



British Horseracing Authority

Strategic Review of the Fixture List

Private and confidential

Findings report

April 2008

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Foreword

The British Horseracing Authority, as the sport's unified governing and regulatory body, exists to ensure the overall health and successful development of one of Britain's premier sports. Racing is the country's largest sporting employer, and a major contributor to the rural economy as well as being the leading betting product and a key component of the leisure sector.

One of the Authority's vital roles is the compilation and publication of British Horseracing's annual fixture list. This fixture list is in turn the natural point of focus for any review of the direction in which the sport is heading.

This fixture list has been transformed in recent years, and while a record number of races, owners and horses in training now exist, growing concern has been expressed by many of the sport's participants that it has become over-extended. The policy of fixture expansion has not necessarily broadened the sport's appeal, has resulted in the over-stretching of our dedicated workforce, diluted the overall quality of British Horseracing and may not have generated the anticipated financial returns.

The Authority's response to these concerns has been to establish the facts. Submissions from all have been welcomed – and encouraged – throughout, and we are grateful for the participation of racecourses, owners, trainers, jockeys, breeders, media organisations, the betting industry and many others. We are also grateful to the Sports Business Group at Deloitte, who have done an excellent job of gathering and analysing the information provided.

Establishing the facts has made it far easier for the Authority to arrive at well-informed recommendations that have the aim of serving the long term interests of the sport. We will now focus our attention on working with racecourses and other parties to secure their implementation.

It is worth emphasizing that a great number of submissions were clear in their view that British Horseracing's greatest attribute is its quality, and the compelling sporting spectacle it provides regularly at a diverse range of racecourses across the country. At the top end of the scale, we have the very best Jump racing there is, and on the Flat our racecourses consistently stage the majority of the world's top races.

All sports and leisure activities are facing many challenges and opportunities as markets change and evolve. But by preparing for action now, in full possession of the relevant facts, we will be able to preserve and enhance the leading position that British Horseracing enjoys, and strengthen our foundations for future growth.

Paul Roy
Chairman
British Horseracing Authority

1 Introduction

1.1 Background to the review

The British Horseracing Authority came into being in July 2007, having already set in motion a review of the fixture list, its first major project.

Whilst recognising that many indicators showed a sport in excellent health, having canvassed views from across all sections of the industry as well as its partners in the media and betting industry, the Authority's first major priority has been to:

“Undertake a root-and-branch review of the fixture list, identifying the optimal fixture list for British Horseracing and, subsequently, how it can be delivered.”

The review seeks to produce a fixture list that would best support the long term interests of the sport by improving standards and the quality of British Horseracing at all levels, thereby increasing its appeal to a wider audience. There are a great many challenges and opportunities that the review identifies, and seeks to address.

This has been a different kind of review, with everyone with an interest in racing invited to contribute. The review has been fact-driven with results shared at every stage, thereby facilitating an open debate grounded in evidence.

In seeking to achieve its objectives, the Authority has adopted an approach that reflects its values:

- strong – taking tough decisions where they are needed;
- independent – acting free from sectional interests, in the best interests of racing as a whole;
- responsive – listening and consulting with all interested parties;
- challenging – asking hard questions of all involved;
- open – sharing findings and explaining conclusions; and

- dynamic – being innovative and remaining focused on the primary objective.

The Authority's sole objective is to do the best for the whole of British Horseracing, with no particular interest to protect.

This report details the review's assessment of the optimal fixture list for British Horseracing and contains:

- a summary of the work performed (Section 1);
- a summary of the key messages from the extensive consultation process (Section 2);
- fixture list financial summary (Section 3); and
- recommendations and options arising from the work performed (Sections 4-12).

1.2 The 2008 fixture list

The 2008 fixture list includes 1,504 fixtures, comprising 1,203 Racecourse fixtures, 270 BHA fixtures and 31 racecourse-funded fixtures.

The Racecourse Association and racecourses have regularly stated their belief that any recommendations that would reduce the number of centrally funded fixtures can only involve underperforming BHA fixtures on the basis that Racecourse fixtures provide racecourses with a 'right to race' within established slots, albeit subject to conditions.

The BHA fixtures consist of 113 Flat fixtures, 114 winter evening fixtures and 43 Jump fixtures.

BHA fixtures are usually offered on three-year leases with 175 leases expiring after the fixtures are staged in 2008. These comprise 41 Flat fixtures (including thirteen outside the Flat season), 114 winter evening fixtures and 20 Jump fixtures.

1.3 Deloitte Support

The Sports Business Group at Deloitte has supported the Authority during the review, primarily through:

- collection of data from stakeholders;
- analysis of financial and non financial information submitted to the review by racecourses, horsemen, bookmakers and other stakeholders;
- consultations with sponsors; and
- assistance in the preparation of documents for the Authority and wider industry circulation, including this report.

The recommendations contained within the review are the sole responsibility of the British Horseracing Authority. Deloitte & Touche LLP accepts no duty of care or liability for any loss occasioned to any person as a result of any material in this review.

1.4 The process

Date	Key activities	Comments
May/June	<ul style="list-style-type: none"> Issues paper circulated and made publicly available for comment 	<ul style="list-style-type: none"> All stakeholders were invited to put forward issues to be considered as part of the review.
July	<ul style="list-style-type: none"> Review of stakeholder submissions 	<ul style="list-style-type: none"> In excess of 40 responses to the Issues Paper were received from representatives of all major stakeholders as well as numerous submissions from members of the public.
August	<ul style="list-style-type: none"> Project Scope circulated and agreed 	<ul style="list-style-type: none"> Comments on the widely circulated draft Project Scope were made by the majority of stakeholders and to the extent possible, and as judged appropriate by the Authority, were incorporated in the final Project Scope.
September	<ul style="list-style-type: none"> RFIs circulated to stakeholders Stakeholder data collection Discussions with stakeholders to clarify information requests 	<ul style="list-style-type: none"> Tailored RFIs were circulated to the racecourses and horsemen. The RFI issued to racecourses consisted of a questionnaire and financial information comprising the Statement of Accounts, which confirms fixture specific financial performance. Various discussions and meetings with bookmakers and the ABB were undertaken to agree the basis on which information could be supplied to the review. The tote was the only bookmaker to provide information at this stage, but Coral provided information in January.
October/November	<ul style="list-style-type: none"> Stakeholder submissions finalised Stakeholder consultations Broadcaster meetings Financial analysis performed 	<ul style="list-style-type: none"> There was an excellent response rate to the racecourse questionnaire with returns received from representatives of 57 racecourses. The members of the Horsemen's Group (NTF, ROA & TBA) submitted separate responses although they were in broad agreement on the majority of points. The submissions were by their nature opinion rather than data focused. The horsemen clearly devoted a significant amount of time to their respective submissions with the ROA staging a Council meeting dedicated to the review.
December	<ul style="list-style-type: none"> Initial Findings report prepared and considered by the Authority 	<ul style="list-style-type: none"> The Board assessed findings, agreed direction and identified areas for additional financial analysis.
January/February	<ul style="list-style-type: none"> Refinement of recommendations by the Authority following industry wide consultation 	<ul style="list-style-type: none"> Productive discussions were held with the RCA Fixture Policy Group, racecourses at two RCA racecourse seminars, the Horsemen's Group, the Authority's Racing Committee and Industry Committee, and the Levy Board.
March/April	<ul style="list-style-type: none"> Findings report issued by the British Horseracing Authority Final recommendations incorporated into 2009 fixture policy 	<ul style="list-style-type: none"> Final recommendations agreed and incorporated into this Findings report. The Authority initiates consideration of how longer term objectives will be delivered.

2 Key messages from the consultation process

2.1 Stakeholder views

Racecourses and the Horsemen’s Group

All organisations and individuals with an interest in racing were invited to contribute to the review. In addition to the provision of financial fixture-related data, this involved completing detailed questionnaires with a view to identifying the optimal fixture list for British Horseracing.

This produced an excellent response rate, including from 57 of the 60 racecourses and the Racecourse Association, and the individual members of the Horsemen’s Group. Strengths, weaknesses, opportunities and threats, as detailed in the stakeholder submissions, are summarised below.

Racecourses’ fixture list SWOT	
<p>Strengths</p> <ul style="list-style-type: none"> Variety of racing and racecourses (40) Geographical split of the fixtures (33) Customer friendly/focused fixtures (33) Opportunities provided for all horses (22) Strength of the festivals (20) British Racing perceived to be the best in the world (16) Significant betting opportunities (16) Strong narrative of Jump racing (14) Success of Jump racing (14) Stability of the fixture list (9) 	<p>Weaknesses</p> <ul style="list-style-type: none"> Geographical/regional clashes (31) Existing (Flat) narrative (29) Oversupply of moderate racing (16) Lack of a market mechanism for trading fixtures (16) Too many fixtures diluting the product (15) Lack of a regular pattern to fixtures (14) Inability to reschedule abandonments/restrictive movement of fixtures (14) Insufficient racecourse control over fixtures (11) Oversupply of all weather fixtures (6) Insufficient prize money (5)
<p>Opportunities</p> <ul style="list-style-type: none"> Improve geographical spread of fixtures (23) Increase weekend fixtures (16) More customer friendly fixture slots (16) More regular fixture slots/continuity (16) Increase in quality mid week fixtures (16) Introduce a tiered system (15) Marketing campaign (14) De-regulated fixture process (12) Target the younger generation (10) Improve the narrative (7) 	<p>Threats</p> <ul style="list-style-type: none"> Expansion of low grade AWT racing, during the Flat season, damaging the image of British racing (10)
<p>Note: Figures in brackets indicate the number of racecourse submissions which raised the respective point. Jockey Club Racecourses and Northern Racing each submitted a central response hence where they raised a point it has been treated as representing 14 and 9 racecourses respectively.</p>	

Horsemen’s fixture list SWOT	
<p>Strengths</p> <ul style="list-style-type: none"> Continuity of major meetings/festivals/races Variety of racecourses/races Turf management (with caveats) Terrestrial coverage of major fixtures Balance between fixtures primarily for betting purposes and those for other revenues Quality of racing promotes Britain as an international bloodstock centre 	<p>Weaknesses</p> <ul style="list-style-type: none"> Level of income insufficient to support fixture level resulting in too little prize money Low grade Sunday racing Lack of geographic planning Weak opening and closing of Flat season Insufficient opportunities for better horses Lack of betting data to shape fixture policy Volume of low quality fixtures encourages horse overproduction Demands on racing’s workforce leading to recruitment and retention issues
<p>Opportunities</p> <ul style="list-style-type: none"> Restructure fixtures to cater for highest quality horses first, descending only as far as resources permit Creation of more festivals Improve quality of Sunday racing Better use of Bank Holidays to encourage new racegoers Target ‘Blue Chip’ companies for festival sponsorship Tailor fixtures better to television (including securing top names at the top fixtures) More self funded fixtures Develop local/national festivals to improve narrative 	<p>Threats</p> <ul style="list-style-type: none"> Owners leave the sport due to insufficient prize money return Poor horses winning undermines the breed Quality British trained horses sold abroad where potential rewards are significantly greater

2.1 Stakeholder views (continued)

Sponsors

The SWOT analysis set out below is a summary of the key points raised by consultees who were drawn from current, lapsed and potential sponsors, together with sports marketing agencies. Whilst many of the points are not directly related to the fixture list, they nonetheless have an impact on British Horseracing's current sponsorship status and future opportunities.

Sponsors' SWOT	
<p>Strengths</p> <ul style="list-style-type: none"> Buoyant betting sector provides solid sponsorship values (but see 'Threats' below) Popularity/value of major fixtures/festivals Any perceived poor reputation of the sport (e.g. betting scandals) not considered a major issue by the majority of consultees Terrestrial TV coverage Jump season narrative 	<p>Weaknesses</p> <ul style="list-style-type: none"> Sheer quantity of racing and lack of differentiation between fixtures Racing is an 'industry' not just a 'sport' – making it difficult for a sponsor to position themselves Number of dedicated followers of the sport (rather than the once-a-year racegoer or the betting shop punter) is relatively small which makes it harder for the sponsor to engage with its target audience Some sponsors closed to racing - "never got a proposal from horseracing", "not on my radar" Lack of coordinated or packaged opportunities linking across days, across courses, and down into grass roots Lack of existing personality endorsements and global presentation
<p>Opportunities</p> <ul style="list-style-type: none"> Create a greater differential between levels of racing - "if I had one recommendation it would be the tiering of fixtures, properly packaged" National fixtures/series would be attractive to some sponsors Create series of fixtures to prolong sponsors exposure and value Be more creative about leveraging outside the event e.g. "People's Race" Create more 'properties' 	<p>Threats</p> <ul style="list-style-type: none"> The more the betting sector sponsors, the less attractive the sport becomes to other sectors Racing generally closed to new ideas Natural instinct of courses to choose the immediate higher value betting sponsor than longer term partnership approach

Broadcasters

The review also sought to research and evaluate racing's current standing in the sports broadcasting market, its future potential and, specifically, the optimal shape of the fixture list from the perspective of broadcasters. Meetings were held with key decision makers with each of the major broadcasting organisations (six broadcasters plus Racing UK and At The Races) and were conducted in an open and productive spirit. The Authority was supported in this area by specialist media rights advisers, Mediatique.

The SWOT below reflects general themes. Individual comments have not been attributed due to confidentiality.

Broadcasters' SWOT	
<p>Strengths</p> <ul style="list-style-type: none"> Core, loyal following Occasional source of mass audiences Offers regular and comprehensive live programming Continuing popularity amongst public of landmark events Attendances second only to football 	<p>Weaknesses</p> <ul style="list-style-type: none"> Too cluttered – too many races broadcast with a lack of clarity e.g. which races are good races? Continuing view amongst broadcasters of racing's audience being old and downmarket Falls into the 'too difficult' category for many broadcasters given racing's many constituents
<p>Opportunities</p> <ul style="list-style-type: none"> Broadcasters to expand racing's fan base Broadcasters showing renewed interest in sport rights due to increased fragmentation and requirement for 'event' programming Emerging digital media provide platforms for supporting content, important in developing the narrative of, and interest in, the sport Create personalities (stars) and encourage interaction of these personalities with the media 	<p>Threats</p> <ul style="list-style-type: none"> Disunity amongst racecourses leads to a fragmented approach from racing Individual racecourse considerations regarding terrestrial exposure and related sponsorship may inhibit long term strategy for the sport as a whole Broadcasters have choice of other mainstream offerings with a number of key deals due for negotiation in 2008

2.2 Focus of the fixture list

The two general themes most frequently commented upon within the submissions can be categorised as relating to:

- focus of the fixture list; and
- size of the fixture list.

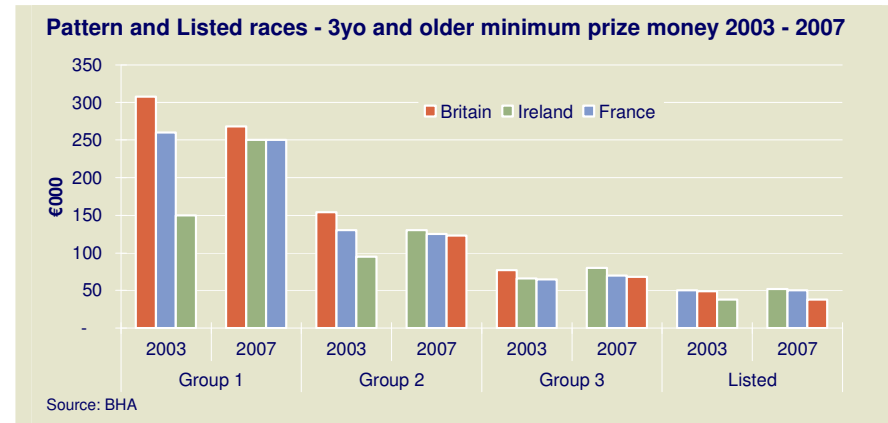
From the outset, the review acknowledged that determining the optimal fixture list involves recognising that British Horseracing means different things to different people. To some it may be considered purely as a sport, to others a centrepiece for racecourse and other leisure industry activity, and to others a betting product.

It is evident from the vast majority of submissions that British Horseracing should plan first and foremost as a sport. If the sporting spectacle is right, interest in British Horseracing will grow, thereby having positive consequences for its role as a centrepiece for racecourse activity and as a betting product. Conversely, attempting to develop racing as a centrepiece for racecourse activity or as a betting product is likely to prove futile if there is a declining interest in the sporting spectacle itself.

Most submissions agree that maximising the value of the sporting spectacle involves directing most attention on British Horseracing's quality product, ensuring that there is sufficient resource allocated towards the flagship events, thereby attracting and/or retaining the best horses in Britain. This has to be balanced against the quantity of racing staged, whether as an opportunity to run for the horsemen, or as a spectator event, or as a betting product.

There was a high level of support for the view that British Horseracing's quality product must be branded distinctively from the bulk of other fixtures, thereby attracting the attention of those who would understand that they are being encouraged to watch something special. In addition, evidence from the betting industry suggests that as the nature of the betting shop customers continues to change, there is a need to better promote and increase the profile of racing's premier events and leading participants, as well as demystifying a sport that is perceived by many younger punters (and potential racegoers and owners) to be too complicated.

Concerns have also been raised regarding the decline in the levels of support for British Horseracing's leading horses which, since 2003, has seen Britain being leapfrogged by both Ireland and France in relation to the minimum prize money values permissible for Group 2, Group 3 and Listed races.



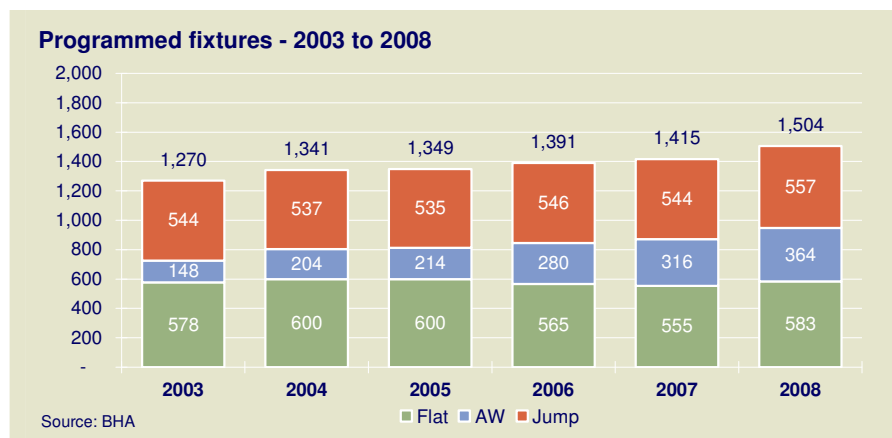
Trainers have regularly stated that horses that compete for relatively low prize money levels in Group 3 and Listed races in Britain are increasingly being exported to countries where the potential rewards are significantly higher, thereby contributing to the recent reduction in the number of highly rated horses in Britain.

Horses in training rated 101 or above – June 2003 to 2007				
2003	2004	2005	2006	2007
365	350	354	336	328

It is evident, therefore, that Britain's quality product requires additional support if there are to be sufficient opportunities for better class horses. The levels of prize money available to these horses are to be commensurate with their level of ability and competitive from an international perspective. The Authority considers this a matter of huge importance, which it intends to address either through reviewing minimum prize money values and/or increasing the size of the Development Fund to facilitate greater support of such races.

2.3 Size of the fixture list

The fixture list has undergone substantial growth since its expansion was recommended in the ‘Racing Review’ in 2003, principally on the basis that the introduction of additional fixtures would create a substantial increase in the sport’s income.



The levy yield has fallen from its peak in 2003-04. This has contributed towards a lack of growth in total prize money, the effects of which have been exacerbated by the expanding fixture list.

Levy yield from bookmakers	
Year	Amount (excluding tote) £m
2002/03	74.5
2003/04	102.0
2004/05	97.3
2005/06	91.1
2006/07	90.0
2007/08	100.0 ^(A)
2008/09	100.0 ^(B)
(A) Estimate in March 2008	
(B) Forecast	

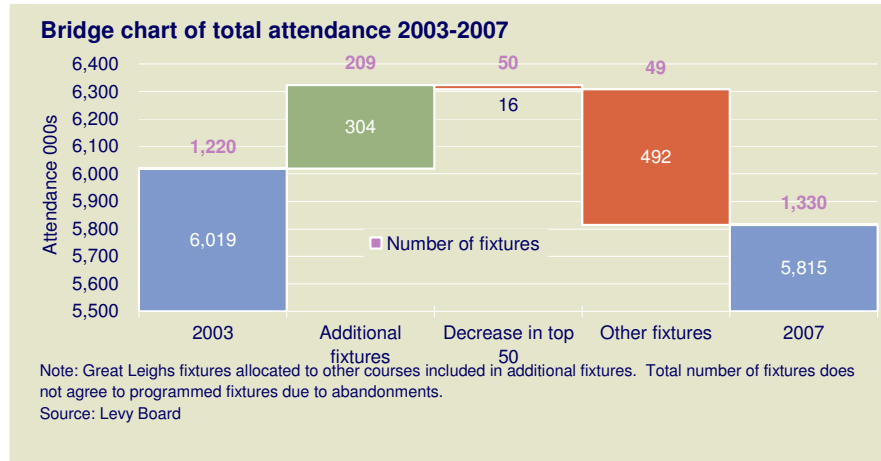
Prize Money		
Year	Total Prize Money £m	Average prize money per fixture £000
2003	93.9	78.0
2004	100.2	77.1
2005	98.6	75.8
2006	103.1	76.8
2007	98.4	74.0

In addition, other goals associated with expanding the fixture list have, at best, been only partially achieved. As the number of opportunities to race has risen, the volume of eliminated horses on the Flat has fallen, although they still remain above their 2004 levels. Also, as shown in the table below, the number of people attending fixtures has now been in decline since 2004.

Attendances 2003 to 2007		
Year	Total attendances	Average attendances
2003	6,019,481	4,934
2004	6,048,517	4,656
2005	5,896,992	4,536
2006	5,863,943	4,369
2007	5,815,311	4,372

2.3 Size of the fixture list (continued)

The movement in attendances is further analysed in the chart below which breaks out specific movements.



The bridge chart illustrates that while total attendances remain relatively consistent between 2003 and 2007 being only 3% down; this hides some significant movements, notably:

- the top 50 fixtures by attendance have fallen by 16,000, predominantly due to a 25,000 reduction in attendance at Royal Ascot following issues with the new facility which opened in 2006;
- the additional fixtures (i.e. fixtures created since 2003) had a low average attendance of 1,454 in 2007 given the largely unattractive slots for racegoers and their focus on providing betting product; and
- the largest movement occurred at the other existing fixtures with the 492,000 decline representing an 11% fall in attendances at those fixtures.

It is not possible to say whether the 492,000 fall in attendances at the 'core' fixtures was due to substitutions (i.e. racegoers spreading the same number of visits across more fixtures) or whether the fall would have happened regardless of the new fixtures. However, the leisure/sport sector is increasingly competitive and that is considered likely to have been a factor.

In summary, any assessment of the policy of fixture expansion pursued since its recommendation in the 'Racing Review' should be considered against its original principal objective, namely to generate more income for the sport. To that end, as identified in Section 3.4 below, these new fixtures have generated £4.3m profit for the industry but, set against a backdrop of declining levy yields and falling prize money levels, their financial impact has been indiscernible.

Consequently, although there were submissions welcoming the increased number of opportunities for horsemen from an expanded fixture list, the majority view was that the increases overall had a negative impact.

As such a number of submissions recommend that there is a need to reconsider the policy of fixture expansion. Indeed, no submissions from within the industry contained support for further expansion in the number of funded fixtures and, moreover, a significant proportion suggested that the expansion had gone too far. As indicated later in the review, horse population forecasts also raise questions as to whether the expanded list is sustainable.

3 Fixture list financial overview

Section 3 sets out the overview of the key financial analysis performed during the review and provides the context to the majority of the recommendations contained in Sections 4 to 12.

The tables below set out the key assumptions/treatments made in performing the analysis of the racecourses' and betting industry's data. The analysis has been performed for the calendar year of 2006, this being the latest year for which full data from racecourses and bookmakers could reasonably be expected to be obtained within the timetable.

3.1 Methodology

RACECOURSE DATA – 2006	
Assumption/treatment	Comment/action
Financial information has been obtained from 54 racecourses via their Statements of Account. Throughout the report the racecourse financial analysis is based on the 54 racecourses' financial data unless otherwise stated.	Detailed raceday financial information was not available for Ascot, Hamilton Park, Salisbury and Towcester (Doncaster was closed for the whole of 2006). Please note that a full set of levy data was available and has been utilised (see below).
Iconic fixtures.	In some cases iconic fixtures have been excluded due to their exceptional performance. Unless otherwise stated these are considered to be Royal Ascot, Grand National, Cheltenham Festival and the Derby.
40 Twilight fixtures were staged in November and December 2006 as a precursor to the winter evening programme introduced in 2007.	Data relating to Twilight fixtures has been excluded from the analysis.
All levy payments to racecourses (including prize money and fixture incentives) have been excluded. Notional levy (see betting data table) generated from each fixture has been added to individual fixtures to estimate the 'real' profitability of individual fixtures.	This approach is intended to remove the distorting impact of internal industry redistributions. However, such factors will need to be considered in designing any new/amended financial mechanism.
The focus of the financial analysis has been on raceday profitability, with non fixture specific revenue (including non racing activities) and overheads not considered in detail.	A summary of total non fixture specific revenue and overheads has been performed to place raceday profit in context.
Integrity costs are charged/paid by racecourses at the same flat fee. The analysis assumes these costs are variable (£x by fixture) i.e. if 100 fixtures were removed 100 x £x fee would be saved by the provider.	A significant element of integrity costs are relatively fixed (mainly salaries) in the short term.
Unless stated otherwise "Profit" refers to profit after prize money	

BETTING DATA - 2006	
Assumption/treatment	Comment/action
The tote and Coral have provided race by race LBO turnover (indexed) data for 2006 which has been used as a proxy for the whole betting industry. The separate indexed data was combined and weighted according to the average number of LBOs of the respective companies.	The tote and Coral had between them c.1,900 LBOs in 2006 (22% of British LBOs).
Turnover by race/fixture has been used as the key input into the analysis rather than gross profit.	Gross profit data would be too variable to use for the analysis of fixture performance.
Notional levy generated by each fixture has been estimated by allocating the total levy in 2006 across individual fixtures in proportion to its share of the tote and Coral indexed betting turnover. The implicit assumption is that variations in gross win % between types of races cancel out/are not significant by fixture.	While this assumption is a necessary simplification, the data provided showed that margins between codes were very similar.
Total levy of £100 million was assumed for 2006. No distinction has been made between levy generated by different channels.	2005/06 and 2006/07 levy generated was £97 million and £100 million respectively (including tote payments).
No race by race data was received from the betting exchanges hence their £5m levy contribution in 2006 has also been allocated across fixtures using the tote and Coral data.	

3.2 Industry profit and loss

The focus of the financial analysis performed throughout the review has been on core raceday activities since these are most directly driven by individual fixtures and, to that end, in 2006, based on the available information, the industry generated in the region of £101.2 million profit from raceday activities.

After taking account of other racing related income of £16.3 million (such as membership fees, annual box rentals, non fixture specific sponsorship), non racing income of £16.7 million (which varies significantly across racecourses) and overheads of £80.2 million, the industry generated an EBITDA of £54.0 million.

This is required to fund capital expenditure, those central costs (British Horseracing Authority, BHB, HRA, Levy Board) not recharged to racecourses and therefore not contained in raceday expenditure, the servicing and repayment of finance, taxation and returns to shareholders (although the last item is less than £3 million).

The remainder of this review concentrates on the profit and loss associated with individual fixtures.

3.3 Raceday profitability by code

The two tables below illustrate the raceday revenue, expenditure and profits split by code at both a total and average fixture level.

Racing profit and loss of AWT, Flat, Jump and Total - 2006				
	AWT	Flat	Jump	Total
	£000	£000	£000	£000
Raceday Revenue				
Sponsorship	927	10,569	7,745	19,241
Entry Fees	442	632	287	1,361
Admission	2,166	41,343	35,152	78,660
On Course Betting	649	3,743	3,272	7,664
BAGS/GG Media	7,324	11,644	11,175	30,143
Other Revenue	1,251	7,630	9,299	18,180
Total Racecourse Raceday Revenue	12,760	75,561	66,929	155,250
Levy Generated from Fixtures	19,973	36,936	37,171	94,080
Total Raceday Revenue	32,733	112,497	104,101	249,330
Expenditure				
Officials/Raceday Staff/Police/Stables	1,438	7,947	7,186	16,570
Fixture Fees	2,156	4,170	4,030	10,356
RaceTech/Integrity Costs	1,800	3,027	1,814	6,640
Other Expenditure	3,017	14,750	13,955	31,723
	8,411	29,893	26,985	65,289
Raceday Profit Before Prize Money	24,322	82,604	77,116	184,041
Gross Prize Money	11,308	39,473	32,040	82,822
Profit From Fixtures	13,013	43,131	45,075	101,219
Number of Fixtures	291	496	471	1,258

Note: Two Sandown and Haydock Park "Mixed" fixtures included within Flat. Lingfield AWT/Turf mixed meetings included within Flat.
 Source: BHA; tote; Coral; Statements of Accounts (54 courses)

Betting related revenues (on course, BAGS/GG Media and Levy) represented 53% of raceday revenue and increased further (to 85%) for AWT fixtures. Of the non betting revenues, admission income was the most important, making up 32% of total raceday revenue, followed by sponsorship (8%).

Flat and Jump fixtures generated similar total profits; however the exclusion of Ascot will understate the profit from Flat fixtures in particular.

Profit before prize money in 2006 totalled £184.0 million with 58% derived from Flat fixtures (including 13% from AWT fixtures) and 42% from Jumping.

The average fixture in 2006 generated a raceday profit of £80,000. Jump fixtures average £96,000 and Flat fixtures £87,000 – the difference largely due to the lower prize money paid at Jump fixtures.

Racing profit and loss of AWT, Flat, Jump and Total - average per fixture - 2006				
	AWT*	Flat	Jump	Industry Average
	£000	£000	£000	£000
Raceday Revenue				
Sponsorship	3	21	16	15
Entry Fees	2	1	1	1
Admission	8	83	75	63
On Course Betting	2	8	7	6
BAGS/GG Media	25	23	24	24
Other Revenue	4	15	20	14
Total Racecourse Raceday Revenue	44	152	142	123
Levy Generated from Fixtures	71	74	79	75
Total Raceday Revenue	115	227	221	198
Expenditure				
Officials/Raceday Staff/Police/Stables	5	16	15	13
Fixture Fees	7	8	9	8
RaceTech/Integrity Costs	6	6	4	5
Other Expenditure	10	30	30	25
	29	60	57	52
Raceday Profit Before Prize Money	87	167	164	146
Gross Prize Money	40	80	68	66
Profit From Fixtures	47	87	96	80
Number of Fixtures	253	496	471	1,258

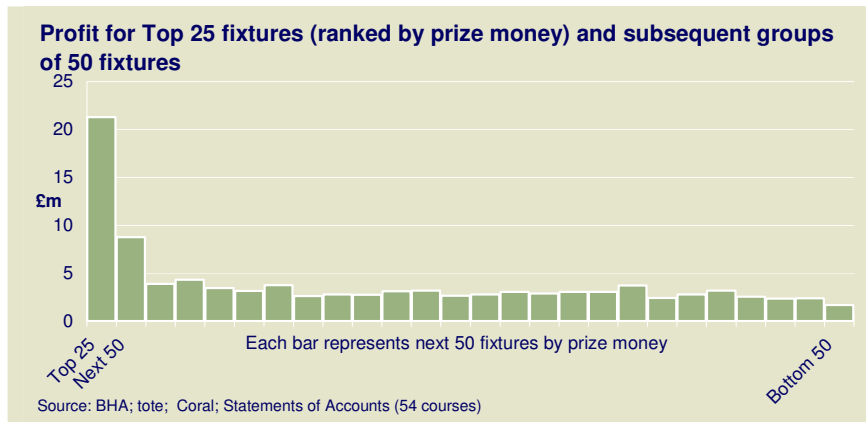
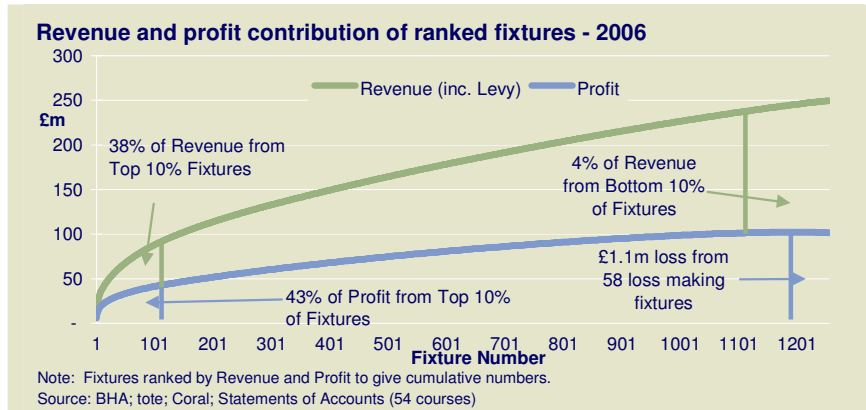
*AWT excludes 38 twilight fixtures (two further combined twilight/evening fixtures are included).
 Note: Two Sandown and Haydock Park "Mixed" fixtures included within Flat. Lingfield AWT/turf mixed meetings included within Flat.
 Source: BHA; tote; Coral; Statements of Accounts (54 courses)

AWT fixtures have the lowest average profitability of £47,000 (excluding twilight fixtures).

The average levy per fixture across all three codes was very similar as while AWT generated the lowest amount it was only 8% less than Turf fixtures (Flat and Jump). There is, however, significant variation in levy generated within each code by time, day and fixture status.

3.4 Variation in fixture profitability

The analysis below illustrates the very significant variation in revenue and profits (after prize money) which exists between fixtures. This data also incorporates the estimate of the levy generated by each fixture.



Total raceday revenue is dominated by the sport’s flagship fixtures with the top 10%, ranked by revenue, providing 38% of the total revenue for all fixtures (probably nearer 45% if Royal Ascot was included). The importance of the top fixtures to the funding of the sport is further illustrated by the fact that the top 10% of fixtures (by revenue) contributed 43% of total profit.

In contrast, the bottom 10% of fixtures generated only 4% of total revenue.

Only 58 fixtures (less than 5%) made an overall net raceday loss, and these recorded an aggregate loss of £1.1 million. The 58 fixtures comprised a broad variety of fixtures – in terms of quality (illustrated by total prize money varying from £20,000 to £450,000), timing and code.

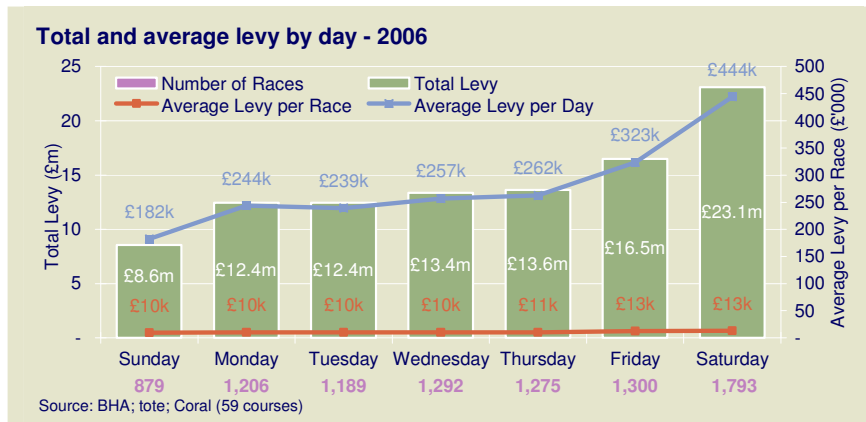
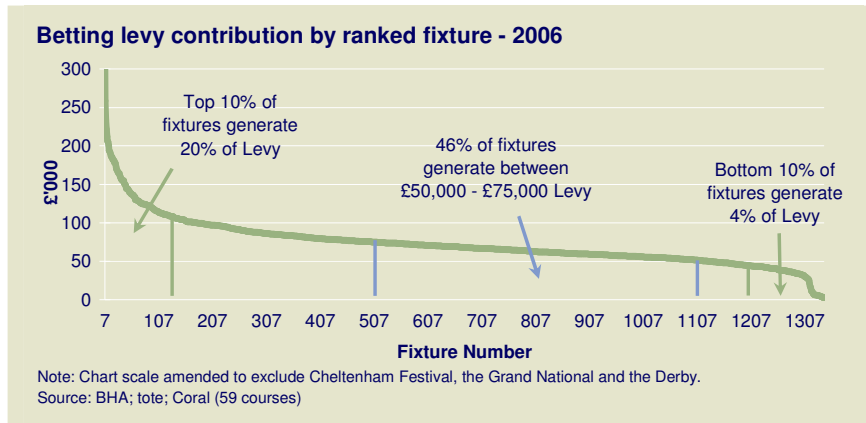
The new fixtures created since 2003 typically generate significantly less revenue and profits (average of £120,000 and £34,000 respectively) than more established fixtures due to them being in relatively unattractive slots for racegoers, corporates and sponsors. They are therefore skewed towards the end of the graphs, but only 11 (9%) were loss making. The fixtures did however generate a total profit of £4.3 million for the industry (after paying £6.4 million in prize money) in 2006.

There is a significant gap in profit generation between the top 75 (particularly top 25) and the remaining fixtures. Beyond those fixtures there is relatively little variation in profit, although prize money plays a major part in that given the majority of racecourses will typically use higher revenues to increase prize money. There is therefore greater variation at the profit before prize money level.

3.5 Levy generation

The variability of the levy by fixture is considered by analysis of:

- Ranking the levy contribution by fixtures; and
- Levy contribution by day – total and average.



The analysis shows British Horseracing’s top 10% of fixtures generated 20% of the total industry levy. While this is still significant it is not as pronounced a bias as seen in total raceday revenue. Only thirteen fixtures generated over £200,000 in levy, with the afternoon of the Grand National the highest at £796,000.

The levy contribution from the bottom 10% of fixtures was 4% and included particularly small amounts from non criteria fixtures with no picture coverage in LBOs.

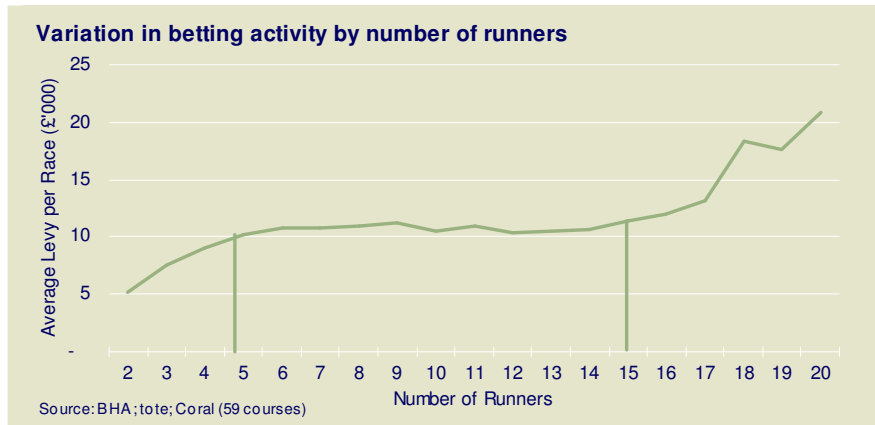
The majority of the remaining fixtures generated levy within a relatively narrow range - 46% of fixtures generating between £50,000 and £75,000.

Turning to the levy generated by day, the analysis highlights that the average levy per race for Monday to Thursday is very consistent, being between £10,300 – £10,700 and is derived from a similar number of races thus results in comparable total revenue for each day.

However, there is a marked step up in average levy per race on Fridays and Saturdays. The average levy is c.21% higher on a Friday than Monday – Thursday and increases further on Saturday to c.23% higher. The increase in levy per race occurs despite the number of fixtures being higher on Friday and Saturday. In aggregate Fridays and Saturdays generated 40% of levy from 34% of fixtures.

Sunday is the weakest day for levy generation, with the average levy per race being £9,737.

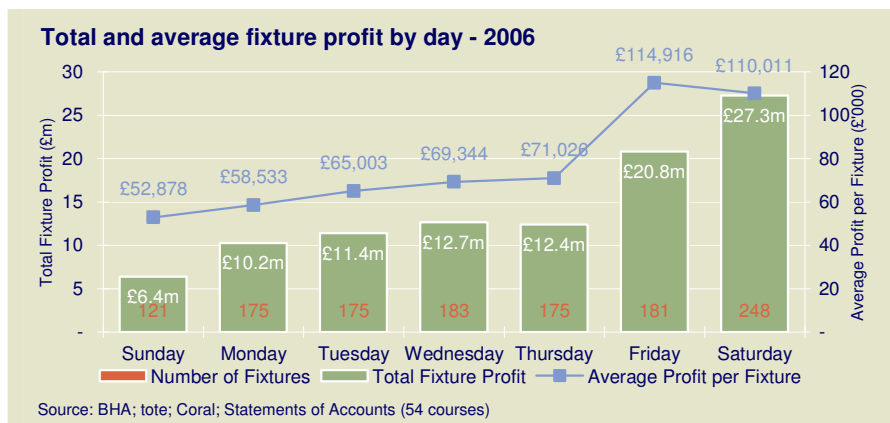
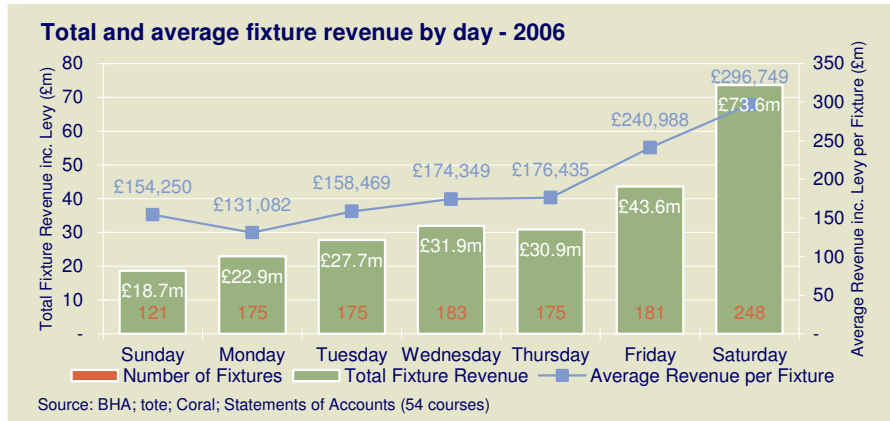
3.5 Levy generation (continued)



The number of runners in a race has also been commonly cited as being a key driver of betting activity but, as the chart above shows, average turnover per race is relatively flat between 5 and 15 runners. Betting activity does increase substantially for races with more than 15 runners but this is largely due to these being a small number of high profile races.

3.6 Profitability by day

Central to the review has been the examination from different perspectives of areas of strength and weakness within the fixture list. This has included considering the differences in revenue generation and profitability between days. The charts below show total and average revenue and profit by day.



The total and average fixture revenue/profit by day analysis further emphasises the importance of Friday and Saturday fixtures as they generate combined revenue of £117 million (47% of the £249 million total).

The much higher revenues on Saturday, and to a lesser extent Friday, are primarily racecourse generated, as while levy generation per race is also higher the variation with the rest of the week is not as significant.

Both total revenue and profit build through the week from Monday to Saturday, although the amounts generated between Tuesday and Thursday are relatively consistent. Monday generates the lowest average revenue, in part due to the absence of any iconic events on Monday.

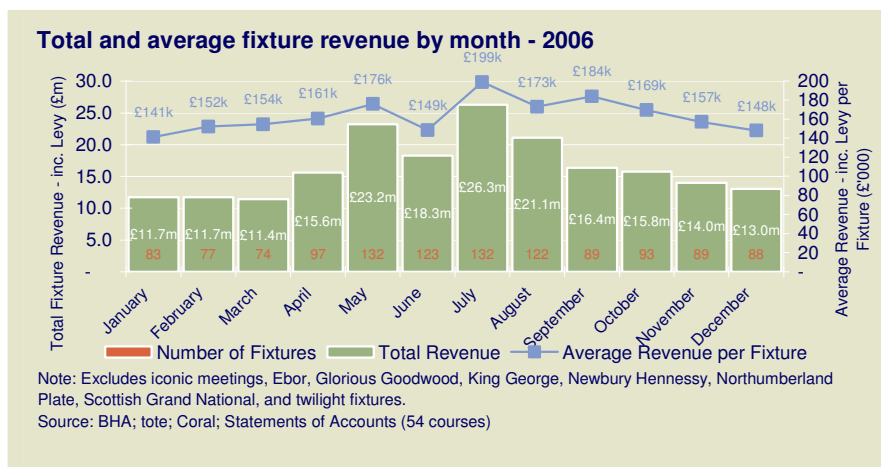
In terms of profitability, Saturday alone generates 27% of raceday profit, and Friday/Saturday combined generates 48% of raceday profit from only 34% of fixtures. The issue of maximising the value from Saturdays is examined in detail in Section 4.

While Friday is the most profitable day of the week with a £115,000 average profit compared to £110,000 for Saturday, it should be noted that the difference is largely due to higher prize money being paid on a Saturday, as this negates the fact that average Saturday revenue is £56,000 (23%) greater than Friday.

Sunday has the lowest average profit although it is particularly important for some racecourses – see Section 5 for further discussion of Sunday's financial performance and position.

3.7 Profitability by month

The charts below examine how revenue generation and profitability vary across the year. Note the analysis has excluded iconic and some other large meetings (as set out in the note to the chart) in order to examine the underlying trend.

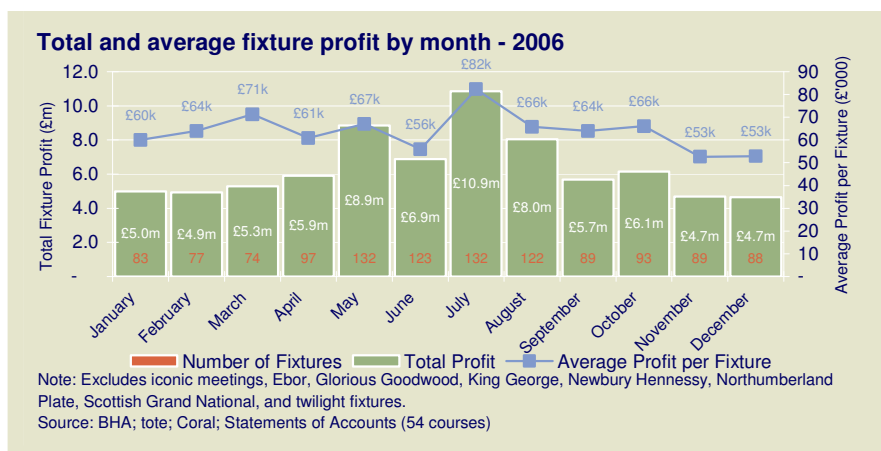


The top chart illustrates the significant variation between the revenue generated by month, varying from a low of £11.4 million in March to a peak of £26.3 million in July. The variation is due not only to the higher volume of fixtures (74 in March compared with 132 in July) but also the average revenue by fixture, which ranges from £141,000 in January to £199,000 in July.

The analysis shows the strength of the summer season (May – August) with both total revenue and profit significantly higher than in the rest of the year. These four months generated 45% of revenue and profit of the whole year (excluding iconic meetings).

The increase in fixtures between May and August, primarily from evening racing, is the main driver of higher revenues but three of the four top months for average revenue are also in this period (although see Section 6 for discussion of lower levy generated from evening fixtures).

The variation in profits is less pronounced than for revenue, but nonetheless average profit ranges from £53,000 in November to £82,000 in July.



It should be noted that June fixtures in 2006 (the lowest average revenue of the four peak summer months) were adversely affected by the staging of the World Cup. Hence it is probable that revenues (and profits) are less than in a 'typical' June. The exclusion of the Derby and Royal Ascot also reduces total revenue in that month.

4 Maximising the value of the sport's prime slots

4.1 Background

In determining the optimal fixture list for British Horseracing, it is evident that, from almost every perspective, Saturday afternoon is racing's 'shop window', with over 70% of all races featured on terrestrial television taking place on Saturday. In addition:

- raceday revenues are significantly higher on Saturdays than on any other day of the week, with a significant majority of the top 10% of fixtures (which generate in the region of 45% of total raceday revenues) taking place on Saturdays;
- approximately one in three people attending a race meeting in Britain during 2006 did so on a Saturday, with the average attendance on Saturdays almost double the average compared with any other days;
- on average, the total levy generated on Saturday afternoon exceeds every other afternoon of the week by at least 50%; and
- of the £18 million contributed by sponsors to prize money during 2006, £7.9 million (44%) was for races staged on Saturdays, with the Horseracing Sponsors Association, referring to Saturdays, confirming that *'to attract commercial sponsors who are using horseracing to promote their brand or organisation, the fixture list needs to provide horseracing that is of quality and appealing/interesting, and on days that will ensure maximum attendances and audiences'*.

Therefore, whilst it is fully recognised that the highest profile midweek festivals are thriving, the evidence would suggest that moving existing Saturday highlights to any other day of the week would lead to a decline in their value to the sport.

4.2 Broadcasters' requirements

As part of the review, it was considered important that the views of the broadcasters were taken into account in order that the fixture list could be structured to maximise its value from a broadcaster's perspective.

Therefore, whilst fully recognising that it is for the racecourses to market broadcasting rights, Mediatique was employed to undertake the relevant research.

Face-to-face meetings were held with BBC, ITV, Channel 4, Channel 5, Sky and Setanta Sports, generating the following consistent messages:

- live sport is always of interest given its value to television schedules
- views on racing, however, are cautious with:
 - too many fixtures of variable quality;
 - a plethora of different types of races, involving difficult to understand phraseology, and a multitude of variables prohibiting interest from casual viewers;
 - an image of an old and downmarket audience; and
 - too many vested interests making racing extremely difficult to deal with.
- each broadcaster has specific requirements, which would govern any future relationship, but common themes emerged:
 - less is more – the flagship events must be clearly identified and promoted to justify a place in the main terrestrial schedule;
 - weekend afternoons, particularly Saturdays, are critical to generate sizeable audiences;
 - racing would need to sit comfortably alongside broadcasters' other sporting commitments; and
 - racing needs to co-operate with broadcasters to offer a more accessible and attractive product.

4.2 Broadcasters' requirements (continued)

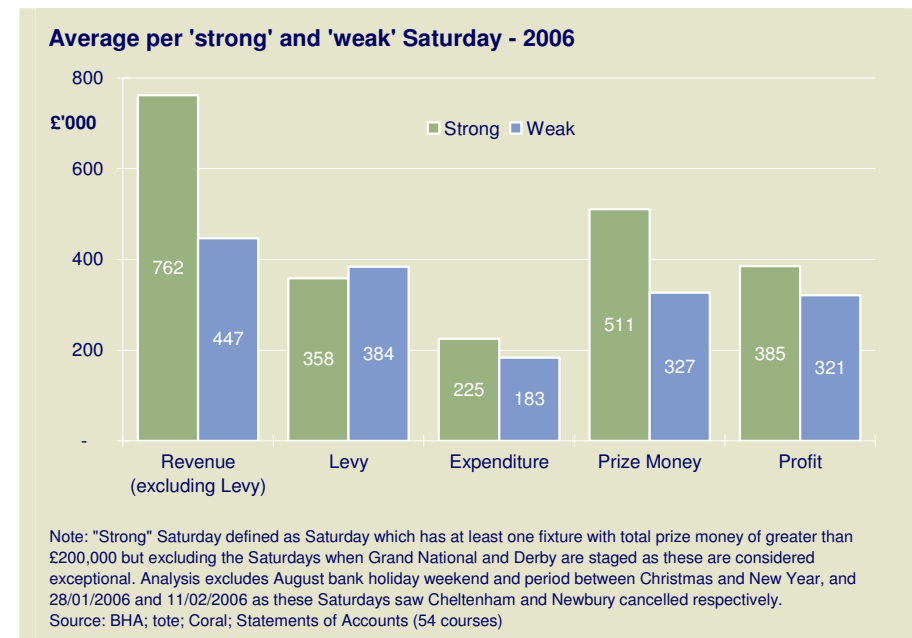
The strongest recommendation emanating from the Mediatique research, however, is that in its dealings with the broadcasters, racing must speak with one voice and, more specifically, that there is a need for a packaging of rights to facilitate collective selling rather than separate deals with individual racecourses or racecourse groups, which will almost certainly fail to maximise the value of the sport.

The desire of broadcasters for clearly identifiable quality events on Saturday afternoons is consistent with the preferences of racing's followers, both on-course (as indicated by racecourse attendances) and off-course (as indicated by betting activity). Therefore, whilst there would be concerns associated with moving many more of the midweek highlights to the weekend, the significance of ensuring a well-balanced Saturday product, with its flagship events appropriately differentiated, cannot be overstated.

4.3 Financial performance of Saturday fixtures

The chart below compares 'strong' and 'weak' Saturdays, as defined by prize money, illustrating the significant difference in total revenues (excluding levy) of £315,000 per Saturday. The differences arise mainly from attendance driven revenues as the amount of levy generated does not, on the whole, vary significantly between weak and strong Saturdays.

If the ten weakest Saturdays were brought up to the level of "strong" Saturdays then, in theory, an additional £2.5 million of profit before prize money could be generated.



While the strong and weak analysis is a useful starting point for considering variable Saturday performance, further more detailed analysis has been performed.

4.4 Assessment of Saturday fixtures

Drawing on the experiences of governing authorities in other sports, a framework was sought to assess each Saturday afternoon fixture against a number of measurable criteria with a view to identifying 'weak' Saturdays or individual fixtures. To that end, an overview of the 'Balanced Scorecard' used to assess the merit of individual fixtures is set out below:

Balanced scorecard	
Factor/measure	Weighting %
SPORT	
Total prize money	15
Actual racecourse contribution to prize money	<u>15</u>
	30
LEISURE	
Attendances (for that time of year)	15
Geographic spread/distance (two measures)	<u>15</u>
	30
BETTING	
Betting turnover	20
FINANCIAL PERFORMANCE	
Raceday profit pre-prize money excluding central payments (for that time of year)	20
TOTAL	100

For each factor/measure every fixture under review was awarded a mark between 1 (weakest) to 4 (strongest) in each of the categories. Each mark was then multiplied by the appropriate weighting, with the maximum score for any single fixture being 400 (i.e. if the fixture scored 4 in each category).

In addition to considering each fixture on an individual basis, the balance of fixtures on each Saturday afternoon was also assessed, with the optimal Saturday considered to comprise:

- two headline fixtures (other than in exceptional circumstances such as the Grand National and the Derby), hereby referred to as "Premier fixtures" (and discussed further under recommendations);
- a valuable 'newsworthy' feature race;
- two reasonable supporting fixtures; and
- a sensibly balanced geographical spread of fixtures.

4.4 Assessment of Saturday fixtures (continued)

The results of the analysis is summarised in the table below, which identifies on a monthly basis where various weaknesses were identified.

	No of Saturdays (A)	No clear Premier fixtures	No clear 2 nd Premier fixture	Weak feature event	Weak supporting fixture	Geographical concerns	More than 2 Premier fixture candidates (B)	No issues identified (B)
January	5		2	1	1	2		1
February	4		3	2		1	1	1
March	4	1(C)	3	1	1			2
April	4	1	1	1	1			2
May	5	1	2	1	1	1	1	1
June	4		2		2			1
July	4		1	1	2			1
August	5		3	2				1
September	4		2			1		2
October	5		1	1	1			4
November	4		1			1		2
December	3		3		2			-
Total	51	3	24	10	11	6	2	18

Notes:
A Excludes the Saturday between Christmas and New Year.
B The current existence of more than two apparent Premier fixtures is not necessarily an issue and therefore any such Saturdays are also included in the 'no issue identified' count.
C Fixtures staged on Saturday will vary depending on the timing of Easter.
Source: British Horseracing Authority analysis

The most common issue identified was the apparent lack of a sufficiently strong 2nd fixture, which could adopt Premier fixture status. Indeed it is evident that over half of the Saturdays during the year would not currently appear to have two Premier fixture candidates.

In total the assessment criteria resulted in 33 Saturdays having one issue or more to consider. While such a high percentage suggests that much work is required to address the issues, it should be noted that the scale of the problem will vary significantly between Saturdays.

4.5 Recommendations

With Saturday afternoons being racing's 'shop window', it is vital that the full value of these slots is exploited. On any Saturday when the fixture list does not provide an optimal balance of fixtures, the relevant weaknesses need to be addressed. Initially, this will involve highlighting the nature of these concerns to the relevant racecourses. However, if the identified weaknesses persist, it is recommended that, for the 2010 fixture list, funding to stage a fixture on that particular afternoon should be opened up to competition from other racecourses. To that end, a suitable process should be developed in consultation with the Levy Board and the Racecourse Association for achieving the desired outcome.

In addition, efforts should be directed towards ensuring that the headline fixtures are sufficiently distinguished. Under the guidance of the Racing Promotions Group, it is recommended that the concept of Premier fixtures should be developed with the aim of establishing a separate tier comprising solely of British Horseracing's landmark events in time for the 2009 fixture list. This would involve the creation of a stand-alone identity and brand for these events, creating clear signposting and linkage for customers.

Under this framework, qualifying fixtures would have minimum prize money levels and no races below a specified class. It is also suggested that, in consultation with the Levy Board and Racecourse Association, a mechanism is developed for beyond 2009 that would facilitate any additional funding generated by Premier fixtures being reinvested in these fixtures with a view to improving the international competitiveness of prize money levels associated with racing's quality product.

With two such fixtures on most Saturdays, as well as a number of valuable midweek events, it is anticipated that in the region of 150 Premier fixtures would become clearly distinguishable flagship events, thereby supporting a stronger narrative across the year.

The Racing Promotions Group and/or relevant courses should also consider other means for improving racing's narrative, particularly during the Flat season. This should include measures such as:

- The development of a Saturday series featuring the sport's internationally recognised events leading up to a major autumn finale;
- Given the success of the Order of Merit for Jumping, consideration should be given to the development of a similar concept for the Flat; and
- Greater promotional support for British Horseracing's landmark occasions, with press days involving all the major participants in the lead-up to such events.

It should be stressed, however, that there would also be a need to ensure that any measures introduced to promote the top tier of British Horseracing do not lead to any other fixtures being diminished in any way as this could obviously affect local support and attendances.

It is also the strong recommendation that courses adopt a collective approach to the packaging and promotion of broadcast rights for the major events, to create a clear promotional partnership with chosen broadcasters.

5 Sunday racing

5.1 Background

Sunday racing was introduced in 1995, with the creation of 24 fixtures. The BHB's 1995 Annual Report identified that these fixtures were 'an outstanding success', with 'a sea of new faces' contributing to the average attendance of nearly 10,000 and average prize money of over £87,000 at each fixture.

It is evident that Sunday racing has evolved into something far removed from what was originally envisaged, with, in 2008, 147 fixtures in total and racing programmed on each Sunday of the year.

Within the submissions, Sunday racing received criticism from various perspectives including in relation to its quality and the prize money available. The prospect of year-round Sunday racing was also stated as being one of the principal difficulties associated with the recruitment and retention of staff.

It is the case that at particular racecourses Sunday fixtures are extremely popular. Indeed as the table below shows, 11 of the 46 racecourses staging Sunday fixtures during 2006 and 2007 attracted their highest attendance at a Sunday fixture:

	2006	2007
Stage fixtures (2006: 46 racecourses; 2007: 50)	140	145
Total attendance	595,686	596,832
Average	4,255	4,421
Racecourses where Sunday highest attendance	11 (24%)	11 (22%)
Racecourses where average Sunday attendance greater than non Sunday	33 (72%)	37 (74%)

When considering the position of Sundays, it has therefore been necessary to undertake the analysis on a fixture-by-fixture basis.

5.2 Financial analysis

The profit and loss for all Sunday fixtures where data was available (excluding the 1,000 Guineas meeting) has been set out below.

Sunday Racing Profit and Loss Account - 2006			
	Total	Average	Industry Average
	£000	£000	£000
Raceday Revenue			
Sponsorship	1,208	10	15
Entry Fees	82	1	1
Admission	5,246	43	63
On Course Betting	632	5	6
BAGS/GG Media	2,930	24	24
Other Revenue	743	6	14
Total Racecourse Raceday Revenue	10,841	90	123
Levy Generated from Fixtures	7,823	65	75
Total Raceday Revenue	18,664	154	198
Expenditure			
Officials/Raceday Staff/Police/Stables	1,386	11	13
Fixture Fees	1,020	8	8
RaceTech/Integrity Costs	561	5	5
Other Expenditure	2,436	20	25
	5,403	45	52
Raceday Profit Before Prize Money	13,261	110	146
Gross Prize Money	6,863	57	66
Profit From Fixtures	6,398	53	80
Number of Fixtures	121	121	1,258

Note: Sunday racing excludes the 1,000 Guineas meeting. Number of Sunday fixtures per analysis differs from total staged due to missing courses.
 Source: BHA; tote; Coral; Statements of Accounts (54 courses)

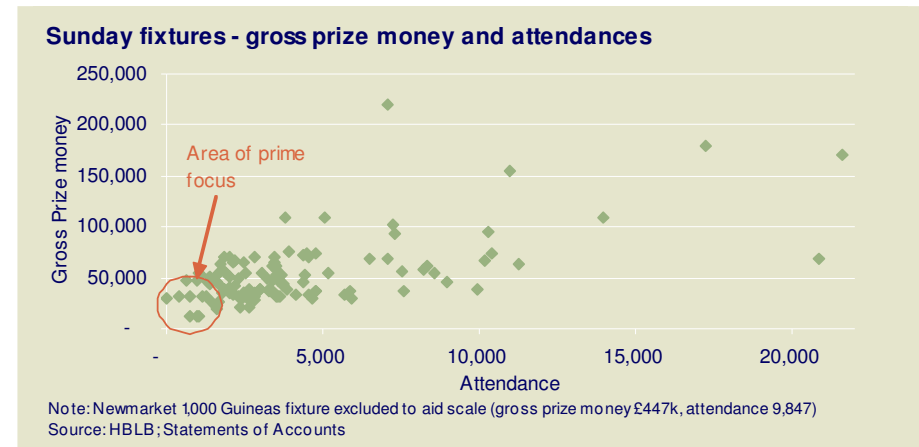
5.2 Financial analysis (continued)

With reference to determining the optimal fixture list for British Horseracing, the financial analysis established that:

- the average raceday profit per fixture is lower on Sundays (£53,000) than for any other day of the week;
- the average betting turnover per race is lower on Sundays (£9,737) than for any other day of the week (£10,318 on Mondays being the next lowest);
- average prize money levels at Sunday fixtures (£57,000) are below the industry average (£66,000);
- average sponsorship revenue and, more generally, corporate spend at Sunday fixtures is significantly below the industry average; and
- furthermore, despite the fact that, unlike any other day, approximately £1.2 million is paid in appearance money to support field sizes, the average number of runners in each race remains at its lowest on Sundays.

5.3 Sundays assessment

As previously noted there is significant variation in the performance of individual Sundays, be that by day, fixture or racecourse. The chart across illustrates that point by setting out gross prize money and attendances. These are the two best measures of the original intention of introducing Sunday racing – namely the staging of high quality racing to attract existing and new racegoers.



The chart highlights that a sizeable number of fixtures have both low prize money and attendances.

The high attendances recorded by some fixtures with relatively low prize money do show the attractiveness of Sunday racing to racegoers at certain racecourses.

A number of Sunday fixtures that have high prize money currently attract relatively low attendances, certainly compared to attendances at other fixtures at the respective racecourse. These venues may have the potential to develop the fixtures further and build attendances, particularly if the fixture is moved to an alternative slot in the fixture list.

5.4 Recommendations

Although it is accepted that there are only a small number of Sunday fixtures that, from the Industry's perspective, are loss making, it is clear that there are a number of disappointing fixtures that generate a negligible return and provide an unappealing sporting spectacle.

To that end, where it is identified that particular Sunday fixtures perform poorly, it is recommended that BHA fixtures be removed whilst, in relation to Racecourse fixtures, it is recommended that the affected racecourses should be given the time and the encouragement to improve the fixture's performance against measurable criteria. However, in the event that the identified weaknesses persist, such fixtures should be rescheduled to alternative days of the week, when, at the very least, they are likely to attract greater off-course interest. To that end, it is recommended that funding for such Sunday fixtures whose performance does not improve within a reasonable period of time should be discontinued unless the affected racecourses move the fixtures to alternative available (non-Sunday) slots. This will require a suitable process to be developed in consultation with the Levy Board and the Racecourse Association.

In the short term, with effect from the 2009 fixture list, by using slots containing BHA fixtures that would otherwise have been available for bidding and, in addition, utilising gaps previously left for Replacement fixtures, it is recommended that attempts are made to create a fixture-free Sunday in each month during the height of the winter, where fixtures revenues are at their lowest.

Creating these blank days could provide a space in the fixture list to re-schedule major events lost due to the weather, although it is recognised that establishing funding arrangements for such events would require further discussion with the Levy Board and any other interested parties.

For much of the year, such closures would have little impact on the staffing concerns identified in the horse men's submissions and it is therefore recommended that, particularly at the height of the Flat season, a small number of single-code Sundays should be created. To that end, in 2009, a Sunday comprising solely Jump fixtures should be trialled in the middle of the summer.

Finally, it is recommended that the Saturday evening and the Sunday following the November Handicap meeting at Doncaster, which closes the Flat season, should be kept free of any Flat fixtures. It continues to be the view of the Authority that the same should apply to Jump fixtures on the Sunday following the end of the Jump season.

6 Evening racing

6.1 Evening fixtures financial overview

The financial analysis of afternoon and evening fixtures identifies clear differences between the financial models for standard afternoon and evening fixtures. Indeed, in the most general terms and with reference to the average fixture performance, the analysis below, which includes fixtures staged between April and August excluding Saturdays, shows that the higher evening admission revenues partly offset the higher afternoon returns to the levy, with the net result being a relatively similar industry profit from the average fixture during both sessions.

Total and average fixture profit by session (April - August) - 2006				
	Afternoon Total	Evening Total	Non-Sat. Afternoon Average	Non-Sat. Evening Average
	£000	£000	£000	£000
Raceday Revenue				
Sponsorship	9,604	1,397	15	8
Entry Fees	385	191	1	1
Admission	35,089	11,823	55	65
On Course Betting	3,207	971	6	5
BAGS/GG Media	10,229	4,293	25	24
Other Revenue	<u>12,222</u>	<u>1,549</u>	<u>12</u>	<u>9</u>
Total Racecourse Raceday Revenue	70,736	20,225	112	112
Levy Generated from Fixtures	<u>33,962</u>	<u>8,999</u>	<u>72</u>	<u>48</u>
Total Raceday Revenue	104,698	29,223	184	160
Expenditure				
Officials/Raceday Staff/Police/Stables	7,109	2,317	12	12
Fixture Fees	3,687	1,566	9	8
RaceTech/Integrity Costs	2,480	1,150	6	6
Other Expenditure	<u>14,169</u>	<u>4,975</u>	<u>22</u>	<u>28</u>
	27,445	10,008	49	55
Raceday Profit Before Prize Money	77,252	19,216	135	105
Gross Prize Money	<u>35,055</u>	<u>8,189</u>	<u>65</u>	<u>43</u>
Profit From Fixtures	<u>42,197</u>	<u>11,027</u>	<u>70</u>	<u>62</u>
Number of Fixtures	429	192	345	158

Source: BHA; tote; Coral; Statements of Accounts (54 courses)

6.2 Winter evening racing experiences to date

The introduction of a winter evening programme, commencing in September 2007, involved the programming of four fixtures each week from Wednesday to Saturday, totalling 127 such fixtures for the whole of 2008, costing the levy in the region of £4.5 million comprising its allocation to prize money and integrity fees.

Early indications support the view that, as with evening fixtures at other times of the year, the off-course performance of winter evening fixtures is modest. Indeed, betting data indicates that from 1st September to 31st December 2007, betting turnover for the average race at an evening fixture was approximately 55% of the average race and at its lowest on Saturday evenings.

However, unlike their summer counterparts, winter evening fixtures have been unable to make up for the disappointing off-course performance by attracting significant crowds. For the period from September to February, the average attendance at winter evening fixtures was 935, falling to just 795 during the months of December, January and February.

In addition, prize money levels have been low, with racecourses adding little to the £20,000 BDR and owners' stakes. Indeed, the average level of prize money at winter evening fixtures from September to February was just £23,149.

Furthermore, serious concerns exist relating to the ability of the horse population to facilitate the significantly increased number of fixtures, particularly in the middle of winter when the Flat horse population is at its lowest. Simply considering the evening fixtures from December to February, the average field size has been just 8.6 runners, which can be compared with an average of 10.6 runners in all Flat races staged in 2007.

Winter evening racing experiences to date (cont.)

The impact on field sizes has not been experienced solely by the evening fixtures, however, as demonstrated by the table below which, for the period from December to February, compares average field sizes for all AWT races during the past four seasons.

AWT Average Field Sizes – December to February	
Years	Average field size
04/05	11.2
05/06	11.1
06/07	9.8
07/08	8.4

It is possible that, based on the data provided relating to the impact of field sizes on betting activity, the decline in the number of runners may not have had a significant impact on betting turnover although this is less likely to be the case for gross profits, which are the basis for determining the levy yield. Moreover, as a sporting spectacle, there can be little doubt that the substantial reduction in field sizes has had a detrimental impact on AWT racing outside the Flat season. Indeed, average attendances at AWT fixtures staged during the afternoons in the middle of winter have declined in recent years.

Attendances at AWT afternoon fixtures – December to February			
Years	Total attendance	Fixtures	Average attendance
04/05	84,125	92	914
05/06	84,411	93	908
06/07	85,579	96	891
07/08	74,088	91	814

Note: Twilight fixtures are excluded from this analysis

In summary, therefore, the evidence suggests that the winter evening fixtures have few supporters amongst the horsemen, racegoers and potential race sponsors, whilst the return from off-course punters is the lowest for any specific type of fixture.

Furthermore, projecting forward, concerns have been raised in various quarters that British Horseracing may be about to enter a period during which the horse population declines.

In a review commissioned by the BHB, KPMG found that changes in GDP were closely linked to the number of horses-in-training with, for example, a 10% increase in GDP leading to a 5% increase in horses. In the event of an economic downturn, a reduction in the horse population would appear a likely outcome.

This analysis suggests that, particularly during those months when particular sections of the horse population are most stretched, such as the Flat horse population outside the Flat season, field size concerns may increase further should the fixture list remain at its current level. Such a prospect would clearly further compromise the sporting spectacle at AWT fixtures outside the Flat season, particularly during the period from December to March, and is therefore not consistent with British Horseracing's optimal fixture list.

6.3 Recommendations

The 2008 fixture list included a winter evening programme comprising 114 newly created BHA fixtures (plus thirteen pre-existing Racecourse fixtures).

These fixtures are a new concept, having been introduced to coincide with bookmakers being able to open LBOs until 10.00 pm from 1st September 2007. Based on current information, the performance of these fixtures as a sporting spectacle is very poor, with small fields of lowly rated horses attracting few spectators. The impact of the fixtures from a betting perspective – including the volume of business generated by shops and the return to racing – also appears to be modest, and is not, under current arrangements, creating an appropriate return. At this stage, it is the Authority's view that, at best, there is a huge question mark over these new fixtures, particularly at their current levels, and at worst, there are simply too many of them, despite the fact that they represent an ongoing experiment for the sport.

Despite the Levy Board recently announcing that there will be no changes to their fixture criteria in 2009, it is recommended that the number of winter evening fixtures is reduced from four to three each week during January, February, March and December (when the horse population is at its most scarce). This would be best achieved by, during these months, removing such fixtures from Saturday evenings, when betting activity is, by some margin, at its lowest.

This would impact upon four Racecourse fixtures staged on Saturday evenings at Wolverhampton (one in February, one in March and two in December), for which alternative dates should be considered in consultation with Arena Leisure. These may include, for example, Saturday evening slots in September, October and April (previously filled with BHA fixtures), which are likely to be more attractive both from the perspective of the horse population and from racegoers.

Based on the period from December to February 2007/08, reallocating affected runners from Saturday evenings to other fixtures would have theoretically facilitated an increase in average AWT field sizes from 8.4 to

9.1. These field sizes would be further supported by more frequently programming six races per card rather than seven.

In addition, all avenues should be explored to increase prize money at winter evening fixtures, thereby encouraging the participants to have more horses available for competition during this period. However, sizeable increases in the contributions to these relatively low grade fixtures is not considered to be the optimal use for any additional central funding, for which higher quality fixtures and races should be the priority.

These recommendations regarding winter evening fixtures are based on information available up to the end of February 2008, with betting data only available until the end of December 2007. Admittedly, there are a great many variables, including betting operator decisions as to whether or not to open shops (and to what extent, i.e. regarding days and hours), along with the promotion of those later hours, and the promotion of racing in conjunction with other (e.g. FOBT) product. Information regarding the performance of the winter evening experiment for the full period will be available at the end of April for consideration in May (as part of the wider debate now occurring between the sport and betting).

7 Removing the most moderate horses

7.1 Background

A common theme in a number of the submissions to the review was that races confined to the worst horses are a poor advertisement for the sport, providing a sporting spectacle that lacks appeal to the vast majority of racing's followers. Moreover, a commonly voiced opinion was that opportunities for the least able animals on the Flat should be removed, a position supported by the following:

- if by winning a poor quality race, a poor mare is more likely to be used for breeding purposes, this is both contributing to overproduction and having a detrimental impact on the future of the breed;
- the creation of a mass of low grade races, offering minimal prize money, has had a significantly detrimental impact on average prize money returns in Britain relative to its international rivals with, for example, the average runner in Britain winning 24% less than its Irish counterpart;
- despite warnings that opportunities will be infrequent and the potential rewards minimal, it is evident that some owners and trainers choose to continue to keep such horses in training. It would seem likely that in many cases this could only be sustainable with the connections operating on a shoestring, which, where relevant, could clearly have implications for the horses and the staff associated with such animals; and
- the majority of alerts issued by the Authority's Integrity Services Department have involved low grade Flat races.

7.2 The Irish model

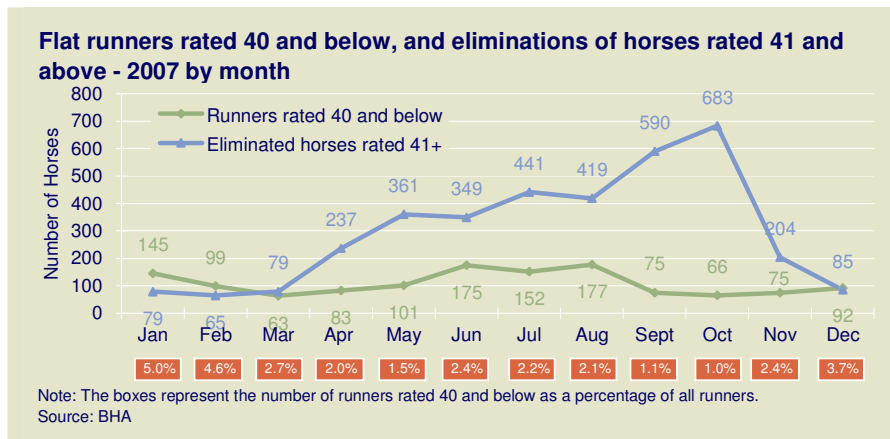
The removal of opportunities for the worst horses has already been adopted in Ireland, where, since 2005, 'quality control' measures have been implemented to 'reduce significantly the number of horses at the bottom end of the rating scale'.

Horse Racing Ireland has refined its policy since its initial implementation in the light of its effectiveness in removing the lowest rated horses from the system. The current version is summarised below:

- any horse rated 42 or below at the end of the 2007 season is no longer eligible to run in Flat races;
- for 2008, any horse dropped below 42 (i.e. 41 or less) will no longer be eligible to run in Flat races in Ireland;
- all Flat horses will be given a minimum of five lifetime runs before being eligible to be dropped below 42;
- all 2yos will not be dropped below 42 although they will be required to run off a minimum rating of 50;
- all 3yos will be given a minimum of three runs in 2008 before being eligible to be dropped below 42;
- all 4yos & upwards will be given a minimum of two runs in 2008 before being dropped below 42; and
- horses rated 42 to 44 will be eligible to run in handicaps with a minimum rating band, but they will have to run off a mark of 45.

7.3 Analysis of horse population

Consideration of introducing quality control measures cannot take place without assessing the likely impact on the competitiveness of the race programme. To that end, the analysis below, based on data from 2007, identifies that for the vast majority of the year, removing horses rated 40 or below would have a negligible impact on the competitiveness of races, with the opportunities previously taken up by such horses utilised by higher rated animals in search of additional races.



In terms of quantifying the number of horses involved, horses-in-training data indicates that in January 2008 there were 353 animals with a Flat rating of 40 or below.

The performances of horses with such a rating in 2007 has been reviewed, with eighteen horses winning races when rated 40 or below. Of the eighteen, only two horses have subsequently won another Flat race. In addition, there are two animals that have gone on to be placed when rated 58 and 56 respectively.

These horses, therefore, cannot be considered the 'grass roots' of the sport which given time will develop into horses that could compete at a

much higher level and, indeed, providing opportunities for them is clearly inconsistent with aspirations to drive up the quality of the sport and the sporting spectacle.

7.4 Recommendations

British Horseracing should be striving to improve standards in all areas, including the standards of the horses that race. Accordingly, at the beginning of the 2009 Flat season, it is recommended that any horse with a rating of 40 or below would no longer be qualified to run in Flat races.

Details of how this policy would be implemented, both initially and going forward, will require discussion with the Horsemen's Group. However, subject to changes in the horse population and/or the number of fixtures, it would be the intention to keep this under active review and further increase the minimum rating in due course.

Clearly it cannot be overstated that the introduction of any 'quality control' policy would require a sufficient lead-in time in order that owners of affected animals have due notice. Connections would require education, with details of suggestions for possible alternative careers for such horses widely publicised.

8 All-weather track fixtures

8.1 Background

Whilst recognising the valuable role of AWT opportunities throughout much of the year, a significant number of submissions raised concerns that their expansion into the heart of the Flat season has impacted upon the reputation of British racing as being the home of the world's best Turf racing. Indeed, it was frequently suggested that the perception of British racing is being altered by the growth in the number of AWT fixtures during the summer.

Since 2003 the number of AWT fixtures between May and August, as shown below, has increased, largely as a result of the change of surface at Kempton Park and the introduction of a bidding process for fixtures. The latter facilitated 24 of the 35 BHA Flat fixtures programmed during these months in 2008 being allocated to an AWT venue.

Year	2003	2004	2005	2006	2007	2008
AWT fixtures: May to August	19	25	24	51	55	52

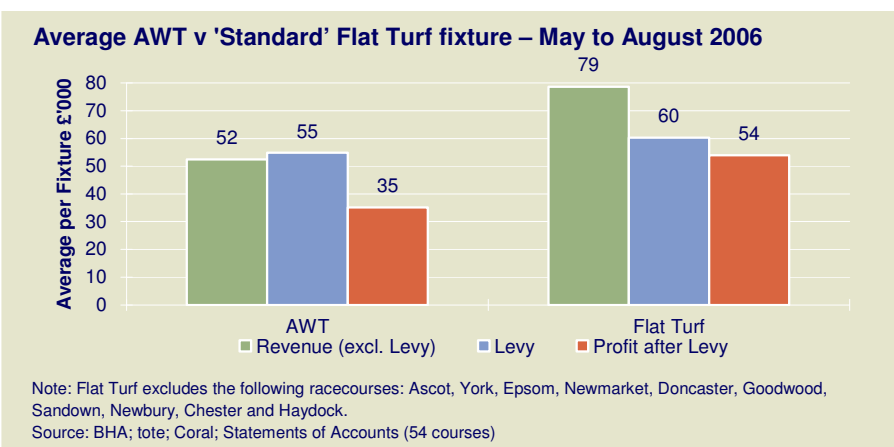
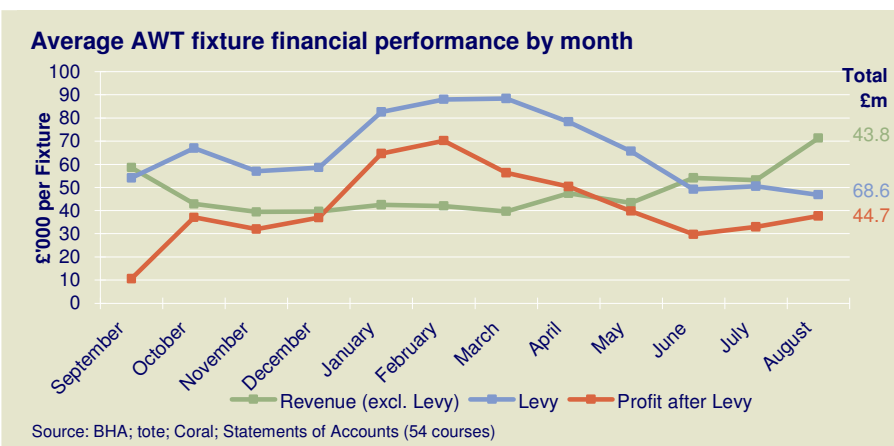
8.2 Analysis

The analysis of AWT fixtures, as illustrated by the graph across, identifies that the levy per AWT fixture declines steadily from March to June, which translates to lower profits, and remains at these lower levels in July and August.

Between May and August, the average levy generated by AWT fixtures of £55,000 per fixture is only £5,000 lower than comparable (i.e. standard) Flat Turf fixtures. However, its average revenue and profit after

levy per fixture are considerably lower over this period compared to Flat Turf's.

Although during the peak of the Flat season, AWT fixtures generate relatively less revenue and profit than Turf fixtures, it is recognised that, particularly when ground conditions are extreme, the AWT surfaces provide much needed opportunities to the horse population.



8.3 Recommendations

The optimal fixture list would comprise a balanced distribution of AWT fixtures throughout the main Flat season, thereby ensuring that there are at least some opportunities for horses at times when there is a possibility of extreme ground conditions. However, as the financial analysis has identified, any further expansion of AWT fixtures at the expense of Turf fixtures would not be in the best interests of the sport.

The 2008 fixture list comprises the following number of AWT fixtures during the summer months (with AWT fixtures being so defined if the majority of races staged on the card are on an artificial surface):

AWT Fixtures per week – May to August 2008			
Week commencing	No of fixtures	Week commencing	No of fixtures
5 May	3	7 July	3
12 May	3	14 July	3
19 May	2	21 July	2
26 May	2	28 July	2
2 June	5	4 August	1
9 June	1	11 August	4
16 June	2	18 August	3
23 June	4	25 August	5
30 June	4		

Working in co-operation with all Flat racecourses, it is recommended that, with immediate effect, efforts are made to redistribute the 52 fixtures so that no more than three are programmed in any single week.

In addition, to prevent any further loss of Turf fixtures during the summer period, it is recommended that any application to move an AWT fixture into the period at the expense of a Turf fixture would be subject to the approval of the governing authority.

8.4 Quality of the AWT programme

A relatively small number of submissions raised the issue of whether the industry should allocate resources towards enhancing the quality of AWT racing in Britain, with divergence between supporters as to whether this should be on a year-round basis or restricted to outside the Flat season.

It seems evident that the creation of a high class AWT programme during the Flat season could not be achieved without having a detrimental impact on at least some of the higher quality Turf events, an outcome that could not be considered in the best interests of the sport.

Improvements have been made to the quality of the AWT programme outside the Flat season with, during the winter of 2007/08, eleven new Listed races introduced. Further gradual advances to the programme should be made with a view to encouraging more high quality horses to remain in training in Britain over the winter. However, the commercial realities are that Britain currently lacks the resource to create a winter programme that could complement or compete with the likes of Dubai.

There is merit, however, in exploring the possibility of staging pre Breeders' Cup or Dubai World Cup events at suitable venues to provide potential British challengers with AWT race experience and to support the increasing internationalisation of the sport.

9 Geographical considerations

9.1 Background

Since 2006, the ability to take any account of geographical considerations during the fixture allocation process has been removed as a consequence of the Office of Fair Trading's objection to the '50-mile rule', which had prevented racecourses of the same code located within 50 miles of each other from racing during the same session.

Within the submissions to the review, the subsequent emergence of an increasing number of geographical clashes was the most frequently identified weakness in the current fixture allocation process. Indeed, within the 2008 fixture list, there are seventeen cases of non-compliance with the previously enforced '50-mile rule', with the worst examples including Kempton Park and Windsor, only seventeen miles apart, both staging fixtures on the afternoons of 5th May and 13th October.

Concerns that a market mechanism will not generate a sensible geographical spread of fixtures have been borne out and it is also recognised that the '50-mile rule' is an insufficient mechanism to achieve an optimal geographical allocation of fixtures. For example, on the afternoon of Saturday 5th January, although the four fixtures (Chepstow, Lingfield Park AWT, Sandown Park and Wincanton) would have complied with the '50-mile rule', there was no racing programmed any further north than Chepstow. To that end, the focus should be on achieving a sensible spread of fixtures rather than avoiding clashes.

9.2 Analysis

A review of the 2008 fixture list identifies that geographical concerns are evident on 25% of the 363 days on which racing is programmed, with such concerns defined as:

- 53 afternoons with no racing north of a horizontal line drawn across the country from North Wales to the Wash, and three afternoons with no racing south of the same line;

- Eleven examples of there being fewer than 100 miles from one fixture to two other fixtures being staged at the same time; and
- 22 two-fixture sessions (usually evenings) when both venues are within 100 miles of each other.

It is also evident that specific regions of the country suffer from periods of relative inactivity. For example, a number of Jump trainers based in the north included in their submissions reference to the lack of opportunities towards the beginning of the core season, as illustrated by the fact that there are only eleven Jump fixtures programmed in the north during October. A further example would include racing in Scotland being limited to only two fixtures between 9th March and 6th April, including two completely blank weeks.

9.3 Recommendations

With immediate effect, the location of existing fixtures during the same session will be considered before any BHA fixtures are offered for bidding. Where there is an absence of any fixtures within a particular region during that session, bidding may be restricted to racecourses in that locality.

At the end of the fixture allocation process, the Authority will undertake a detailed review of the fixture list from a geographical perspective. It will make the details of its findings available to all racecourses and co-ordinate efforts with those affected to resolve such matters.

If, after giving racecourses the opportunity to resolve the principal areas of concerns themselves, major concerns persist, more direct measures should be introduced to achieve an improved geographical allocation. For example, as outlined earlier, Saturdays are the most important days for attracting racegoers and, accordingly, there is considerable merit in using the central funding mechanism to deliver a spread of fixtures across the country. This could be achieved, for example, by limiting the number of funded fixtures in any one region on a Saturday. To that end, it is intended that consultation will take place with the Levy Board and the Racecourse Association to develop a framework that, with effect from 2010, could be incorporated within fixture funding arrangements.

10 Bank holidays

10.1 Background

A number of submissions proposed that better use should be made of Bank Holidays by staging more fixtures at a time when potential new customers, especially families, may consider attending a race meeting.

In recent years the number of Bank Holiday fixtures has fallen from 56 in 2000 to 35 in 2008. This is largely due to the fact that the betting industry is only willing to pay for pictures from a maximum of four fixtures on a Bank Holiday. Whilst racecourses staging fixtures that are not covered in the betting shops have been provided with 50% BDR payments towards prize money (thereby recognising their importance in serving the racegoing public), the absence of in the region of £25,000 in picture payments has encouraged many racecourses to relocate fixtures away from Bank Holidays to more commercially attractive slots.

It is also evident that the quality of fixtures staged on Bank Holidays has declined recently and, to that end, consideration should be directed towards whether, possibly through some form of incentivisation, attempts should be made to reverse this trend.

10.2 Analysis

The popularity of Bank Holiday fixtures is highlighted in the table below.

Attendances at bank holiday fixtures	2006	2007
No of fixtures	36	35
Racecourses staging BH fixtures	23	25
Total attendance	243,502	238,300
Average attendance	6,764	6,809
Racecourses whose BH fixtures are their highest attended of the year	11 (48%)	13 (52%)
Cumulative excess of highest BH attendance over next highest attendance of those courses	44,475	48,698

The popularity of Bank Holiday racing results in high average admissions revenue of £73,000, which is 18% higher than the industry average of £63,000. Furthermore, at 13 racecourses in 2007 a Bank Holiday fixture was their highest attended fixture whilst at a further five racecourses it was their second or third highest attended.

However, in the case of those fixtures not receiving bookmaker picture payments, it is evident that the additional admission revenue is insufficient to overcome the loss of other income sources, including 50% of the BDR payment, all picture payments and, possibly, some corporate and sponsor support.

On certain Bank Holiday afternoons, this has left racegoers in particular parts of the country deprived of racing.

Bank holiday	Fixtures (2008)	Areas of concern
New Year's Day	Catterick Bridge, Cheltenham, Exeter, Southwell	No fixtures in the South East/East Anglia
Easter Monday	Chepstow, Fakenham, Plumpton, Redcar, Huntingdon, Warwick, Yarmouth	No fixtures in the North West
Early May Bank Holiday	Newcastle, Warwick, Kempton Park, Windsor	No fixtures in the West
Spring Bank Holiday	Carlisle, Leicester, Chepstow, Cartmel, Redcar	No fixtures in the South East/East Anglia
All Bank Holidays		No Scottish fixtures other than at Musselburgh on Easter Day

10.3 Recommendations

Where a particular region is identified as being without a fixture on a Bank Holiday, racecourses in that locality should be invited to apply to stage an additional fixture, with the fixture allocated to the racecourse where it is considered most likely to fulfil its primary objective (i.e. attracting racegoers). This contrasts with the current situation where racecourses would be required to move an existing Racecourse fixture from elsewhere.

Appropriate funding would need to be made available and, to that end, it is recommended that the Levy Board should provide a 50% BDR payment and also cover all integrity fees.

It is further recommended that racecourses would be offered these non-transferable fixtures on a three year basis, following which applications for the fixture should be re-opened to all racecourses in that locality.

The gambling legislation introduced in September 2007 allowed betting shops to open on Good Friday from 2008 onwards. The current absence of fixtures on Good Friday facilitates the extremely successful Industry Open Days held in Lambourn and Middleham. This unique method of promoting the sport should be encouraged and, to that end, it is recommended that there continues to be no fixtures programmed on Good Friday as long as the Open Days remain so popular.

Following consideration of a proposal received from the PJA, it is also recommended that no fixtures are programmed on the evening of Maundy Thursday, thereby creating the space for its annual Lesters Awards ceremony.

11 Other areas

11.1 Championships

As part of their submissions, both the PJA and the NTF have voiced their desire to refine the existing parameters used to determine the jockeys' and trainers' Flat championships respectively.

The PJA are understood to favour separate annual Turf and AWT championships, thereby assisting the promotion of the sport by reducing the incentive for jockeys to ride in as many races as physically possible. The NTF, meanwhile, have proposed an annual Flat championship that concludes with the November Handicap meeting, with the new championship beginning on the following Monday.

It is evident from these two proposals alone that universal agreement in relation to the dates on which the championships should begin and end is unlikely to be achieved. Furthermore, this debate has little, if any, relevance in terms of defining the optimal fixture list. Therefore, it is recommended that any proposals to change the parameters associated with the various championships are considered outside the confines of this review.

As for Jumping, it is recommended that efforts should continue to facilitate the best possible finale by only staging one Jump fixture (at Sandown Park) on the final day of the season.

11.2 Allocation of funds between codes

A number of submissions questioned the appropriateness of continuing to allocate the main prize fund on a 60 (Flat) / 40 (Jump) basis between the codes, particularly in the light of the significant expansion in the number of Flat fixtures whilst Jump fixtures have remained relatively static.

In 2008, the Levy Board's main prize fund totalled £49.5 million, which, after top-slicing the 25% betting element, left £37.1 million to allocate

between the two codes. Based on the historical division, this translated into £22.3 million (Flat) and £14.8 million (Jump).

Whilst wider issues associated with the funding of fixtures require consideration, as discussed below, it is suggested that, with effect from 2009, the 60/40 division is adjusted to reflect recent changes in the balance of the fixture list.

One possibility would be to base the allocation solely on fixture numbers, which would result in a net gain to Flat fixtures of £1.1 million.

It is recommended, however, that, on the basis that they remain 'on trial', the Levy Board should top-slice any allocations from the main prize fund relating to the winter evening programme before dividing the remaining amount between codes based on the number of fixtures programmed.

In terms of its financial impact, in the event that the number of BHA winter evening fixtures and the associated costs remain unchanged, this would represent a gain to Flat fixtures of £0.8 million.

11.3 Jockeys' working schedules

The expansion of the fixture list, which has been almost entirely Flat related, has led the PJA to raise concerns regarding the impact on jockeys of servicing the increased number of fixtures.

This has been addressed for Flat jockeys by, since April 2007, limiting their working week to riding at a maximum of nine meetings and, as a result, the PJA's focus now relates to extending the late summer break for Jump jockeys from six days.

This could be achieved by finding an alternative date for the Jump fixture staged at Stratford-on-Avon in the second week of September, thereby increasing the current break by two days to eight days.

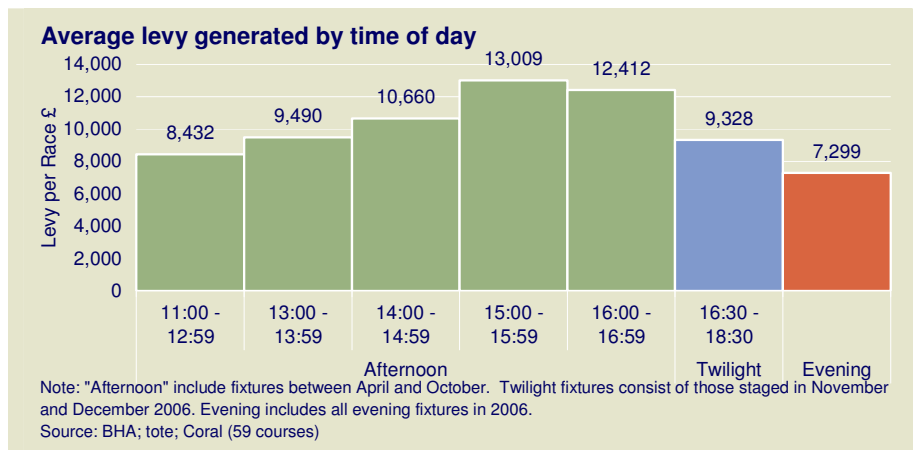
The Authority, with the assistance of the PJA, will continue to encourage Stratford-on-Avon to find an alternative slot for this particular fixture.

11.4 Lunchtime and twilight races

The betting industry (via the Association of British Bookmakers' submission) has stated that British Horseracing would benefit from providing additional product at lunchtime and also in the gap between the end of afternoon fixtures and the beginning of evening fixtures.

The review considered whether there is any evidence to support either creating new fixtures or moving existing afternoon fixtures earlier or later.

The assessment was partly based on the chart below which identifies that betting activity rises until peaking between the hours of 3pm and 4pm.



It is evident that the slots advocated by the betting industry are less active than current race times and, moreover, any benefits associated with new fixtures in such slots were considered unlikely to be sufficient to justify their creation. Accordingly, there is no desire at the current time to expand the fixture list into these new slots.

11.5 Regional festivals

A small number of racecourse submissions, primarily from Scotland and Yorkshire, stated that an optimal fixture list would include regional festivals, thereby encouraging wider participation of horses and jockeys from afar, as well as having favourable implications for attendances.

As previously stated, it is imperative that the compilation of the fixture list takes into account geographical considerations with a view to producing a well balanced fixture list across all regions.

To that end, as part of the fixture allocation process, the Authority will assist any racecourses attempting to develop a regional festival by co-ordinating discussions with other racecourses. It is acknowledged, however, that ultimately achieving such festivals will involve the racecourses responsible for the proposals establishing an agreement with those venues with a historic right to race on the targeted dates.

11.6 Continuity of fixtures

Within their submissions, a number of racecourses also identified the benefits of a regular pattern of fixtures, referring to the successful pattern of Monday evenings at Windsor.

It seems likely that this principle would be of considerable benefit to racegoers and, as with the regional festivals, the Authority will assist any racecourses aiming to re-arrange their fixture list by co-ordinating discussions with other racecourses. However, ultimately, achieving the continuity will require agreement between the affected parties.

12 Next steps and summary of recommendations

Having identified the optimal fixture list for British Horseracing, the next stage of the process involves developing the financial mechanisms that will underpin its implementation.

Inevitably, a number of the recommendations will only be achieved with financial support and, to that end, it is imperative that, in partnership with the Levy Board and the Racecourse Association, the various funding mechanisms associated with the financing of fixtures and/or races are the subject of an all-encompassing review. Such a review would need to extend to:

Basic Daily Rate payments – In the short term it should be recognised that the balance of the fixture list between the codes has altered significantly in recent years meaning that the historical split of the main prize fund between Flat (60%) and Jump (40%) is now outdated and requires attention. Beyond this, however, consideration should also be given to how BDRs are calculated and whether the existing mechanism for their distribution, in which the only distinction is between afternoon and evening fixtures, provides a sufficiently sophisticated framework for encouraging racecourses to deliver the optimal fixture list for British Horseracing.

Fixture Incentive Scheme – The fixture-by-fixture financial analysis has identified that, under the current terms of the fixture incentive scheme, many already profitable fixtures, particularly in the summer, are also receiving incentive payments. The terms of the scheme should therefore be reassessed against the relative commercial attractiveness of the different slots and, furthermore, consideration could also be given as to whether the fund should be used to encourage specific outcomes as recommended throughout the review.

Development Fund – Improving the sporting spectacle would involve strengthening British Horseracing's landmark events and reversing the decline in the international competitiveness of the prize money levels suffered in recent years, which will otherwise ultimately threaten Britain's position as the home of the world's best Turf racing. As part of the considerations in this area, attention should be given to whether it is necessary to increasingly link funding to particular races, be it through the Development Fund or alternative means.

It is fully recognised that these are all difficult and complex funding issues. However, it will only be by finding solutions in these areas that the optimal fixture list for British Horseracing can become a reality.

12 Next steps and summary of recommendations (continued)

Turning to the specific issues raised within the review, the recommendations have been summarised below:

Area	2009 fixture list	2010 fixture list and beyond
Saturdays – maximising the value of the sport's prime slots	<ul style="list-style-type: none"> • Highlight the fixtures of main concern and work with racecourses to address issues • Introduce Premier fixtures with minimum prize money and race class levels • Racing Promotions Group to lead other initiatives to strengthen the sport's narrative • Strongly encourage racecourses to adopt a collective approach to the packaging and promotion of broadcast rights for the sport's major events 	<ul style="list-style-type: none"> • Introduce a mechanism, established in consultation with the Levy Board and Racecourse Association, that facilitates the opening up of persistently underperforming fixtures in prime slots to competition from other venues • Investigate the development of a mechanism for channelling funding generated by Premier fixtures into the landmark events
Sunday racing	<ul style="list-style-type: none"> • Work with the relevant racecourses to address underperforming Sunday Racecourse fixtures • Close down one Sunday in each of the months during the height of the winter, when fixture revenues are at their lowest, by removing BHA fixtures and, with the co-operation of racecourses, relocating Racecourse fixtures • Give consideration to developing funding arrangements so that blank days could be used for rescheduling major events lost to the weather • In the light of workforce concerns, with racecourse support create at least one Jump only Sunday during the height of the summer • Remove all Flat fixtures from the Saturday evening and Sunday after the November Handicap, and continue to encourage the movement of Jump fixtures away from the Sunday following the end of the Jump season 	<ul style="list-style-type: none"> • Develop a mechanism that would encourage persistently underperforming Racecourse fixtures to move from Sundays to alternative days of the week
Winter evenings	<ul style="list-style-type: none"> • To reduce the number of winter evening fixtures from four to three each week during the period from December to March, when no such fixtures should be staged on Saturdays • Work with Wolverhampton to relocate any Racecourse fixtures on Saturday evenings between December and March to alternative slots 	
Removing the most moderate Flat horses	<ul style="list-style-type: none"> • Develop a suitable mechanism in consultation with the Horsemen's Group that will prevent horses rated 40 or below from being eligible to run in Flat races from the beginning of the 2009 Flat season • Disseminate details of such measures to owners, trainers and breeders at the earliest possible opportunity 	<ul style="list-style-type: none"> • Further increase the minimum rating level at an appropriate point in the future

12 Next steps and summary of recommendations (continued)

Area	2009 fixture list	2010 fixture list and beyond
AWT fixtures during the main Flat season	<ul style="list-style-type: none"> • Work with Flat racecourses to provide a balanced distribution of AWT opportunities across the summer • Support such a balanced distribution by requiring the Authority's approval for the movement of any AWT fixture into the summer period at the expense of a Turf fixture 	
Geographical considerations	<ul style="list-style-type: none"> • Where considered necessary, restrict bidding for BHA fixtures to racecourses in selected regions • The Authority to undertake a detailed review of the fixture list at the end of the fixture allocation process and co-ordinate attempts to resolve geographical imbalances 	<ul style="list-style-type: none"> • Working with the Levy Board and the Racecourse Association, introduce a geographical element into the funding mechanism for fixtures, particularly on racegoer friendly days
Bank Holidays	<ul style="list-style-type: none"> • Where a particular region is identified as being in need of a fixture on a Bank Holiday, racecourses in that locality should be invited to apply to stage an additional (partly funded) non-transferable fixture, allocated on a three-year basis • No fixtures to be programmed on Good Friday (and the evening of Maundy Thursday) 	
Late summer break for Jump jockeys	<ul style="list-style-type: none"> • Encourage Jump racecourses with fixtures during this period to facilitate the extension of the late summer break for Jump jockeys from the current six days by finding alternative dates for the fixtures 	

Glossary of terms

ABB	Association of British Bookmakers
AWT	All Weather Track racing
BDR	Basic Daily Rate payment
BH	Bank Holidays
BHA	British Horseracing Authority
BHB	British Horseracing Board
Big 3	Following bookmakers: William Hill, Ladbrokes and Coral
EBITDA	Earnings (profit) Before Interest, Tax, Depreciation and Amortisation
GDP	Gross Domestic Product
Initial Findings report	Initially considered by the Board of the British Horseracing Authority in December 2007
Issues Paper	Issued by the British Horseracing Authority in May 2007
JAGB	Jockeys Association of Great Britain
JCR	Jockey Club Racecourses
LBOs	Licensed Betting Outlets
NTF	National Trainers Federation
P&L	Profit and Loss Account
PJA	Professional Jockeys Association
Project Scope	Issued by the British Horseracing Authority in August 2007
RCA	Racecourse Association
Review	Strategic Review of the Fixture List
RFI	Request for Information
ROA	Racehorse Owners Association
Statements of Account	Proforma annual financial information required to be supplied to the British Horseracing Authority by racecourses
SWOT	Strengths, Weaknesses, Opportunities and Threats
TBA	Thoroughbred Breeders Association