Main Statement of Case Appendix 13

SOCIO-ECONOMIC PAPER

BRITISH HORSERACING AND SANDOWN PARK – SOCIO-ECONOMIC PAPER

12 July 2019

1 INTRODUCTION

1.1 This document has been prepared in the context of a hybrid planning application for improvements to Sandown Park Racecourse, reference 2019/0551. It reviews the socio-economic benefits of the British Horseracing (BHR) industry and Sandown Park Racecourse on the following levels:

- National;
- Regional; and
- Local.

1.2 It should be read in conjunction with other submissions made in support of the application, not lease:

- The wider consultation report, dated June 2019, of which this paper is an appendix; and
- The Planning and Green Belt statements submitted with the planning application.

2 CONTEXT

National

2.1 From the most recent published statistics, BHR generated an estimated £3.45 billion in the UK in direct, indirect and induced expenditure in 2012, and a tax contribution of £276m. In addition, BHR is followed by a worldwide audience and significantly enhances the reputation of UK sport abroad.

2.2 Racing is the second best attended sport in the UK, after football, with 5.77m attendances in 2018, and accounted for four of the top ten attended sports events in the UK in 2017, Beyond the numbers of attendances, it also has universal appeal, attracting people from a more diverse range spectrum of social and economic backgrounds, with a wider range of needs in terms of accessibility, and with a greater gender balance than most other sports. In terms of the latter, it is one of the few sports where men and women compete on an equal basis in races, including top races won by women jockeys. Further, JCR has gone to great lengths over the last decade in ensuring that visiting the races is a pastime that the whole family can enjoy, with extensive facilities for children alongside those for adults.

2.3 BHR also creates a large number of jobs – in 2013 an economic impact assessment by Deloitte for the British Horseracing Authority (BHA) concluded that those directly related to the day-to-day operation of the sport equated to circa 17,400 FTE jobs, made up of over 20,000 full-time and part-time positions, together with many thousands of raceday staff. BHR also generates further activity, such as vets and farriers, sustaining 29,000 jobs.

2.4 In order to sustain this activity, BHR requires a wide range of training establishments, racecourses and associated infrastructure. All are linked, and if one of the above elements ceased properly to perform overall to a high standard, the BHR industry would decline and eventually fail. Correspondingly, if one of these elements fell behind, it would affect the whole of BHR.

2.5 BHR operates in an increasingly competitive international environment, with owners and trainers operating on a global basis. In context, BHR has to compete with wider variety of facilities in different countries (for example, the USA, Australia, France and the UAE) which have facilities that are equal in scale and quality, and prize money that is often significantly better than that can be offered in the UK. In addition, BHR competes with other sports in the UK for income from spectators, followers and fans participating directly by attending races and indirectly on the media, the latter increasingly on a worldwide basis.

2.6 As a result of these clusters of overseas competition, it is key that the quality of UK facilities achieves excellence as its standard. BHR is currently arguably pre-eminent in the world in terms of the quality of horseracing overall. Put simply, if they are not of high or excellent quality, the key figures in the global horseracing industry, in particular owners and trainers, will direct their investments in BHR elsewhere. If the key figures, and the capital that they represent, chose to do this, BHR will fail.

2.7 The quality of a racecourse is defined in two key parts:

- The quality of the racecourse in physical terms (for example, the condition of the stables, racetrack, grandstand etc.); and
- The quality of the experience for the spectators, not least in the terms of the quality of the races it can attract.

2.8 In this respect, BHR brings forward considerable sporting, social and economic benefits on a national level, but operates in a highly competitive environment and needs support.

Regional

2.9 The Jockey Club operates fifteen racecourses across England. In addition, there are 35 other racecourses in England, totalling 50 across the country. These have been grouped into regions in order to assess the size of the population each regional catchment must serve.

2.10 The table below details the regional concentration of racecourses across England, assessed against the population of each area. Population figures have been taken for the year 2019 from the 2016-based population projections (published by the Office of National Statistics on 24 May 2018). We have included all persons of all ages.

Regions	Total	Dual[1]	Population	Persons per racecourse
London	3[2]	2	9,056,800	3,018,933
North West	4	2	7,306,900	1,826,725
East of England	5	0	6,269,300	1,253,860
South East	8	3	9,214,300	1,151,788
East Midlands	5	2	4,816,800	963,360
North East	3	1	2,655,400	885,133
West Midlands	7	1	5,914,300	844,900
South West	7	0	5,631,900	804,557

Yorkshire and the Humber	8	1	5,491,800	686,475
England	**50**	**12**	**56,357,500**	**1,127,150**

1. “Dual” refers to those racecourses that can host Jump and Flat Racing

2. Within the M25 but outside London ONS Region

2.11 The population size of the regional catchment serving racecourses in London (within the M25) is appreciably higher than anywhere else in England, and is over twice as high as the national average (the fifty courses, divided evenly across England’s population, allows for over 1.1m people per racecourse; the mean average taken from the regional figures is just over 1.27m).

2.12 London has the second highest population of any region in England (after the South-East), and (alongside the North East) the lowest number of racecourses. By comparison, the North East is the least populated region in the country.

2.13 Additionally, Sandown Park is the only racecourse in London with both jump and flat turf racing.

2.14 The importance of Sandown Park to the region it serves is therefore critical. In order properly to meet the need of the regional catchment area it serves, it cannot be allowed to decline in quality let alone fail.

Local

2.15 Sandown Park is in active use, and its role in the community and services is wide-ranging, and includes the following community facilities and events:

- Currently 24 dedicated racing days year-round, requiring intensive management and build design which is complementary;
- Combined experience days, including music events (which combine music and horseracing – 3 are held a year), as well as family and ladies days;
- Utilise the site for leisure activities (e.g. gym and golf course);
- Non-racing entertainment and leisure events, e.g. art fairs and food festivals;
- Conferencing facilities;
- Local car parking; and
- A venue for other activities which support the local community, such as police-dog and emergency service training as well as a safe and extensive landing area for emergency and medivac services helicopters (HEMS).

2.16 In this context, Sandown Park Racecourse brings approximately 250,000 people to Esher every year, and is a key part of the local economy and community.

Summary

2.17 From the above, it is clear that BHR in general and Sandown Park Racecourse in particular have a wide socio-economic role on a national, regional and local level, well beyond the racecourse’s role in protecting the Green Belt. Sandown Park Racecourse is highly important to the local economy and community in terms of physical, social and economic benefits.

3 DIRECT BENEFITS

3.1 Sandown Park is one of the largest employers in Esher, and in terms of permanent employment provides 110 FTE positions plus 73 FTE part time employment positions. This figure is reflective not only of the activities that take place on the site as a racecourse, but also because it acts as JCR's London regional operational hub.

3.2 In terms of permanent employment, these cover a wide variety of skills and trades, as confirmed below:

Employment	No. of jobs
Caterers/cleaners	18
Porters, Security and Stewarding	18
Facilities, sales back of house, reception	9
Lodge staff	6
Groundsmen	12
Trades, engineers, mechanics	13
Sales	11
Sponsorship	2
Marketers	7
Events managers	4
Accountants	3
SMT	7
Total	**110**

3.3 However, just as significantly, Sandown Park also generates significant additional temporary employment on race and other event days, equivalent to approximately 17,000 shifts, equivalent to 73 FTE positions considered annually. The latter part time flexible employment is valuable to different parts of society and provides a vital source of employment locally, not least as:

- Temporary positions suit those with family or other lifestyle commitments (for example those who are carers, semi-retired or with a disability);
- It provides income for students whilst they are studying; and
- For other young people, it provides work experience to help them into the job market.

3.4 Further, the current development proposals will increase employment on the site, as a higher level of service at the Racecourse requiring additional staff, at the family zone and most significantly at the 150 bed quality hotel on Site B:

3.5 It is anticipated that a large proportion of the new positions identified above will be filled by people in the local area, and Elmbridge more widely. However, in order to ensure that the potential for local employment is maximised, JCR is willing to enter into a planning obligation requiring all reasonable endeavours to secure this.

4 INDIRECT BENEFITS

Racecourse

4.1 Sandown Park supports 480 suppliers, 277 of which are in Elmbridge Borough and neighbouring postcodes (the latter equivalent to a £4.04m local area spend).

4.2 These suppliers are wide-ranging, and include:

- Suppliers of equine related goods and services;
- Builders and property maintenance professionals;
- Catering and cleaning contractors;
- Security companies;
- Professional services;
- Stationary suppliers; and
- Vehicle supply and maintenance.

4.3 More widely, Sandown Park already offers substantial induced benefits to the surrounding area, and the development proposals will enhance this further, not least as the whole purpose of the proposal is to improve the quality of the facilities.

Hotel

4.4 As part of the Racecourse improvements, a high-quality leisure and business hotel is proposed. This facility has the potential to include a wide variety of the amenities, including a spa. Such hotels themselves support a range of suppliers, many of which will be sourced locally, these can include:

- Laundry and cleaning services;
- Manufacture of food and drink, and other catering supplies;
- Toiletries and stationary, and
- Travel agency and associated services.

Residential development

4.5 In addition to the above, the residential element of the proposal itself will bring forward substantial indirect benefits to the local community.

<u>Local expenditure by future residents of the development</u>

4.6 New housing evidently creates new residents, who contribute to the local economy through local expenditure. Every year, the Office of National Statistics publishes detailed household expenditure figures for countries and regions. The latest figures were published on 24 January 2019[1].

4.7 Taking the figures for England and the South East, the average spend per week is equivalent to £809.10 nationally and £965.60 regionally. This is broken up below:

[1] ONS, Detailed household expenditure by counties and regions (24 January 2019)

Item	England		South East	
	Per week	Per annum	Per week	Per annum
Food and non-alcoholic drinks	59.00	3,068.00	64.10	3,333.20
Alcoholic drinks	11.60	603.20	12.10	629.20
Clothing and footwear	24.40	1,268.80	27.10	1,409.20
Fuel and power	76.50	3,978.00	77.40	4,024.80
Household goods and services	39.40	2,048.80	49.30	2,563.60
Health	7.50	390.00	10.00	520.00
Transport	79.40	4,128.80	99.10	5,153.20
Communication	17.10	889.20	18.60	967.20
Recreation and Culture	73.40	3,816.80	93.50	4,862.00
Education	7.70	400.40	10.10	525.20
Restaurants and hotels	49.50	2,574.00	53.90	2,802.80
Misc. goods and services	42.60	2,215.20	50.50	2,626.00
All expenditure groups	**488.10**	**25,381.20**	**565.70**	**29,416.40**
Other *holidays, tax, insurance, holidays, etc.*	321.00	16,692.00	399.90	20,794.80
Total	**£809.10**	**£42,073.20**	**£965.60**	**£50,211.20**

4.8 Taking expenditure items that are likely to be spent locally (totalled above as "All expenditure groups"), the annual expenditure in the south east is around £29,416 per dwelling per annum.

4.9 Based on the above, the potential local expenditure generated by a scheme of around 318 residential units in the south east is likely to be around £9.4m per annum.

4.10 In addition to routine annual spending, there is also considerable one-off spending from first-time buyers seeking to furnish their homes. Research carried out by OnePoll for Barratt Homes in August 2014 found that the majority of people spend £5,462 for this purpose, and levels of expenditure can rise to £10,000.

4.11 Taking £5,462 as an average, a development providing 318 units could provide a one-off boost of over £1.7m, much of which will go into the local economy.

Government Finance

4.12 Residential development provides several revenue streams which contribute to public finances. For local authorities there are two principal sources:

- Council Tax; and
- New Homes Bonus.

4.13 Both are assessed against tax bands for residential properties, the established average for which is Band D. Band D covers properties in England valued between £68,001 and £88,000 at 01 April 1991[2].

4.14 **Council Tax** - For the year 2019/2020, the council tax in Elmbridge for Band D properties is £1,935.37[3]._For a scheme providing 318 units, the total generated by council tax will be £615,447.66 per annum.

4.15 **New Homes Bonus** - The New Homes Bonus is a fund reserved to incentivise local authorities to deliver housing, and is tied increases in council tax revenue. Increases in Council tax renders Councils eligible for a financial bonus. An additional premium is applied to the delivery of affordable housing.

4.16 Using the Government's New Homes Bonus calculator for the year 2019/20[4] a scheme of 318 Band D units in Elmbridge (including 15% affordable units) will generate a total payment of **circa £200,000 over four years (£49,955 per annum).**

4.17 This would provide a meaningful increase to the amount of funding that Elmbridge currently receive from the New Homes Bonus. According the New Homes Bonus Calculator, the local authority received £957,930 for the year 2019/20.

4.18 **Total Estimated Revenue** - Based on the new homes bonus and council tax rates (and assuming that all units are valued at the average rate of Band D), 318 units will generate the following (this is an estimate as Council tax rates will be subject to change):

- **£2,092.46 per unit for the first four years** (to account for the New Homes Bonus); and
- **£1,935.37 per unit thereafter**.
- **Total over 10 years = £6,354,295 or almost £6.4m at 2019 prices.**

Affordable Housing

4.19 The provision of affordable housing requires developers reduce their profit margin in order to deliver residential units that are priced below market rates. This acts, in effect, as a

[2] Valuation Office Agency, How domestic properties are assessed for Council Tax bands (26 January 2017)
[3] Elmbridge BC, Council Tax Charges 2019/20 (accessed online)
[4] HM Government, *Final New Homes Bonus calculator 2019 to 2020* (29 January 2019)

privatised subsidy. The Government has estimated that the value of this subsidy in 2016/17 was over £4 billion[5]. This includes £75.4 million secured through commuted sums.

4.20 Within the south east, the total value of in-kind affordable housing was equivalent to £876 million. This figure does not include commuted sums towards affordable housing.

4.21 Affordable housing is defined within the NPPF as being at least 20% of market value. The average property price within Elmbridge for the year ending September 2018 is £568,000[6]. For a scheme of 318 units in Elmbridge that provides 15% affordable at 20% market rates, this gives in a minimum generated value equivalent to around £5.5 million.

4.22 The provision of affordable housing, by encouraging household formation, also has a multiplier effect on public finances: additional households increase revenue generated by council tax (alongside local spending and job creation).

Summary of Economic Benefits of Residential Development

4.23 Based on the analysis above, the estimated effect on a development of 318 units within Elmbridge is set out below:

	Per unit	Whole development	Type of revenue
Jobs	c. 3.1	c. 986	
Council Tax	£1,935.37	£615,447.66	Annual recurring
New Homes Bonus	£630	£199,820	One off
Residential spending	c. £29,416.40	c. £9,354,415	Annual recurring
Furnishing home	c. £5,462	c. £1,736,916	One off
Affordable housing	£113,600	£5,452,800	One off
Total *annual recurring*	**£1,935**	**£9,969,863**	
Total *one-off*	**£114,230**	**£7,389,536**	

4.24 These figures are estimates, and have been calculated using the methods described above. However, they indicate that the scheme can:

- generate a one-off, short term injection of direct and indirect funding into the local economy equivalent to over £7million, and
- provide an annual contribution of almost £10 million.

5 UK Government, Supporting housing delivery through developer contributions (March 2018)
6 ONS, *Median house prices for administrative geographies* (28 March 2019)

5 INDUCED BENEFITS

5.1 The applicant estimates that Sandown Park brings approximately £6.5m to the local economy. Precisely how this manifests itself is difficult to quantify, but by way of context Elmbridge's 2016 Retail Assessment identifies – as part of its key message – a substantial amount of outflow of retail expenditure outside the Borough. Esher was no exception, and the report indicated that £4.3m of Esher's expenditure on comparison goods was retained in Esher, whereas £26.5m went to Kingston.

5.2 Further, the assessment found that Esher district centre was healthy but dominated by independent operators and lacked a number of multiples found in most town centres in the South East. This suggests that the centre's health is "qualified", as independent businesses tend to be more sensitive to changes in income. Esher has a particularly high proportion of A3 restaurant and café businesses, which are evidently complementary to the racecourse. This identifies a lack of diversity which underlines the centre's sensitivity to change, not least in the context of the well publicised difficulties within the restaurant industry at present.

5.3 In this context, and although it is not possible to definitively quantify the induced benefits (not least, as the household survey in the local authority's retail study would not have involved most racecourse visitors), as confirmed above the Racecourse brings around 250,000 people a year to Esher for racing and non-racing leisure and other activities. Given that Esher (as defined by the local authority's Retail Assessment) has a population of circa 12,000 people, this strongly suggests that the high proportion of cafés and restaurants in Esher centre is in large part a result of the presence, nearby, of Sandown Park and the visitors it brings to the area.

5.4 In these terms, it is evident that Sandown Park is a key part of the local economy, and the events that take place there throughout the year, summer and winter, provide substantial spin-off and induced benefits to the local community and businesses in Esher. The additional spend that the application proposals are intended to generate, in large part by the increase in quality of the facilities at Sandown Park, as well as the proposed improved connectivity between the racecourse and Esher district centre (by upgrading existing infrastructure, as reviewed in Section 5 of the main body of this statement), will further support local businesses and jobs.

5.5 Further induced benefits will be generated by the hotel. At present, Esher (and Sandown Park) is poorly served by hotels. Apart from the Lodge on site (which evidently is not available during racedays), Esher only accommodates one small boutique hotel, deterring visitors for staying the night following a visit to the races. The applicant estimates that approximately 10% of spectators travel to Sandown Park from over 100 miles away, and that approximately half stay overnight. At the moment, this benefit is almost entirely lost to Esher, given the lack of local accommodation, as well as wider areas of the Borough of Elmbridge

5.6 Further, the Surrey Hotel Futures Study 2015 confirms that there is significant potential and need for hotel development in all parts of the County. This is found to clearly demonstrate that new hotel provision is vital to support the future growth of the County's economy and capitalise on its leisure and conference tourism potential.

5.7 The proposed hotel will therefore encourage visitors to stay in the area and also for longer when accommodation is available, and this additional available revenue will bring spin-off trade to further support local restaurants, pubs and leisure providers. Further, modern hotels generally include a range of offers such as meeting, conference and public exhibition facilities. These would not only complement the race course, but would also further increase the economic attractiveness of the area to business, generating spin-off benefits beyond the High Street and to Elmbridge as a whole.

6 CONSTRUCTION (AND RELATED) EMPLOYMENT

6.1 The construction phase of the works will generate additional direct, indirect and induced employment, with associated socio-economic benefits for an estimated period of circa six years across a range of trades, and also provide training opportunities.

6.2 The 2018 Report by the Home Builders Federation (HBF) *The Economic Footprint of UK House Building* provides an assessment of the effects of residential development on both the nation and the local area. Although evidently this covers residential construction, it nevertheless assists in providing an indication of the construction jobs that would be created by this proposal – evidently in reality numbers will be higher, given that the residential element is only one part of the much wider scheme.

6.3 The report provides estimates of the total number of direct, indirect and induced jobs generated by construction within with housebuilding industry, as below:

Employment Impact	Lower estimate	% of total	Upper estimate	% of total
Direct *housebuilders and subcontractors*	239,000	44.8%	239,000	34.3%
Indirect *house building supply chain*	119,500	22.4%	186,420	26.7%
Induced *the wider economy*	174,470	32.7%	272,270	39.0%
Total	**532,970**	**100.0%**	**697,690**	**100.0%**

Note: Induced jobs are defined within the report as 'other workers across the wider economy, for example providing goods and services to house builder, subcontractor and supplier employees'.

6.4 Taking the full range of jobs supported (532,970 to 697,690) and the net additional number of dwellings created in England and Wales for the year 2016/17 (224,054), the report states that the 'scale of employment supported by house building is equivalent to between 2.4 and 3.1 direct, indirect and induced jobs per new dwelling built'.

6.5 Applying this to the current proposal, the residential element alone will generate up to 986 direct, indirect and induced jobs. As identified above, however, the actual number will be potentially considerably higher, given the other, non-residential elements of the proposal.

6.6 In addition to providing the above employment opportunities, construction does not merely support jobs, but also provides the means by which young, lower skilled workers can undertake apprenticeships and training. This improves the employability of the local workforce, and has a positive effect on the local economy.

7 IF SANDOWN PARK CONTINUES TO DECLINE

7.1 JCR's remit, as it pertains to Sandown Park, is to operate the racecourse successfully and JCR, not least through its Royal Charter, is committed to this. However, as with all businesses it is not immune to market forces and competition (as set out above), and requires its operations to be commercially sustainable.

7.2 As set out in the Green Belt statement supporting the planning application, the consequence of not carrying out the works, or not carrying them our properly (in the context of the above principles) would ultimately result in further decline and deterioration of the racecourse and its associated facilities (as they could not be carried out in isolation), which would threaten the venue's future viability.

7.3 In the context of the commentary in paragraph 4.9 of the main body of this report, not only would this fundamentally undermine the Green Belt in this area, but operations no longer being sustainable would evidently result in the loss of permanent and temporary jobs on the site. It would also result in a loss of business for the suppliers of Sandown Park, much of those being based in the local area.

7.4 However, beyond this, the loss of the viability of Sandown Park would also remove 250,000 visitors, and their expenditure, from Esher. The findings of the Elmbridge Retail Study suggest (albeit do not identify) a somewhat symbiotic relationship between Esher centre and Sandown Park, and so the racecourse becoming unviable would in all likelihood have a significantly detrimental impact on Esher, its businesses and the jobs it generates, well beyond the headline loss of economic activity identifies above.