development, incorporating enlarged facilities and expanded business opportunities, will increase job opportunities in all areas of the Racecourse’s activities. These jobs will provide a broad range of opportunities at different skill levels. The new jobs will be created across a range of skills levels, ranging from management positions to administration and cleaning staff. There will also be a considerable increase in the number of catering jobs. The new jobs created will help enhance the skills base in the local area and will include a range of permanent and ‘casual’ opportunities, thereby benefitting all sectors of the community.

The Racecourse will increase demand for staff in the regional leisure sector. The market reaction will be to drive up the price of staff in the broadest sense, resulting in higher wages, as well as better employment conditions and better training opportunities, as existing operators compete with the cutting edge practices of a stock market listed company. This form of market-led competition is healthy and will contribute to higher standards in the economically important leisure sector within the East Kent Region. Those employed at the Racecourse will also benefit from the good quality training and development record of Arena. Arena has a tradition of employing locally. At Arena's Wolverhampton Racecourse, 98% of the workforce lives within the City of Wolverhampton.

There is clear empirical evidence for the levels of growth in employment possible at a redeveloped Racecourse. Some of the key figures from several of the courses within Arena are set out below:

<u>Racecourse</u>	<u>Doncaster</u>	<u>Windsor</u>	<u>Lingfield Park</u>	<u>Wolver- hampton</u>	<u>Folkestone (current)</u>
<b>Full time employees</b>	60	30	60	50	10
<b>Race-day 'casuals'</b>	140	90	65	25	60
<b>Catering 'casuals'</b>	650	200	175	85	65
<b>Tote</b>	170	30	20	16	20

Racecourses have the potential to provide employment opportunities to a great number of people, as illustrated by the Deloitte Report (page 23).

Haydock Park: The associated total direct expenditure it generates for the locality, including money spent with local travel companies, hotels, bars, restaurants and construction companies, is estimated to be at least £15 million. It is therefore important to the local economy and is a significant local employer, providing 70 direct permanent jobs and, including catering staff, employing 650 (via various contractors, including catering, security and tote) temporary raceday employees. On its busiest fixture over 700 people are employed.

Following redevelopment, there is likely to be a 3-5 year period of introduction, growth and maturity as the new scale of facility establishes itself in the market. During this period, on site employment is likely to increase from the current position (see above) to something in excess of that shown for Windsor above. The number of anticipated full time jobs is likely to be greater - in the range of 35-45. The number of indirect and induced jobs supported by the Racecourse will also increase.

### iii. INDIRECT AND INDUCED EMPLOYMENT

As has already been described in the first extract from the independent report, the direct employment on the site also leads to the creation of indirect and induced employment opportunities. Indirect and induced jobs are notional and rely on factors or multipliers that estimate the likely economic activity generated by the direct expenditure through the employment on site.

A redeveloped Folkestone Racecourse will be a major contributor to employment in Folkestone's leisure economy, which will in turn have benefits for the wider economy. The number of people in Folkestone directly or indirectly dependent for their employment on the economic activity at Folkestone Racecourse will rise considerably. The sustained increase in local and regional economic activity via an increase in visitor numbers and employment levels will result in further indirect and induced economic impacts.

Further economic benefits will flow from the long term impact of expenditure by both visitors to the enhanced facilities at Folkestone Racecourse and the increased number of employees.

## VI. Racecourse attendances

Improved facilities will allow increased attendances, thus increasing attendance-related income, including catering revenues, and, as demonstrated above, this will have a tangible positive effect on

employment opportunities. The greater scale will also allow the Racecourse to accommodate those larger events that are, unfortunately, currently turned away, such as those mentioned earlier for parties of over 150. As mentioned previously, Visit Kent has suggested that there is great demand for 400 seat venues in the District. The Deloitte Report illustrates the potential (page 23).

Haydock is one of the busiest racecourses in the country, with around 30 days of racing each year with average attendances of almost 7,000 and over 15,000 on its busiest days. Haydock has successfully hosted live music after race meetings which has attracted new people to Racing. The racecourse also holds around 1,000 non raceday events a year. It has a diverse and busy calendar of non raceday events, ranging from small to medium sized events to multi day conferences. It benefits from a strong relationship with the local authority, one of its key non raceday customers, attracting approximately 100,000 non raceday visitors in total. Combining raceday and non raceday activities, Haydock's total annual attendance is around 300,000. It is estimated that 5-10% of race-goers will stay overnight, supporting local hotels and restaurants.

The new facilities will considerably enhance the customer experience, resulting in greater repeat custom, thereby increasing attendances further.

Whilst Racing has a core and loyal base of regular attendees, a large proportion of its total attendees are irregular race-goers who attend meetings once or twice a year. The ability of Racing to convert the occasional visitor into a more regular customer is likely to hold the key to achieving future attendance growth and effectively competing for market share. (page 44)

Importantly, the Racecourse will benefit from being in proximity to a large and expanding source of corporate customers for both race-day and non-race-day activities in the expanding commercial centre of Ashford, plus in the significant local regeneration projects, such as: Cheriton Parc, Shearway Business Park, Link Park, Hawkinge West and Eureka Park, all within 20 minute drive time. Sport plays a vital role in helping businesses market themselves to their customers. A redeveloped Folkestone Racecourse will dramatically reinforce its position as Kent's premier sporting venue, providing the perfect opportunity for Kent based businesses to promote themselves in a modern, state-of-the-art sporting venue that can symbolise the opportunities presented by the East Kent Region.

Visitors to Folkestone Racecourse do not interact solely with the Racecourse, spreading the benefits of a redevelopment more widely. They also engage with other businesses such as petrol stations, cafes and bars, visitor attractions, hotels and retail outlets. As the catchment area for Folkestone Racecourse increases, and the number of out of Region visitors increases, it would be reasonable to expect additional positive knock on effects for local and regional businesses. As set out earlier, the Racecourse will play a full role in the development of the East Kent tourism strategy. This symbiotic relationship will also help drive customer attendance.

### **VII. Fixtures**

As mentioned in section 3, the maximum number of fixtures that can be accommodated on the turf surface is around 26, compared to the 22 scheduled for 2010. A redeveloped racecourse, with additional and enhanced revenue streams, will either have fixtures transferred to it from around the Arena group or be able to bid more aggressively in the fixture bidding process and so, in either scenario, have an expectation of achieving this higher number of fixtures, thereby providing greater amenity to the local community and increasing the potential for drawing in further tourists.

### **VIII. Civic pride**

Folkestone has had a racecourse since 1898. Folkestone is intrinsically linked to its racecourse, although it could also be argued that due to its location it also has very strong links with Hythe and Ashford, and even Canterbury. Should the Racecourse's image degrade, particularly as a result of its closure, so would that of Folkestone and the whole East Kent Region.

A comprehensive redevelopment of Folkestone Racecourse will contribute positively to the image of Folkestone and East Kent and reflect well on them. Folkestone already benefits considerably from the international coverage of the horse racing meetings beamed across the globe into domestic residences and betting shops. It is inevitable that a new Racecourse will receive considerable media interest, both in this country and abroad through the link with ATR (page 14 provides full details on ATR's activities). In terms of helping to re-image Folkestone as a vibrant town, a redeveloped Racecourse will contribute significantly to external perceptions of East Kent. The upgraded facilities, the jobs created, and the media attention all have the potential to engender a sense of civic pride and a local feel good factor. This may be further increased with additional services and community facilities that the development will potentially help bring, resulting in an enhanced quality of life for the local community. The totality of the development can give Folkestone a physical and psychological boost. The BHA's 2009 report "Racing Together - Horseracing and the Community" highlights the community benefits of a racecourse.

Racing has the ability to get close to the community. Racecourses in particular offer vast areas of potential community space and they are utilised for many purposes.

In addition, built developments can have a real and lasting positive image on a location, just as a poor or declining physical environment creates a negative image. In racing, the new grandstands and improved facilities at all of those previously mentioned racecourses serve to enhance the image of those venues, with positive effects in the locality. It brings a sense of pride and place to the people who live there. The creation of a modern, state-of-the-art business, tourism and leisure destination at Folkestone Racecourse offers the same prospects for Shepway; creating a positive image for the Region by enhancing a facility frequented by residents and visitors alike.

Open spaces, sport and recreation all underpin people's quality of life (PPG17 - Planning for Open Space, Sport and Recreation). The preservation of these is an integral part of the redevelopment of Folkestone Racecourse because, as mentioned previously, a Racecourse operation is a very good steward of an open country landscape. In addition, in the submitted Masterplan, a significant amount of new open leisure space is provided for public use; space that currently represents private land.

Such facilities also assist in supporting social inclusion and community cohesion, health and well being and sustainable development. The redevelopment will also generate an enhanced tourism product, associated place marketing effects, increased business confidence and will help drive higher standards in the leisure and tourism industry.

## **7. Benefits of the Racecourse development on Westenhanger Castle**

The following summarises the pre- and post-redevelopment positions of Westenhanger Castle.

### **I. Current situation**

- English Heritage regards the current close proximity of the Racecourse facilities to the Castle as harmful to the heritage asset.
- A track passes along the southern boundary of the Castle, close to its main buildings, and which is extensively used by Racecourse traffic, particularly that visiting the stables.
- The stables are located on what is believed to be the site of a mediaeval church and protrude a significant way into the Castle's estate.
- The stables are a vital element of a racecourse and, on racedays, create a great degree of noise and disruption.
- The 'horse box park' is located immediately before the stables on the Castle's southern boundary and, on racedays, provides parking space for up to 70 horse boxes, creating noise and pollution very close to the main Castle buildings, in particular, the hospitality marquee.
- The Castle has no real visibility, with no dedicated entrance and certainly no sense of arrival.
- Access to the Castle is via Stone Street and then a rutted track that winds around the northern side of the Racecourse. The severe access issues caused by Stone Street have been well documented elsewhere in this document.
- In general, both the access to and the setting of the Castle are not conducive to its economic future and viability.

### **II. Situation after a redevelopment of Folkestone Racecourse as per the Masterplan**

- The track running along the southern boundary of the Castle will cease to be used for Racecourse activities.
- The current stables will have been removed allowing a full archaeological study of the area.
- The stables, horse box park and grandstands will be relocated thereby removing a cause of noise pollution from close to the Castle.
- All of these changes will provide significant enhancement to the setting of the Castle, considerably increasing the 'openness' of the setting.
- Planted buffer zones and low density housing around the extremities of the housing development will ensure that there is no impairment of the views from the Castle.
- The new access off the A20 will enable the Castle to develop and will have been designed in the knowledge of the nature and volume of traffic flows associated with the users.
- A new dedicated, direct entrance to the Castle could be provided, allowing the Castle to create a real sense of arrival.
- All of these changes will help enhance the Castle's long-term commercial viability.
- As previously reported, English Heritage views the Masterplan proposals positively: "The revised layout has the potential to enhance the heritage asset in a way that PPS 5 now advises that major change should seek to do.... The gains for the designated assets at Westenhanger in terms of pulling the racecourse operation away from the core of the historic site are potentially very real and would to my mind represent an enhancement and not just an avoidance of harm.... In terms of what a master plan is intended to achieve English Heritage supports the current proposals".

## Appendix 1

### **Racecourse developments and complementary activities**

Section 3 XI c) referred to the extensive development programmes being undertaken in the UK racing industry. The following is a comprehensive list that illustrates very clearly the wide ranging developments within the industry, ranging from new racecourses through to the addition of complementary activities, via completely redeveloped racecourses.

#### Lingfield Park Racecourse

Lingfield Park Racecourse completed the construction of a 116-bedroom Marriott 4\* hotel, leisure club, swimming pool and spa in May 2010. The building also houses a bar, restaurants and a new club house to complement the on-course county championship quality golf course.

Stables and overnight accommodation have also been newly constructed and the major function rooms on the racecourse have been refurbished. Permission for a small residential development was approved as part of the development. The project had a total cost of around £30m.

#### Fontwell

Fontwell Racecourse in West Sussex demolished its main, Members Grandstand in November 2009 and has constructed a much bigger new grandstand containing: 12 new hospitality boxes on the second floor; a glass-fronted hospitality lounge for 280 people providing an upmarket restaurant that can be subdivided thereby providing flexible space on the first floor; and a 450m<sup>2</sup> ground floor with bars, food and betting outlets. The grandstand opened in August 2010.

#### Brighton

More than £6m has recently been invested in the site helping Brighton Racecourse and Conference Centre to become regarded as one of the leading venues in the Region for exhibitions, conferences, meetings, parties and training events. All augment the racing product.

#### Goodwood

The Goodwood Estate is privately owned and features one of the UK's premier racecourses. Its facilities have been raised to such a level that it has set a very high standard for racecourses in the south-east. The Goodwood Estate features an extensive array of activities including: conference and banqueting, hotel and spa, shooting, golf, farm, the world famous motor circuit and related events, and the historic aerodrome, flying school, aircraft engineering facility and aero club.

#### Newbury

Newbury Racecourse opened a new grandstand designed by Lord Foster in November 2000 and has large areas of flexible accommodation providing extensive exhibition and conference and banqueting facilities. It also houses an 18 hole golf course and a leisure centre.

In January 2010, Newbury announced that outline planning permission had been obtained for a major redevelopment of the Racecourse which will include "the construction of up to 1,500 residential units, upgrading of the racecourse with enhanced leisure, racing, conference and events facilities, construction of a hotel, a new bridge and access to the racecourse, new visitor parking, extensive landscaping, a hostel for stable staff, a new children's nursery, remodelling of the golf course, a new golf clubhouse and floodlit driving range". In March 2010 it was confirmed that the application will not be called in by the Secretary of State for consideration.

Sir David Sieff, then Chairman of Newbury Racecourse, commented: "This is a positive and important step forward in pursuit of our strategy to develop and transform Newbury Racecourse into a leisure, entertainment and events business with the racecourse as its core asset. The redevelopment is expected to support and enhance the long term trading operations of Newbury Racecourse and is expected to have a positive effect on Newbury's local community and economy".

### Epsom

In the last few years, Epsom Racecourse has extended its conference centre through the construction of the Duchess Stand with its greater flexibility of space and constructed a 120-bedroom hotel with associated parking area for 100 vehicles; a series of developments costing a total of £38 million. The planning reports noted the following benefits attributed to the hotel development:

- The proposal will assist in the ability of the Epsom Racecourse on non-race days to attract overnight events and leisure such as two day plus conferences;
- It will help to secure the ongoing financial stability of Epsom Downs Racecourse; and
- It would contribute towards the overall modernisation of facilities offered at Epsom Downs Racecourse and protect the international standing and attraction of the Derby Festival.

The planning committee document noted that: “The proposed hotel is seen as an important part of ensuring the long term financial stability and sustainability of the racecourse”.

The conference and exhibition business will become more important as Epsom targets using the facility 365 days a year. It can seat up to 800 conference delegates, so with different configurations, it can handle 100 or 800 for a conference, or 1,500 people standing for one of its comedy nights.

Epsom’s actions demonstrate that improvements in facilities and complimentary activities are essential to safeguard the future sustainability of even premier UK racecourses.

### Sandown

Sandown Park in Esher completed a £23m redevelopment in 2002 which saw the building of the new Eclipse Pavilion, canopies over the grandstand, a walkway to link the new building to the grandstand and a complete refit of the Grandstand area. This resulted in the creation of one of the top event venues in the South East, with the racecourse hosting both corporate and private events including: exhibitions, conferences and meetings, corporate and social dinners, product launches, training, team building, activity days, Christmas parties, family fun days, weddings and family celebrations.

The Racecourse also provides a range of complementary leisure activities including 18-hole golf course with driving range, go-kart circuit, dry ski slope and an on-site motel. Planning permission has been received to extend the motel to a 100-bedroom hotel.

The Racecourse also stages a popular series of summer concerts including those by Simply Red, Spandau Ballet, Madness and Girls Aloud.

### Ascot

Ascot Racecourse was redeveloped at a cost of around £220m and was the most extensive and significant re-development of a racecourse ever seen in Europe. The final result is a magnificent new grandstand and track that represents one of the most impressive sports stadium structures in the world. The Racecourse stages a wide range of events, including concerts by Madness and Sugababes.

Whilst making direct comparisons between Folkestone and Ascot racecourses is not sensible due to the different nature and scale of their operations, the re-development of Ascot has taken racecourse facilities to a new level, further eclipsing the standard of infrastructure and customer facilities at Folkestone Racecourse.

### Kempton Park

Kempton Park completed an £18.8m redevelopment in 2006 that involved the construction of a new floodlit all-weather track at the racecourse to augment the existing jump racing on its turf track. The development created what the owners regard as “London's premier all-weather racing, business and entertainment venue” and has allowed the racecourse to significantly expand the number of racing fixtures it can stage, with 98 fixtures scheduled for 2010. This expansionary approach will undoubtedly strengthen its financial standing by increasing utilisation of the racecourse.

### Great Leighs

Great Leighs, near Chelmsford, opened in 2008 as the UK's first new racecourse since 1928, with a floodlit all weather track. Despite good links into London (road - 33 miles; trains – 20 minutes to Chelmsford from Liverpool Street) and only 45 miles from the training centre at Newmarket, it went into receivership in 2009, largely due to the inadequacy of the customer facilities.

The administrators, Deloitte, failed to find a purchaser for the business. It is not expected that this racecourse will become operational again.

### Ffos Las

Ffos Las Racecourse in south west Wales is the UK's newest racecourse, opening in 2009. It has been given 18 fixtures by the BHA and, for 2010, has been able to acquire in competitive auction a further 10 fixtures, giving 28 in total. The development of the Racecourse was largely funded by an enabling housing development and support from the local authority. Deloitte Report page 17 explains.

Ffos Las is also planning on building comprehensive non raceday activities covering both conferences and entertainment. It can stage large outdoor and indoor events, such as concerts and exhibitions. To maximise its success as a non raceday venue it must draw on the region's tourist population. The new racecourse has already aided the local economy, as many local people were employed in its construction. Now open, 60 local staff members are employed on race days and the visitors it will attract to the region will provide a significant boost to tourist expenditure.

### Manchester Racecourse (Salford Forest Park)

A turf and all weather racecourse including grandstand, bar and dining areas, corporate boxes, exhibition areas and a racing museum is being pursued by Peel Holdings Plc on land adjacent to and including Botany Bay Wood near Salford, Manchester. The masterplan for "Salford Forest Park" also includes a number of different activities to complement the racecourse. Whilst this is at an early stage in terms of planning, reference is made to this proposed development because it demonstrates the extent of the strategic planning and change going on within the industry. It also highlights the increasing reliance on non-racing activities as part of the business mix.

### Doncaster Racecourse

A £35 million refurbishment completed in 2007. A new grandstand was constructed, incorporating flexible conference and exhibition facilities, and all other facilities were completely refurbished. A new racing surface was laid, and new stables and overnight motel constructed. The result is a state of the art racing, hospitality and business facility. The new facilities also permit the racecourse to stage top level concerts including Madness, Status Quo, Alesha Dixon and X-Factor Finalists.

Planning permission has been obtained for a 120 bedroom hotel, with 34 residential units.

### Wolverhampton Racecourse

Wolverhampton Racecourse has an integrated hotel that helps promote the use of the racecourse facilities for conferences and event activity throughout the year.

Planning permission has been granted to incorporate a casino and a leisure club and extend the hotel from 54-bedrooms to 170-bedrooms, thereby creating the UK's first integrated gaming based resort – a "racino". The development now waits for the granting by the Council of one of the new "small" casino licences. The estimated cost of the development is around £25m.

### Ayr Racecourse

Ayr Racecourse has a hotel, conference, exhibition and banqueting facilities in addition to the racecourse. Proposed plans have included the construction of a cinema, hotel and conference facility at the site. An extensive residential development has also been approved.

### Chester Racecourse

Chester Racecourse has a 97-bedroom hotel and conference and banqueting facilities on site.

### Cheltenham Racecourse

In 2004 Cheltenham Racecourse opened “Centaur”, a new purpose built conference, event and exhibition centre to complement the existing facilities and to attract large-scale non-race day activity. This is able to seat more than 2,000 delegates for conferences and stage shows and more than 3,000 standing for concerts. Outside of the racing calendar, the facility is used for exhibitions, conferences, banqueting, dances and concerts as well as sport and entertainment events.

### Newmarket Racecourse

The Millennium Grandstand provides extensive facilities that are promoted for exhibitions and conferences on non-race days. Newmarket also runs a hugely successful series of summer concerts featuring acts of the calibre of Spandau Ballet, Simply Red, Boyzone and Jules Holland.

### Musselburgh Racecourse

Sought plans to add a floodlit all weather track which have so far not been approved. The project also included plans for a new stable yard and overnight accommodation.

### Redcar Racecourse

A relocation of the racecourse outside the town has been proposed with the current site identified for a housing development to help fund the move.

## Appendix 2

### The need for housing as the enabling development

The need for a comprehensive redevelopment of Folkestone Racecourse has been demonstrated elsewhere in this document. The cost of such a redevelopment is far larger than can be economically justified based on either the current or future levels of profitability of the Racecourse activities. As a consequence, some form of enabling development would be required. The recent developments at Ffos Las and Newbury in particular illustrate this principle.

#### ***Leisure-based developments:***

The inclusion and expansion of leisure activities in the countryside is supported by planning guidelines. PPG17: the countryside can provide opportunities for recreation and visitors can play an important role in the regeneration of rural areas. Sports and recreation facilities can also contribute to the quality of life and well being of people that live in rural areas. The Good Practise Guide on Planning for Tourism (July 2006) states that: "The Planning System has a vital role to play in terms of facilitating the development and improvement of tourism in appropriate locations". Large scale tourism projects can offer a high quality of buildings, landscaping and customer service and so bring major benefits to the national and regional economy. Such activities located at Folkestone Racecourse constitute sustainable development i.e. they would make an economic/tourist contribution to the well being of the area, while being mainly accessed by the excellent public transport network provided by Westenhanger Station.

The principal leisure-based options - as followed by many competitor racecourses - are an all-weather racing surface and a hotel.

#### *All Weather Track*

- + Such a surface would allow all-year round racing potentially increasing revenues.
- Creation of such a track is expensive; Kempton Park spent £18.8m on an all-weather track and floodlights. Attendances are likely to be severely diluted by an increase in fixtures. However, it is unlikely that additional fixtures would be obtained as the BHA is unlikely to increase fixture numbers in the immediate future and Levy funding is unlikely to be available due to the severe financial pressures on the Levy. Folkestone Racecourse would need to bid competitively for the fixtures, making them prohibitively expensive. Finally, this option is probably not feasible due to part of the site being in a flood plain making development of an all-weather surface all but impossible.

#### *Hotel*

- + The construction of a hotel adjacent to the racecourse facilities provides an ideal opportunity to take advantage of the natural benefits of the picturesque site and the synergies that exist between the existing racecourse venue and the hotel. It is a route followed by other racecourses e.g. Lingfield Park and Epsom.
- An assessment of the commercial viability of a hotel on Folkestone Racecourse was undertaken in 2007 by TRI Hospitality, experts in the evaluation of hotel viability and the consultants used by Arena in supporting the construction of a hotel at Lingfield Park. Their report was not supportive of a hotel at Folkestone Racecourse, sighting "minimal market evidence to suggest that a high quality leisure hotel development will be successful in attracting the higher-yield demand markets in sufficient quantity to result in a commercially viable hotel project" and "much of the hotel accommodation demand in the East Kent Region being price-sensitive, and suitable for limited-service hotel development".

In addition there are a number of plans for hotels in and around junction 11 of the M20, including at Stop24. These either significantly reduce the commercial viability of a hotel on Folkestone

Racecourse due to their closer proximity to passing trade on the M20 or, because none of them have yet been constructed, suggest that the area in general is unsuitable for a commercially viable hotel. Representatives from both the Channel Chamber of Commerce and Shepway Enterprise and Regeneration Partnership have also suggested that the area is more than adequately provided with hotel accommodation.

The more minor options that Arena has also considered are set out briefly below:

### *Playing Pitches*

Companies such as *Goals plc* have a successful formula providing all-weather football pitches for hire. However, these require considerable footfall in order to be commercially viable and so are only found in urban areas. They also typically require the installation of floodlights which is something residents and the planning authority may not be in favour of.

Arena is willing to consider the creation of football or tennis pitches, crown-green bowling squares, or the use of redeveloped facilities for in-door activities such as table-tennis, judo etc. However, the justification for this would not be for reasons of commercial benefit, but as part of the Racecourse becoming more closely aligned with the local community.

### *Golf Course*

Golf courses have been successfully introduced at a number of racecourses across the UK including those owned by Arena at Lingfield Park and Southwell. Whilst providing some incremental benefit to the racecourse, Arena's considerable experience in this field is that this income is only very modest and would be insignificant in helping to bridge the funding gap. The inability to probably develop much more than a decent 9-hole course in the middle of the racecourse (and therefore be impacted by 25 or so race-days) and the flood plain location of parts of the site would also be an issue. Finally, there is already extensive provision of golf courses in the area, including: Etchinghill (Etchinghill), Sene Valley Golf Club (Newington), Roundwood Hall (Lyminge), Mercure Hythe Imperial Hotel, Spa & Golf Club (Hythe), Lydd Golf Club and Driving Range (Lydd), Royal Cinque Ports Golf Club (Deal), Walmer & Kingsdown Golf Club (Deal).

### *Leisure Club*

There is much competition in the leisure club market and a high volume customer base is required to make such a facility work commercially. It is also considered that this type of business, introduced in isolation, would not provide much in the way of synergy with the Racecourse, representing a totally separate unit with no material crossover benefits.

As demonstrated above, leisure-based forms of enabling development have been assessed and rejected due to them not generating sufficient profit to support the scale of the proposed redevelopment. Despite this, one or more of these options may well be capable of forming part of the comprehensive redevelopment proposals, helping to increase the critical mass of the attraction. Arena will therefore continue to review their inclusion. However, in general, activities that are not complementary to, or have no real synergy with the Racecourse, are unlikely to provide sufficient change in quality or perception of the venue in order to combat the competition from other new and developing racecourse venues.

### ***Residential-based development:***

After extensive assessment, housing has been identified as the most appropriate form of enabling development.

The factors in favour of housing include:

- The previous Government identified a long term need for the provision of additional housing, and, in the former South East Plan, identified a figure of 5,800 new dwellings between 2006-2026. Shepway District Council is evaluating a housing strategy that will provide a number in

excess of that (in the Region of 6,000-8,000), based on an assessment of the potential growth in the East Kent economy, the development constraints present in the District and the changing demographic profile and the effect that this will have on the working age population. The housing and employment requirements of the Region will require well located strategic land release.

- The surplus land on the Racecourse site is capable of accommodating the required number of residential units of approximately 800 in order to allow the redevelopment of the Racecourse.
- The Racecourse site has good infrastructure links via Westenhanger Station, the A20, junction 11 of the M20, and the Channel Tunnel Rail Link and is close to the main centres of Folkestone and Hythe. It is also outside the Area Of Outstanding Natural Beauty.
- Westenhanger Station, in particular, provides good accessibility to public transport, thereby reducing the need to travel by car and allowing for sustainable residential development.
- The area adjacent to Westenhanger Station is outside the flood plain and contiguous with the existing settlement of Westenhanger at Stone Street.
- The site, with its sustainable transport links and attractive aspect, will allow for a wide diversity, mixture and range of sustainable housing types, from executive homes to single person dwellings.
- A residential development at the Racecourse is viewed as 'deliverable' in combination with the desired redevelopment of the Racecourse.
- A residential development brings the infrastructure and critical mass to support improvements to Westenhanger Castle, principally in terms of the setting and access.
- It also brings the infrastructure and critical mass to support a new access to the Racecourse, allowing the removal of virtually all non-resident traffic from Stone Street, including that visiting the Castle and Station, which should be a benefit for the residents of Stone Street.
- A residential development will help to ensure that housing is available close to where additional jobs are being created on the redeveloped Racecourse.
- Finally, residential development will, subject to numbers and nature of units, provide the necessary scale of funding required to undertake a comprehensive redevelopment of the Racecourse and introduce the necessary enhanced infrastructure.

### **Conclusion:**

It is believed that only a residential development can provide sufficient financing to facilitate the redevelopment of Folkestone Racecourse.

Additional leisure activities will be evaluated further, although this will not primarily be for the purpose of providing financial benefit to enable the Racecourse redevelopment.