The Economic Impact of Horseracing in Yorkshire

March 2011

CRESR
Centre for Regional Economic and Social Research

The Economic Impact of Racing in Yorkshire

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Executive Summary

Introducing the report

In 2010 the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University was commissioned by 'Go Racing in Yorkshire Ltd' to undertake a study to identify the economic impact of Horseracing in the Yorkshire region.

The overall approach largely mirrors that adopted by Deloitte, which has undertaken a number of studies exploring the economic impact of the industry across Britain as a whole.

The economic impact of racing in Yorkshire is mainly based on the direct expenditure of participants in the industry and associated expenditure on the part of racing consumers.

In addition, other sources of expenditure are also included:

- an estimate of the on-course betting margin earned by on-course bookmakers
- off-course expenditure by non-race day attendees at the nine racecourses.

In order to be consistent, all data refer to 2009.

The region is defined as North Yorkshire, West Yorkshire, East Yorkshire, South Yorkshire and the Tees Valley south of the Tees.

Racecourses, Attendances, Betting and Off-course Expenditure

Racecourse activity

There are nine racecourses in the region. Six concentrate solely on flat racing: Beverley, Pontefract, Redcar, Ripon, Thirsk and York; Wetherby is a National Hunt course; and Catterick and Doncaster hold both flat, and National Hunt, fixtures.

More fixtures and races were held at Doncaster in 2009 than for any of the eight other courses. All courses held at least 14 fixtures. Around 12 per cent of total fixtures in Britain were held in the region.

Attendances at York averaged almost 19,000 per fixture. Attendances at other courses averaged from around 2,700 to almost 6,000 per fixture.

York, and to a lesser degree Doncaster, have higher average prize money than other courses.

All sources of racecourse revenue amounted to slightly over £68m in 2009.

Off-Course activity

Off-course spend by racegoers on activities such as transport, food and beverage, and hotels for overnight stays amounted to about £29.2 million.

Off-course expenditure by non-race day attendees was around £13.3 million.

The nine individual Racecourses: revenues

Almost two-thirds of revenue and relevant expenditure occurred at York and Doncaster. Annual totals for the other seven courses range from around £6.3m to almost £10m.

Owners, Trainers and Breeders

Owners

Owners contribute to the funding of Horseracing in various ways notably through the purchase of horses, training, 'horse care', and racing. Net owners' expenditure on horses trained in Yorkshire is £46.9m.

Jockeys earned £2.6 million though fees associated with riding races in Yorkshire.

Trainers

There are about 121 licensed trainers in Yorkshire, around 21 per cent of those for Britain as a whole. About a third of this total train fewer then ten horses; 21 each train more than 40 horses.

Breeders

The Thoroughbred Association suggests 568 (5.3 per cent) of the 10,624 mares in Britain were located in Yorkshire in 2009. 4.5 per cent of foals nationally were born in the region. Breeders' expenditure in Yorkshire amounted to £11.0m.

Other activities associated with racing

- the Northern Racing College provides training for young people who want to work in the racing industry
- Doncaster Bloodstock Sales Ltd: ten sales a year take place in the new state-of-the-art Sales Complex in Doncaster
- Point to Point: 11 point to point meeting were staged in Yorkshire in 2009, representing just over 5 per cent of all such meetings held in Britain during that year.

Economic Impact and Employment: an overall assessment

The **economic impact of racing in Yorkshire (including non-racing activity) amounts to around £219.8m. This rises to £228.0m if capital expenditure is included.** Around £187.9m can be regarded as reflecting impact of the racing industry itself.

There are about **2,332 full time equivalent (FTE) jobs in** the core racing industry. Employment in racing supports a further 830 FTE jobs in the region.

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1. Introducing the report

In 2010 the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University was commissioned by 'Go Racing in Yorkshire Ltd' to undertake a study to identify the economic impact of Horseracing in the Yorkshire region. The study began in November 2010 and was completed by March 2011.

Methodology and Data Sources

The overall approach used in this report largely mirrors that adopted by Deloitte, which has undertaken a number of studies exploring the economic impact of the industry across Britain as a whole[1]. In October 2010 discussions were held with Deloitte to confirm that the approach adopted here broadly complements the methodology underpinning their 2009 report: 'The Economic Impact of British Racing'.

Adopting a similar methodology to that 2009 Deloitte report is useful because:

- it is then possible to validate findings from this study with similar evidence for Britain as a whole
- because of the unavailability of some regional data, there are instances where figures for Yorkshire contained here have been drawn on a pro-rata basis from national equivalents outlined in reports produced by Deloittes; where original Yorkshire based evidence has been collected, and then compared with national equivalents, there is a consistent pattern that, depending on the particular activity, racing in Yorkshire accounts for between 12 per cent and 18 per cent of the industry nationally.

In line with the approach adopted by Deloitte, the economic impact of racing in Yorkshire is mainly based on the direct expenditure of participants in the industry and associated expenditure on the part of racing consumers.

However, other sources of expenditure, not within the Deloitte reports, are also included:

- an estimate of the on-course betting margin earned by on-course bookmakers
- off-course expenditure by non-race day attendees at the nine racecourses.

A summary of flows of expenditure included in the Report is outlined in Table 1.1.

We have not directly addressed the question of benefits potentially **leaking out** of Yorkshire into other regions. Values estimated in this report will not all necessarily remain in Yorkshire. However, it can be argued that it is still the Yorkshire racing industry which creates these flows. Moreover, in practice leakage is likely to be limited in scale; it is not clear on what basis it could be calculated; and in any event, there will be counterbalancing leakages of benefits from other regions into Yorkshire.

[1] In particular: Deloitte and British Horseracing Authority 2009 Economic Impact of British Racing http://www.deloitte.com/view/en_GB/uk/industries/sportsbusinessgroup/sports/horseracing/3c332287681a5210VgnVCM200000bb42f00aRCRD.htm

In order to be consistent, all data refer to 2009.

For the purposes of this report the **region is defined** as North Yorkshire, West Yorkshire, East Yorkshire, South Yorkshire and the Tees Valley south of the Tees.

Table 1.1: A summary of expenditure included in this study

Source	**Summary of expenditure**
Racecourses	Expenditure generated by Yorkshire's nine racecourses from expenditure of racing consumers: ▪ admission: general, hospitality and members ▪ catering ▪ on-course betting: bookmaker badges, commissions and bookmakers margin ▪ media: terrestrial channels, Racing UK, At The Races, Turf TV and SIS ▪ sponsorship of races and meetings ▪ other raceday activities: for example from racecard sales ▪ other non-race day activities: for example from conferencing, banqueting and land rents/hire
Levy	Revenue to racecourses from distributions of the 10 per cent (with some exceptions) statutory levy on British betting operators' gross win from British Racing; this is paid to racecourses to fund, amongst other things, fixtures, prize money, appearance fees, and integrity services.
Owners	Owners ongoing operating expenditure on: ▪ keep fees ▪ training fees ▪ vets medical and farriers ▪ transport and racing expenses ▪ jockeys fees
Breeding	As in the Deloitte study this has been estimated based on breeder's expenditure.
Other racing	This includes estimates of: ▪ revenue earned by the Northern Racing College ▪ racegoers expenditure on point-to-point ▪ expenditure on racing press
Off-course racegoing	Additional off-course expenditure by racegoers on travelling to racecourses, accommodation, food and drink and other spend
Off-course non-racing attendees	Additional off-course expenditure by non-racing attendees at racecourses on travelling to racecourses, accommodation, food, etc
Secondary expenditure	Indirect and induced expenditure: an estimate of the value of the 'ripple effect' of direct expenditure through the Yorkshire economy

Evidence is drawn from a number of sources of which the most important are:

- full management accounts from the nine racecourses in the region; assumptions contained in detailed analyses of these accounts were validated as part of visits to two case-study courses: Doncaster and Redcar
- existing data sources relating to horseracing and racecourses including the British Horseracing Authority's British Racing Statistics 2009[2], and information on racing Classes[3], on individual race classes[4], and on racecourse grades[5]
- information passed on by the Thoroughbred Breeders Association on breeding
- the Directory of the Turf on trainers and horses in training
- data from the Horserace Betting Levy Board (HBLB) on levy receipts and bookmakers.

The remaining sections of this report are organised as follows:

- Chapter 2 considers **racecourses, attendances, betting and off-course expenditure**
- Chapter 3 addresses impact surrounding **owners, trainers and breeders**
- Chapter 4 provides an **overall assessment** of the industry's economic impact and employment in the region.

[2] http://www.britishhorseracing.com/resources/media/publications_and_reports/statistics.asp

[3] http://www.horseracing.co.uk/horse-racing/jump-racing/racing-grades.html

[4] http://www.britishhorseracing.com/resources/media/publications_and_reports/FlatPattern2010.pdf

[5] http://www.flatstats.co.uk/racecourses.html

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2. Racecourses, Attendances, Betting and Off-course Expenditure

Racecourse activity

There are nine racecourses in the region, brief pen portraits of which are provided in Table 2.1. Six courses concentrate solely on flat racing: Beverley, Pontefract, Redcar, Ripon, Thirsk and York; Wetherby is a National Hunt course; and Catterick and Doncaster hold both flat, and National Hunt, fixtures.

Table 2.1: Yorkshire Racecourses: brief pen-portraits

BEVERLEY (Flat racing from April to September): the only racecourse in East Yorkshire, Beverley is situated on the picturesque Westwood and racing began on the present site in 1690. There are 20 racedays in 2011. The Totesport Beverley Bullet Sprint Stakes is a Listed race held in August.

CATTERICK (Flat and Jump racing all year round): one of the busiest dual-purpose racecourses in Britain, with a total of 27 meetings (17 Flat and 10 over Jumps) from New Year's Day to 28 December each year.

DONCASTER (Flat and Jump racing all year round): home of the world's oldest Classic, The St. Leger Stakes in September (first held in 1776). There is a host of Group and Listed races, including a pair of Group 1 contests - The Ladbrokes St. Leger Stakes and The Racing Post Trophy. Doncaster traditionally starts and concludes the British Flat season on turf with famous Heritage Handicaps, such as The William Hill Lincoln Handicap (late March/early April) and The Totesport November Handicap. The Sky Bet Chase in January is the principal race over Jumps. A £34 million redevelopment programme was completed in 2007.There are 34 racedays scheduled in 2011 (24 on the Flat and 10 over Jumps).

PONTEFRACT (Flat racing from April to October): boasts the longest continuous Flat track in the world and hosts the longest Handicap race on the Flat in Britain - The Pontefract Marathon Handicap Stakes. There are 16 racedays in 2011, featuring a quintet of Listed races. Pontefract has more Sunday fixtures (three) than any other Yorkshire racecourse.

REDCAR (Flat racing from April to early November): a total of 18 racedays at Yorkshire's 'seaside' racecourse are planned for 2011. The Zetland Gold Cup on Spring Bank Holiday in May and the £150,000 Totepool Two-Year-Old Trophy (Listed) in October are the main races. Another Listed race, The Guisborough Stakes, also takes place in October.

RIPON (Flat racing from April to September): Yorkshire's 'Garden Racecourse' is renowned for its flowers and manicured lawns. There are 15 meetings in 2011, with feature races being The William Hill Great St. Wilfrid Heritage Handicap and The Ripon Two-Year-Old Trophy (a Listed race) both taking place in August.

THIRSK (Flat racing from April to September): there are 13 meetings during 2011. Racing began on the present site in 1855 and The totesport.com Thirsk Hunt Cup is one of the feature races, taking place early in the campaign.

WETHERBY (Jump racing from October to June): the only Yorkshire racecourse devoted entirely to racing over Jumps, with a total of 17 racedays. The bet365 Charlie Hall Chase in October is one of the most prestigious races in the early part of the British Jumping season, while the Totesport Towton Novices' Chase in February attracts some of the best up-and-coming stars over fences. Both races are Grade 2 contests.

YORK (Flat racing from May to October): considered to be one of the best racecourses in the world, York attracts the very best horses and jockeys during a 17-day season which includes many of Britain's most prestigious races. The opening three-day Dante Festival in May and the four-day Welcome to Yorkshire Ebor Festival in August feature a plethora of Group, Listed and Heritage Handicaps. The trio of Group 1 races take place in August - The Juddmonte International Stakes, The Darley Yorkshire Oaks and The Coolmore Nunthorpe Stakes. The Totesport Ebor Heritage Handicap (also in August) is Europe's richest Handicap race on the Flat. The John Smith's Cup in July is Britain's longest continuous commercially-sponsored race, having first been held in 1960.

Table 2.2 provides an indication of **racing activity** across the region in 2009. More fixtures and races were held at Doncaster than for any of the eight other courses. All courses held at least 14 fixtures. Around 12 per cent of total fixtures (both scheduled and ran) in Britain were held in the region.

Table 2:2: Racecourse racing activities; 2009

	Scheduled fixtures (abandoned)	Races	Entries	Runners
Beverley	19	134	3,309	1,391
Catterick Bridge	28 (4)	164	3,838	1,763
Doncaster	31	208	6,664	2,377
Pontefract	16	111	2,948	1,058
Redcar	19 (1)	127	3,939	1,451
Ripon	15	97	2,310	983
Thirsk	14	94	2,537	1,011
Wetherby	18 (5)	90	1,950	738
York	17	111	3,468	1,380
Yorkshire	**177**	**1,136**	**30,963**	**12,152**
… percentage of Britain	**12**	**12**	**13**	**13**
Britain	**1,506 (80)**	**9,628**	**239,777**	**95,996**

Source: British Racing Statistics 2009

Although more fixtures were held at Doncaster than elsewhere, both absolute and average **attendances** were higher at York (Table 2.3). Attendances at the other seven courses averaged from around 2,700 to almost 5,000 per fixture. Although 12 per cent of total fixtures in Britain were held in the region, these attracted about 16 per cent of the national figure, mainly because of the higher attendances at York. York and Doncaster also attracted more bookmakers than other courses.

Table 2.3: Racecourse attendances: 2009

	Fixtures run	Attendance no.	Attendance average	Bookmakers no.	Bookmakers average
Beverley	19	87,630	4,612	802	42
Catterick Bridge	24	40,513	1,688	577	24
Doncaster	31	183,200	5,910	1,555	50
Pontefract	16	79,921	4,995	821	51
Redcar	18	48,659	2,703	627	35
Ripon	15	72,453	4,830	702	47
Thirsk	14	55,175	3,941	581	42
Wetherby	13	46,463	3,574	564	43
York	17	322,232	18,955	2,034	120
Yorkshire	**167**	**936,246**	**5,606**	**8,263**	**49**
… percentage of Britain	**12**	**16**		**19**	
Britain	**1,426**	**5,720,776**	**4,012**	**42,810**	**30**

Source: British Racing Statistics 2009; HBLB

Bearing in mind total attendances, it is not surprising to see York, and to a lesser degree Doncaster, with higher average **prize money** than is the case for the other courses (Table 2.4). York's average prize money per fixture is almost twice that for Doncaster, and at least four times greater than for any other course.

Table 2.4: Racecourse prize money: 2009

	Exec. & Spons. (£000)	HBLB (£000)	Owners (£000)	BHA (£000)	Div. Fund (£000)	Total (£000)	Average per fixt. (£000)
Beverley	175.6	574.6	62.2	28.5	8.8	849.7	44.7
Catterick Bridge	75.7	622.5	59.7	7.5	19.5	784.9	32.7
Doncaster	1,358.8	2,099.0	1,089.1	82.5	39.5	4,669.0	150.6
Pontefract	202.8	692.6	63.9	27.5	22.0	1,008.8	63.0
Redcar	88.1	534.2	221.7	6.0	4.0	854.0	47.4
Ripon	211.0	584.0	66.2	26.0	5.0	892.2	59.5
Thirsk	144.5	476.8	79.3	12.5	21.1	734.2	52.4
Wetherby	132.8	545.6	58.0	20.0	3.0	759.4	58.4
York	2,101.8	1,647.5	1,130.6	45.0	0.0	4,924.8	289.7
Yorkshire	**4,491.1**	**7,776.9**	**2,830.7**	**255.5**	**122.9**	**15,477.0**	**92.7**
… percentage of Britain	**16**	**12**	**16**	**18**	**13**	**14**	
Britain	**27,611.3**	**63,136.2**	**17,324.6**	**1,414.5**	**974.4**	**110,461.0**	**77.5**

Source: British Racing Statistics 2009

Table 2.5 provides an overview of **racecourse revenue for 2009.** This consists of:

- admissions to race course fixtures, including general entry, hospitality and members
- catering: the estimated gross spend at the nine racecourses of which eight contract out their catering; gross catering revenue is estimated on commission received, and the rate at which this is based; there is evidence nationally of increasing revenue from improved catering facilities at race fixtures
- on-course betting racecourse income: bookmaker badges and commissions received by the racecourses from, for example, the tote
- on-course betting bookmakers margin: an estimate of the margin earned by on-course bookmakers (generally the tote and rails); this is based on:
  - tote commission received
  - the rate at which this is paid
  - an assumption that a third of the total value of bets placed is via the tote
  - a conservative estimated built-in margin of 15 per cent, validated by assessing starting prices contained on the tote website for a sample of races run in 2009 across the region's courses
  - bookmaker badge receipts
  - levy rate paid by the tote[6]
- media: broadcasting rights: payments from 'At The Races' and Racing UK racecourses, and payments from SIS and Turf TV for the supply of pictures to betting offices
- sponsorship money of races and/or meetings
- other race day activity such as racecards and advertising
- other non-race day activity: all courses have sought to increase non-race day income through conferences, functions, exhibitions and so on; much of this activity is not directly connected to the racing industry
- levy distribution: a significant income to racecourses comes from distribution of the 10 per cent (with some exceptions) statutory levy on British betting operators' gross win from British Racing; this is paid to racecourses to fund, amongst other things, fixtures, prize money, appearance fees, and integrity services.

All sources of racecourse revenue amounted to slightly over £68m in 2009.

[6] Levy paid by rails' bookmakers is not included because of lack of information on the exact number of rails' bookmakers and the proportion of their activities taking place in Yorkshire; this is likely to be marginal (the levy rate for on-course bookmakers in 2009 was £200).

Table 2.5: Racecourse revenues: 2009

	Yorkshire (£m)
Admissions	17.5
Catering	11.8
On-course betting - racecourse income	1.3
On-course betting - bookmakers margin	7.5
Media	6.4
Sponsorship	6.0
Other raceday	1.2
Other non-raceday	5.9
Total controllable	**57.6**
Levy distributions	10.7
Total revenue	**68.2**

Source: 9 Yorkshire Racecourse management accounts, CRESR estimates, Deloitte 2009 study; Yorkshire figures relate to 2009; Revenue differs from racecourse statutory accounts because of factors such as: grossing up of catering revenues and adjustment of differing accounting policies in respect of levy distributions; VAT has been applied to 'admission' and 'catering' only.

Off-Course activity

Revenues tabulated above relate to activity taking place at racecourses. Three other sources of **off-course income** have also been calculated: off-course expenditure by racegoers; off-course expenditure by non-race day attendees; and off-course betting.

(i) Off-course expenditure by racegoers

This consists of off-course spend by racegoers on activities such as transport, food and beverage, and also hotels for overnight stays. The 2009 Deloitte study provides national estimates of off-course expenditure incurred by racegoers. These figures have been applied pro-rata to the Yorkshire region subject to a number of caveats:

- the Deloitte study suggests 1 in 20 racegoers have an overnight stay; following interviews with managers at Doncaster and Redcar, this appears to be an overestimate for most fixtures at most courses; the 1 in 20 figure thus applies solely to attendees at York and Doncaster, and a 1 in 50 ratio for other courses
- off-course spend per attendee estimates have not been adjusted for inflation because the Deloitte study only provides unrounded estimates
- the assumption has been made that all of this off-course expenditure takes place within Yorkshire; in reality part will have occurred in other regions; for instance, racegoers from the North East filling up with petrol in that region prior to attending events at, say, Redcar or Catterick.

Bearing in mind these caveats, calculations have been made on the basis of estimated average off-course spend per attendee as £27 per day tripper, and £143 per overnight stayer. Applying these figures to attendance data (Table 2.3) provides an estimate of **off-course expenditure of £29.2 million.**

(ii) Off-course expenditure by non-race day attendees

This consists of off-course expenditure by visitors to non-racing events at racecourses. As for expenditure by racegoers, this includes spend on activities such as transport, food and beverage, and also hotels for overnight stay. Attendance data on non-race day events has been supplied by two racecourses Doncaster and York. To compute a Yorkshire wide figure it has been assumed that 80 per cent of all non-race day attendance will occur at these two courses which gives an overall estimate of 412,900 day attendees[7].

Applying the same pattern of expenditure as laid out above for off-course expenditure by racegoers, provides an estimate of **off-course expenditure by non-race day attendees of £13.3 million.**

(iii) Off-course Betting

Deloitte's 2009 'Economic Impact of Racing' indicates that the betting industry's gross win from British horseracing in 2008/09 was just over a billion pounds: £1,010m, significantly down on the 2007/08 figure of £1,230m. Applying a similar ratio to an assumed reduction in HBLB levy receipts between 2008/09 and 2009/10, suggests an estimated gross win of around £818.7 million in 2009/10.

Working on assumptions that amounts bet, and betting industry wins from fixtures, are proportionate to attendance (an indication of the 'popularity' of the races), then 16.4 per cent of the gross win can be considered to have occurred on 'Yorkshire races'. This would suggest a gross win of £134.0 million in 2009/10 for the region, down from 165.3 million in 2008/09.

Consistent with the Deloitte study, the impact of Yorkshire racing on the betting industry has been primarily addressed via the distribution of the statutory levy on British betting operators' gross profits and is included in Table 2.5 above. Therefore, off-course betting estimates do not feature in the final calculation of the impact of the racing industry laid out in chapter 4. These figures nevertheless provide an indication of the gross win to bookmakers on races held in Yorkshire.

The nine individual Racecourses: revenues

Table 2.6 provides a breakdown of revenues and relevant expenditure associated with each of the nine courses. In addition to the items included in Table 2.5, this includes off-course expenditure by racecourse attendants and secondary expenditure resulting from racecourse and off-course expenditures. As would be expected totals range considerably across the nine courses. Almost two-thirds of revenue and relevant expenditure occur at York and Doncaster. Annual totals for the other seven courses range from around £6.3m to almost £10m.

This chapter has considered income and activity either directly, or indirectly, associated with the nine courses. The next addresses activity associated with owning, training and breeding horses.

[7] An attendee is a person attending an event on one day; if one person attends an event lasting two days they would be counted twice.

Table 2.6: Individual racecourse revenues, off-course expenditure and secondary expenditure: 2009

	Controllable plus levy (£m)	Off-course racegoer (£m)	Off-course non-racing attendee (£m)	Secondary core (£m)	Secondary off-course (£m)	Total (£m)	Percentage of Yorkshire (per cent)
Beverley	4.1	2.6	0.4	1.7	1.2	9.9	6
Catterick Bridge	3.2	1.2	0.1	1.3	0.5	6.3	4
Doncaster	17.9	6.0	4.9	7.2	4.4	40.4	26
Pontefract	3.5	2.3	0.3	1.4	1.0	8.6	6
Redcar	3.2	1.4	0.2	1.3	0.7	6.7	4
Ripon	3.5	2.1	0.1	1.4	0.9	8.0	5
Thirsk	3.2	1.6	0.5	1.3	0.9	7.5	5
Wetherby	4.5	1.4	0.8	1.8	0.9	9.3	6
York	25.1	10.6	5.9	10.0	6.6	58.2	38
Yorkshire	**68.2**	**29.2**	**13.3**	**27.3**	**17.0**	**155.0**	

Source: 9 Yorkshire Racecourse management accounts, British Horseracing Statistics, CRESR estimates, Deloitte 2009 study, Yorkshire Forward Regional Economic Model (REM)
Controllable plus levy includes admissions, catering, on-course betting commission, media, sponsorship, other raceday, and other non-raceday, activity; Capital expenditure is not included: figures are not available for all nine courses and capital expenditure would not normally be included in these calculations.

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3. Owners, Trainers and Breeders

The previous chapter examined revenues and expenditure directly associated with the nine racecourses in the region. This chapter considers benefits arising owners, trainers and breeders.

Owners

Owners contribute to the funding of horseracing in various ways notably through the purchase of horses, training, 'horse care', and racing.

Because this study is interested in owners' expenditure, the emphasis is placed on horses in training in Yorkshire, rather than on owners themselves. This gives a better indication of impact and expenditure in the region. Estimates of income flowing from the ownership of horses is derived from:

- total number of horses in training in the region
- unit costs per horse.

An estimate of the **total number of horses in training in Yorkshire** has been obtained from the Directory of the Turf (trainer records). To make this comparable with figures contained in the Deloitte study, this is a one-off figure, not an accumulation of horses in training at some point during 2009. Numbers drawn from the Directory have been adjusted to take into account missing data on smaller trainers with ten, or fewer, horses[8].

Following this adjustment, it is estimated that there are **3,288 horses in training in Yorkshire: 22 per cent of those in Britain (14,859)**. Using the British average number of owners per horse, this suggests there are slightly more than 5,400 owners with horses in training in the region. Some of these will live outside Yorkshire. However, equally so there will be a significant number of Yorkshire based owners with horses trained outside the region.

In order to establish the total contribution made by owners it is necessary to indentify **unit costs per horse**. These largely consist of expenditure on basic training, vets, farriers, transport, and racing expenses. For each of these we have used 'average owner's operating expenditure per horse' taken from the 2009 Deloitte report, adjusted for inflation. A number of assumptions have been made:

- the slightly different 'flat' and 'jump' unit costs for horses in training in Britain have been combined and averaged: £15,723 per horse per year
- some costs such as BHA registration and entry fees, race entry and insurance costs, are not included since:
  - a high proportion of this expenditure, such as race entry, will not occur within Yorkshire
  - race entry in Yorkshire races will have been included within racecourse income

[8] This adjustment adds in an additional 150 horses

- some costs cannot be assigned to the region simply because a horse is trained in Yorkshire e.g. BHA registration and entry fees.

It is therefore possible to multiply total number of horses in training, 3,288, by average unit costs per horse: £15,723. This gives an overall figure in relation to owners' expenditure on training of £51.7m. In addition the Deloitte study also calculates the keep costs of horses not in training to be £15 million nationally. This suggests a regional estimate of £3.3m for Yorkshire. Together these two figures indicate total owners' expenditure in the region to be £55.0m.

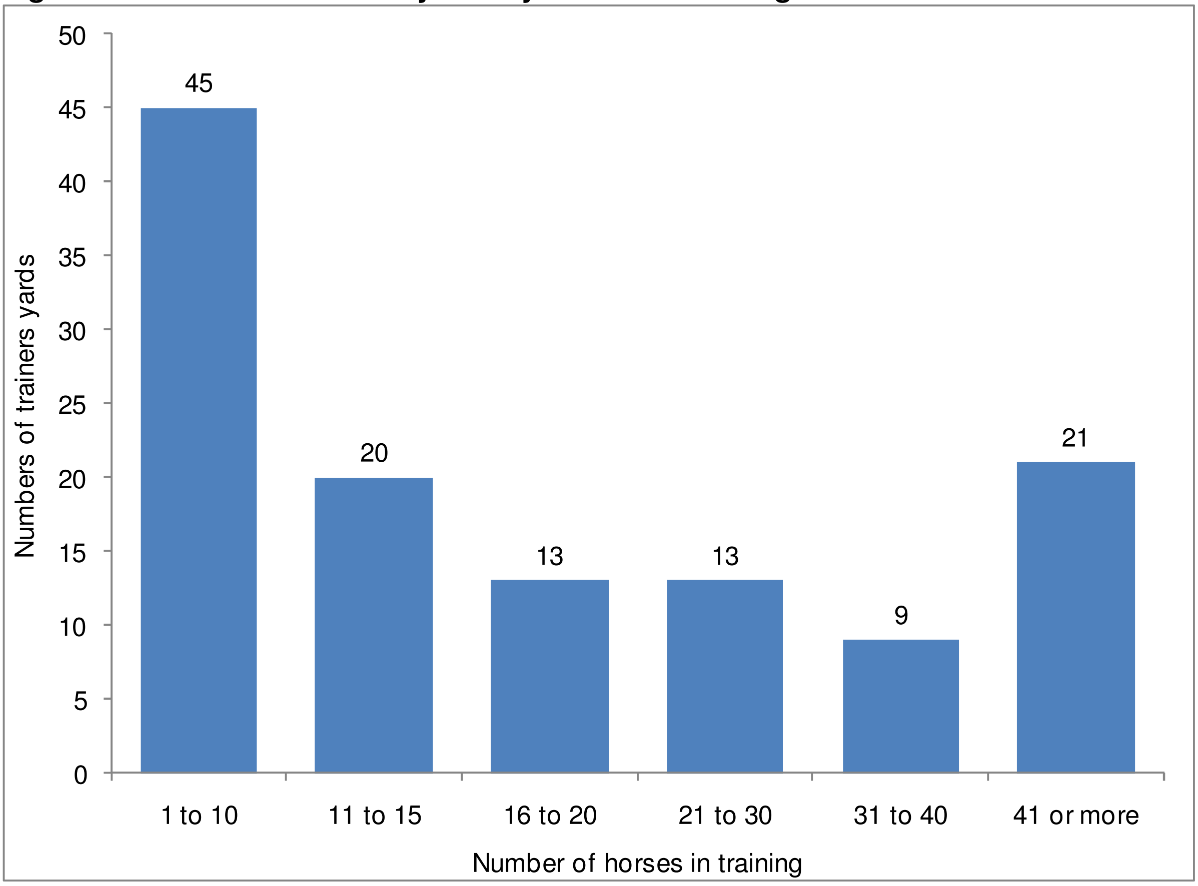
However, some of this expenditure will be recouped through prize money and sponsorship. The Deloitte report suggests that, pro-rata, horses trained in Yorkshire will earn owners an estimated £20.4m in prize money. A certain proportion of this will have been 'won' at Yorkshire racecourses. It is therefore internal to the Yorkshire racing industry and has already been accounted for in estimates of the impact of horseracing in Yorkshire (Table 2.5). It is assumed here that this amounts to 40 per cent of owners' prize money (£8.2m). This figure is therefore already included in earlier estimates, and should be removed from the overall owners' expenditure of £55m. This suggests **net owners' expenditure on horses trained in Yorkshire is £46.9m.**

In addition, it is also possible to include owners' expenditure on **jockeys' fees payable on races run in Yorkshire**. Including jockeys' fees in this way does not take into account where the owner, horse or jockey are based. Instead the assumption is made that races in Yorkshire earn jockeys fees, regardless of where they reside. In 2009 these fees were set at £103.45 for flat races and £141.21 for jump races. Applying these figures to British Horseracing Statistics for races run in Yorkshire in 2009 (Table 2.2), suggests jockeys earned £2.6 million in jockeys' fees riding races within Yorkshire. Adding this owners' expenditure onto expenditure on horses trained in Yorkshire (£46.9m) **gives an overall total of £49.5m**.

Trainers

Expenditure on training of horses is included in the previous section looking at owners' expenditure. However, it is interesting to see the scale of training in Yorkshire. Using the Directory of the Turf, adjusting pro-rata, suggests there are about 121 licensed trainers in Yorkshire, around 21 per cent of those for Britain as a whole. About a third of this total train fewer then ten horses; at the other end of the spectrum 21 (17 per cent) each train more than 40 horses (Figure 3.1).

Figure 3.1: Licensed trainers' yards by horses in training



Source: Directory of the Turf, British Racing Statistics 2009, CRESR estimates

Breeders

'British Horseracing Statistics 2009' provides numbers of stallions, active broodmares and foals born in Britain. Estimates have been provided for Yorkshire[9] by applying information from The Thoroughbred Association (TBA). The TBA suggests that 5.3 per cent of the mares in Britain were located in Yorkshire. The number of mares is often used to provide an indication of levels of breeding activity. Therefore the proportion of British mares in Yorkshire has been used to estimate number of stallions, active broodmares, and breeding expenditure in 2009. In addition the TBA also indicates that some 4.5 per cent of foals were born in Yorkshire. This proportion has been used to estimate numbers of foals born in 2009. Applying these percentage figures provides estimates for the region of stallions, brood mares and foals (Table 3.1).

Table 3.1: Bloodstock

	Yorkshire	Britain
Stallions	19	347
Active broodmares	568	10,624
British born foals	254	5,595

Source: British Racing Statistics 2009, TBA 2010 figures, CRESR estimates

[9] North Yorkshire, West Yorkshire, East Yorkshire and South Yorkshire; note this excludes Tees Valley south of the Tees

The 2009 Deloitte study provides estimates of breeders' expenditure and associated employment levels. Multiplying these figures by the 5.3 per cent estimate for the proportion of British breeding activity occurring in Yorkshire, gives an estimate for breeders' expenditure of £11.0m for the region (Table 3.2). Because the 2009 Deloitte report provides rounded aggregate figures, these have not adjusted for inflation.

Table 3.2: Breeders' expenditure

	Yorkshire (£m)	Britain (£m)
Wage cost	6.1	114.9
Transport cost	0.4	7.1
Vets, medical and farriers	1.5	27.4
Other operating costs	1.9	35.6
Annual maintenance and capital spend	1.1	20.3
Total annual expenditure	**11.0**	**205.4**

Source: Deloitte study, TBA, CRESR estimates

Other activities associated with racing

Brief mention should be made of three other activities located in the region associated with the industry:

- the Northern Racing College (The Northern Centre of Excellence for the Racing Industry), near Doncaster provides training for young people who want to work in the racing industry; approximately 100 students complete a 12-week residential 'NVQ level 1 Foundation Course' each year
- Doncaster Bloodstock Sales Ltd: Doncaster Bloodstock Sales Ltd (DBS) is a registered Thoroughbred Auction House, selling over 3,500 racehorses a year; day to day running of the Auction House takes place from the company offices in Hawick, in the Scottish Borders; however, ten sales a year take place in the new state-of-the-art Sales Complex in Doncaster; only off-course expenditure by attendees[10] has been included in estimations of total economic impact outlined in the final chapter
- Point to Point: 11 point to point meeting were staged in Yorkshire in 2009, representing just over five per cent of all such meetings held in Britain during that year.

This chapter has identified activity in the region associated with owners, trainers and breeders, and briefly outlines other relevant activity. The final chapter pulls together evidence from this, and section Two, in order to provide overall estimates of economic impact and employment.

[10] There were an estimated 70,000 visitors in 2009.

4

4. Economic Impact and Employment: an overall assessment

This final chapter pulls together evidence developed in earlier sections to provide an overall assessment of economic impact and employment associated with the industry in the region.

Economic Impact

Table 4.1 suggest that the **economic impact of racing in Yorkshire (including non-racing activity) amounts to around £219.8m**. If capital expenditure is included this rises to £228.0m. Around £187.9m can be regarded as reflecting the impact of the racing industry itself (£134.2m core and £53.7m secondary core).

Because of the importance of these overall totals, assumptions underpinning their calculation should be made clear:

- racecourses: controllable racecourse income identified within management accounts for the nine Yorkshire racecourses (Table 2.5) , including admissions, catering, on-course betting commission, media, sponsorship, other raceday, and other non-raceday, activity
- Levy: income to racecourses covering, for example, prize money, fixture fees, racing integrity, appearance money and special races (Table 2.5)
- owners: expenditure on basic training, vets, farriers, transport, and racing expenses minus prize money
- breeding: as outlined in Table 3.2
- three other activities associated with racing:
    - the Northern Racing College: £1.5m
    - Point to Point based on apportioning a national total of £20m[11] by proportion of 2009 fixtures in Yorkshire (5.3per cent): £1.1m
    - racing press based on apportioning £35m (value of racing press in 2009 Deloitte study) by proportion of GB population in Yorkshire: £3.0m
- off-course racing: off-course expenditure by racegoers and attendees at the Doncaster Bloodstock Sales Ltd
- off-course non-racing: off-course expenditure by non-racing attendees at racecourses
- racecourse activity and income earned by those directly employed in the industry will in turn generate secondary activity in other businesses: we have used the Yorkshire Forward regional benchmark figure of 1.4 for 'other services' which is based on evidence from Experian data and is consistent with regional benchmarks published by the Department of Business, Innovation and Skills (DBIS)[12].

[11] Deloitte 2006 Economic Impact of British Racing
[12] http://www.bis.gov.uk/assets/biscore/economics-and-statistics/docs/09-1559-rda-evaluation-practical-guidance-main-report.pdf

- capital expenditure: capital expenditure is not typically included when assessing economic impact at one point in time; however, as in the Deloitte study, this has been included to demonstrate the scale of investment taking place at Yorkshire's racecourses and its contribution to the construction industry; capital expenditure represents an average yearly figure across seven racecourses[13] over the last 10 years.

Table 4.1: Economic impact

	£m
Racecourses	57.6
Levy (via racecourses only)	10.7
Owners	49.5
Breeding	11.0
Other racing (NRC, Point to Point and Press)	5.6
Total core	**134.2**
Off-course racing	**31.9**
Off-course non-racing	**13.3**
Secondary core	**53.7**
Secondary off-course	**18.1**
Total Economic Impact	**219.8**
Capital expenditure (10 year yearly average)	**8.2**
Total Economic Impact including capital expenditure	**228.0**

Source: 9 Yorkshire Racecourse management accounts, British Horseracing Statistics, the Directory of the Turf 2010, Thoroughbred Breeders Association, CRESR estimates, Deloitte 2009 study, Deloitte 2005 study, Yorkshire Forward Regional Economic Model (REM)

Table 4.2 provides an estimate of number of full time equivalent **employees** within the core racing industry. This amounts to about **2,332 full time equivalent (FTE) jobs**. Again assumptions underpinning this figure should be made clear:

- trainers: based on estimated 0.44 FTE trainers and stable staff per horse as indicated in Deloitte's study of the industry nationally
- breeders: apportioning a Deloitte estimate of those employed nationally, on the basis that 5.3 per cent of the industry is located in Yorkshire
- racecourses: data supplied by individual courses

[13] Capital expenditure was not obtained for Beverley and Ripon

- riders: apportioning a Deloitte estimate of those employed nationally on the basis that 22 per cent of riders are likely to be based in Yorkshire
- on-course bookmakers: based on Levy board data
- caterers:
  - general catering based on apportioning 10 per cent of the national figure to Yorkshire
  - raceday catering based on apportioning the national total devised by Deloitte using attendance data: 16 per cent of total attendance was at Yorkshire racecourses.

In addition using Yorkshire Forward's Regional Economic Model employment effect **multipliers,** it is estimated that employment in Yorkshire racing industry supports a further 830 FTE jobs in Yorkshire (approximately 29.1 thousand hours of work per week[14]).

Table 4.2: Employees: core racing industry

	General (FTE)	Yorkshire Raceday (FTE)	Total (FTE)	Britain Total (FTE)
Trainers	1,486		1,486	6,772
Breeders	240		240	4,500
Racecourses	157	47	203	2,683
Jockeys	116		116	527
On-course bookmakers		39	39	420
Caterers	100	147	247	1,900
Total	**2,099**	**233**	**2,332**	**16,802**

Source: 9 Yorkshire Racecourse management accounts, British Horseracing Statistics, the Directory of the Turf 2010, Thoroughbred Breeders Association, CRESR estimates, Deloitte 2009 study, Yorkshire Forward Regional Economic Model (REM)

[14] Based on full time employment equating to 35 hours per week