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|  Executive Committee –12th December 2012 | | Agenda Item No. <h1 style="text-align: center;">11</h1> |
| Title | Warwick Racecourse | |
| For further information about this report please contact | Andrew Jones Andrew.jones@warwickdc.gov.uk (01926) 456830 | |
| Wards of the District directly affected | Warwick West | |
| Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006? | No | |
| Date and meeting when issue was last considered and relevant minute number | N/A | |
| Background Papers | Financial viability appraisal of Warwick Racecourse undertaken by the Chartered Surveyors, Wilks Head & Eve (WH&E) | |

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| Contrary to the policy framework: | No |
| Contrary to the budgetary framework: | No |
| Key Decision? | No |
| Included within the Forward Plan? | No |
| Equality & Sustainability Impact Assessment Undertaken | N/A |

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| Officer/Councillor Approval | | |
| Officer Approval | Date | Name |
| Chief Executive | 21 st November 2012 | Chris Elliott |
| Deputy Chief Executive & Monitoring Officer | 16 th November 2012 | Author |
| CMT | 21 st November 2012 | Chris Elliott Bill Hunt Andrew Jones |
| Section 151 Officer | 21 st November 2012 | Mike Snow |
| Head of Service | 17 th November 2012 | Tracy Darke |
| Portfolio Holders | 22 nd November 2012 | Councillor Hammon |
| Consultation & Community Engagement | | |
| | | |
| Final Decision? | Yes | |
| Suggested next steps (if not final decision please set out below) | | |

1. SUMMARY

- 1.1 The report seeks Executive's view on the approach by Warwick Racecourse Company to Warwick District Council to explore in partnership options for the development of St Mary's Lands.

2. RECOMMENDATIONS

- 2.1 That Executive notes the financial viability appraisal of Warwick Racecourse undertaken by the Chartered Surveyors, Wilks Head & Eve (WH&E) at Appendix 1.
- 2.2 That Executive decides whether it wishes to support work on an options appraisal for a St Mary's Lands Business Strategy commissioned by Warwick Racecourse Company (WRC).
- 2.3 That should Executive decide to support work on an options appraisal, it decides whether it wishes to contribute up to £6,000 from the Contingency Budget to match fund WRC's investment in the commission.

3. REASONS FOR THE RECOMMENDATIONS

- 3.1 Members will be aware that a planning application by WRC for a hotel on land leased from Warwick District Council (WDC) to WRC was refused by the Planning Committee on 1st May 2012. In the days following the decision, WRC made it clear to Council officers that the refusal was a significant setback to its business as the hotel was integral to the Company's plan to tackle its financial challenges. The concern was so great that the Group Director of Jockey Club Racecourses Limited (JCR), of which Warwick Racecourse is a wholly owned subsidiary, asked to meet with the Council's Executive to personally describe the Course's position. JCR had real concerns that WDC does not value the contribution that the Racecourse makes to the District and that it was prepared to see the Racecourse fail. The meeting with the Executive took place on 9th July 2012 and the JCR's Group Director gave a stark message that if Warwick Racecourse did not increase its income in the next two years or so, then there could be no guarantee that JCR would be able to continue its support for Warwick Racecourse and that consequently it could not guarantee the Racecourse would be operating in five years' time. The Director advised that over £7m had been invested in Racecourse facilities since 1990 but there came a point when further investment could not be justified.
- 3.2 The Group Director described a number of business benefits that consultants Deloitte had concluded the Racecourse brought to the District, including although not limited to:
- Annually attracts 40-50,000 visitors to the business and town;
 - 80% of racegoers are drawn from the sub-region;
 - £4.2m generated annually including on-course spend, levy, non-racing expenditure and money spent by racecourse attendees off-course after racing;
 - An estimated £700k racecourse attendee off-course expenditure pre and post-racing (2010)
 - 13 full/part-time staff;
 - 200 staff on a race day.

- 3.3 Therefore, as well as being a major leisure attraction, it was argued that the Racecourse makes a significant economic contribution to the District. However, the changing Racing Industry landscape was bringing particular challenges for the Racecourse as patterns of betting behaviour change and the amount of subsidy the Racecourse receives through the "levy" system reduces. Over the period 2005 to 2011, the levy contribution had reduced by nearly £0.5m to £413k. This then had a knock-on effect to the level of prize money that can be offered and consequently the quality and number of racehorses entered for races. The only way to address the challenge was by increasing non-racing income and so the loss of potential income caused by the planning application refusal was significant.
- 3.4 Prior to meeting JCR, the Executive was verbally made aware of the outcome of the Wilks Head & Eve (WH&E) financial viability appraisal (Appendix 1) which was commissioned by the Council in connection with the hotel planning application. The report stated:
- "If the operator fails to make improvements to visitor facilities and diversification into non-race day income generation, often relating to the same investment, then that racecourse will fall behind the competition in the light of reducing funding allocation by the racing industry."
- 3.5 Having reflected on the decision of the Planning Committee and WRC's own view that it was not successfully getting its message across to elements of the local community, WRC has decided that it needs to redouble its efforts to engage with WDC so that both parties are clear about the consequences of a failed racecourse, what can be achieved from the racecourse's activities and more broadly how the parties could collaborate to maximise the social, economic and environmental benefits of St Mary's Lands. WRC has therefore approached WDC officers with a proposal that WDC & WRC work in partnership and examine options for a St Mary's Lands Business Strategy. The scope of the examination could cover the elements below, although final details would need to be worked up:
- A long term strategy for the racecourse itself and its direct ancillary facilities;
 - Additional profit streams associated with the racecourse facilities including a strategy for their improvement and expansion;
 - Potential uses within the centre of the racecourse which is not currently occupied under the lease between WDC & WRC;
 - Potential enhanced or additional uses on adjacent land which is currently occupied by third parties under leases granted by WDC. It is explicitly recognised that such opportunities require the agreement of third parties who may or may not have an appetite to undertake further development or agree to the termination of their leases;
 - Ensuring that WDC maximises the social, economic and environmental benefits from its St Mary's Lands asset.
- 3.6 WRC recognises that the proposal must work for both parties. The examination cannot be about what works for WRC without considering how this impacts on WDC or its communities. Consequently officers consider that at this point it is premature to enter into a partnership arrangement but it would be sensible to examine the options for St Mary's Lands.

- 3.7 Preliminary discussions have taken place with Consultants who would be interested in this work and the fee would be in the region of £10-12,000. The service would be procured by WRC and WDC has been asked to match fund WRC's investment. Based on recently commissioned consultancy by WDC, the Council's Procurement Manager believes this fee is very competitive and offers good value for money.

4. ALTERNATIVE OPTION(S) CONSIDERED

- 4.1 Members could decide not to support WRC's proposal but this may leave Warwick with a failed racecourse. The land would then revert to WDC with the constraints of listed buildings and a Conservation Area location.

5. BUDGETARY FRAMEWORK

- 5.1 Should Executive agree to match fund the cost of the work then up to £6,000 could be drawn down from the Contingency Budget which currently stands at £x.

6. POLICY FRAMEWORK

- 6.1 The report asks Members to consider the Council's Vision of making Warwick District a great place to live, work and visit by promoting employment and protecting a valuable public amenity.
- 6.2 The Council has also agreed a strategy statement "The future and sustainable prosperity for Warwick district" which amongst other things seeks to:
- Support the growth of the local economy; and
 - Maintain and promote thriving town centres.

A Business Strategy could be developed to help ensure the viability of the Racecourse.