Design and Access Statement
For a Dwellinghouse
AT
Cheadle Equestrian Centre
Cheadle,
Staffordshire, ST10 1RB



Prepared for:
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Introduction 1.0.0

1.0.1 We act on behalf of Jennifer Thompson owner of Vecthom Sportshorses which breeds and trains sportshorses for show jumping and dressage the business has also recently established Vecthom Stud. Jennifer competes herself and sells horses to many professional equine riders. Cheadle Equestrian Centre was recently purchased to based the various facets from. The centre has the stables, indoor arena and outdoor providing a good basis for developing the equine business from. Jennifer would like to live on site as this is need both from a business perspective but also on animal welfare grounds.

1.0.2 The new venture at Cheadle Equestrian Centre will bring inward investment into the rural economy and community with potential café and events. The equine industry provides a myriad of spin offs to auxiliary industries like Veterinary practices, tack shops, outdoor clothing shops an endless list and will be covered later in this report.

Planning Background 2.0.0

2.0.1 The following lists shows the planning history of the site

SMD/1992/0371 EQUESTRIAN CENTRE EAVES LANE CHEADLE CHEADLE - ANCILLARY BUILDINGS TO EQUESTRIAN CENTRE FEEDSTORE FOALING BOX COVERED STANDING CATERING AND TOILETS. 16/12/1992

SMD/1991/1060 EQUESTRIAN CENTRE EAVES LANE CHEADLE CHEADLE - ERECTION OF PONY STALLS TACK ROOMS AND OFFICE 17/06/1991

SMD/1984/0295 Extension to stable block 15/11/1984

SMD/1983/0475 Extension to the covered riding area building to form viewing area 20/04/1983

SMD/1982/0177 Conversion of existing stable block into instructors living accommodation 07/03/1983

Proposed 3.0.0

3.0.1 The proposal is to build a dwelling for the owner of the business who needs to be on site on a permanent basis. The applicant has a number of reasons both in terms of expanding the existing business but primarily on animal welfare grounds.

3.0.2 The applicant would like to build a dwelling on site for a number of reasons which will facilitate expanding the business, create jobs for the local community and provide spin off benefits to the rural economy. Vecthom Sporthorses will run from the equestrian centre which is an established and successful business running for 11 years.

3.0.3 The business currently employs one full time member of staff and 1 part time worker and if the application is allowed will be looking to employ more people at Cheadle. The business is basically a breeding, importing and exporting business of top sporthorses. Showjumpers, Dressage and Eventing. The applicant has sold all over the world and have many clients who are Olympic gold medallist horses.

3.0.4 The horses for this business range from foals, yearlings and up to top international showjumpers. These horses' range in price from £6,000 to £200k. Jennifer also owns her own horses which is competes being a show jumper herself. One of these horses is a very famous horse who jumped for Great Britain and is a course record holder. The horse in question is priced at around £350,000 and as he is older and in substantial work, he needs round the clock care. Nightly checks through the night.

3.0.5 At this of level of sportshorses security is paramount. Not only for being stolen but also being drugged would be detrimental to his rider and competing for Great Britain and would have a massive affect and implications on the rider's income as well as for Great Britain.

3.0.6 Along with the above the applicant also have a stud and currently own's 4 stallions all used and out to stud and licensed stallions. The foals will stay with the mares for around 5/6 months. Around the foaling time at least one month before you need to be on alert and doing nightly checks.

Equestrian Use 4.0.0

4.0.1 The Applicant has been competing at a professional level in show jumping for several years.
In addition, breeds and trains horses for professional for dressage, show jumping basically sports horses. It takes several years to produce good quality horses. The breeding mares need to be checked throughout the night and with all equine practices people need to be on hand on a twenty-four-hour basis to be able to react immediately.

Agricultural Use 5.0.0

5.0.1 The Applicant produces hay off the ground which is sold to the equestrian market. Horses are also well known for the need of companionship and if one horse is removed it keeps them settled if other types of animals are retained on the site.

5.0.2 In addition to the equine the applicant also produces hay on the remaining fields. Horses have quite delicate digestive systems and are susceptible to different reaction specially if the hay contains mould therefore equestrian enterprises tend to always require the best quality hay with those farms with the land producing their own.

Labour Requirement 6.0.0

6.0.1 On site accommodation for the applicant is required for the follow basic operations:

Handling foals;
Closely monitoring foals for various common conditions (which if unnoticed can be fatal);
Bringing mares and foals in from fields when sudden onset of heavy rain (to prevent chilling and pneumonia);
Assisting farrier with foal and young stock hoof care;
Monitoring mares and young stock for behavioural changes (which may lead to acute illness if not diagnosed early);
Checking all stock late at night for any problems and shutting in if poor weather conditions;
Monitoring all stock for signs of colic;
Monitoring stabled horses for incidents of becoming cast;
Monitoring groups of mares and young stock for signs of bullying;
Changing and dressings and flushing wounds where necessary;
Grassland management operations such as harrowing, rolling, topping and fertiliser spreading; and
General maintenance duties.
Overseeing events and the competitors horse requirements.

Functional Need 7.0.0

7.0.1 All seventeen horses on site are owned in full. By reference to Andersons Equine Business Guide and data from Warwick University, we calculate the standards man day requirements for labour on this units as follows:

5 brood mares:

6 X 605 Hours = 3,630
Less 25% = 907
Total Hours = 2,723 divided by 2,225 = 1.2 Full time

12 yearlings and other horses

12 X 920 Hours = 11,040
Less 30% = 7,728
Total Hours = 7,728 divided by 2,225 = 3.47 Full time

7.0.2 Based on the above calculation for labour requirement on a seventeen-horse basis the actual full-time worker positions is 4.67 full time positions. This does not take into consideration the labour requirements of running the livery yard, turn outs, or events.

7.0.3 The applicant has a justified need to live on site at all times for the welfare of the stock, which includes the feeding, watering and checking the health of the animals and exercise. Much of this work could be at any time especially in an emergency. The applicant breeds Sports horses which sell at a guide of £10,000 per horse.

National Planning Policy Framework 2018 (Revised) 8.0.0

8.0.1 The purpose of the planning system is to contribute to the achievement of sustainable development. At a very high level, the objective of sustainable development can be summarised as meeting the needs of the present without compromising the ability of future generations to meet their own needs.

8.0.2 Achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives):

a) an economic objective – to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure;

b) a social objective – to support strong, vibrant and healthy communities, by ensuring that a sufficient number and range of homes can be provided to meet the needs of present and future generations; and by fostering a well-designed and safe built environment, with accessible services and open spaces that reflect current and future needs and support communities' health, social and cultural well-being; and

c) an environmental objective – to contribute to protecting and enhancing our natural, built and historic environment; including making effective use of land, helping to improve biodiversity, using natural resources prudently, minimising waste and pollution, and mitigating and adapting to climate change, including moving to a low carbon economy.

8.0.3 These objectives should be delivered through the preparation and implementation of plans and the application of the policies in this Framework; they are not criteria against which every decision can or should be judged. Planning policies and decisions should play an active role in guiding development towards sustainable solutions, but in doing so should

take local circumstances into account, to reflect the character, needs and opportunities of each area.

8.0.4 So that sustainable development is pursued in a positive way, at the heart of the Framework is a presumption in favour of sustainable development.

Delivering a sufficient supply of homes

8.0.5 To support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay.

8.0.6 To determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance

– unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. In addition to the local housing need figure, any needs that cannot be met within neighbouring areas should also be taken into account in establishing the amount of housing to be planned for.

8.0.7 Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

8.0.8 Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:

a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) the agreed approach contributes to the objective of creating mixed and balanced communities.

8.0.9 Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount.

8.1.0 Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:

a) provides solely for Build to Rent homes;

b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);

c) is proposed to be developed by people who wish to build or commission their own homes; or

d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

Rural housing

8.1.1 In rural areas, planning policies and decisions should be responsive to local circumstances and support housing developments that reflect local needs. Local planning authorities should support opportunities to bring forward rural exception sites that will provide affordable housing to meet identified local needs, and consider whether allowing some market housing on these sites would help to facilitate this.

8.1.2 To promote sustainable development in rural areas, housing should be located where it will enhance or maintain the vitality of rural communities. Planning policies should identify opportunities for villages to grow and thrive, especially where this will support local services. Where there are groups of smaller settlements, development in one village may support services in a village nearby.

8.1.3 Planning policies and decisions should avoid the development of isolated homes in the countryside unless one or more of the following circumstances apply:

a) there is an essential need for a rural worker, including those taking majority control of a farm business, to live permanently at or near their place of work in the countryside;

b) the development would represent the optimal viable use of a heritage asset or would be appropriate enabling development to secure the future of heritage assets;

c) the development would re-use redundant or disused buildings and enhance its immediate setting;

d) the development would involve the subdivision of an existing residential dwelling; or

e) the design is of exceptional quality, in that it: - is truly outstanding or innovative, reflecting the highest standards in architecture, and would help to raise standards of design more generally in rural areas; and - would significantly enhance its immediate setting, and be sensitive to the defining characteristics of the local area.

Building a strong, competitive economy

8.1.4 Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development. The approach taken should allow each area to build on its strengths, counter any weaknesses and address the challenges of the future. This is particularly important where Britain can be a global leader in driving innovation40, and in areas with high levels of productivity, which should be able to capitalise on their performance and potential.

Planning policies should:

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

8.1.5 Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations.

Supporting a prosperous rural economy

Planning policies and decisions should enable:

a) the sustainable growth and expansion of all types of business in rural areas, both through conversion of existing buildings and well-designed new buildings;

b) the development and diversification of agricultural and other land-based rural businesses;

c) sustainable rural tourism and leisure developments which respect the character of the countryside; and

d) the retention and development of accessible local services and community facilities, such as local shops, meeting places, sports venues, open space, cultural buildings, public houses and places of worship.

8.1.6 Planning policies and decisions should recognise that sites to meet local business and community needs in rural areas may have to be found adjacent to or beyond existing settlements, and in locations that are not well served by public transport. In these circumstances it will be important to ensure that development is sensitive to its surroundings, does not have an unacceptable impact on local roads and exploits any opportunities to make a location more sustainable (for example by improving the scope for access on foot, by cycling or by public transport). The use of previously developed land, and sites that are physically well-related to existing settlements, should be encouraged where suitable opportunities exist.

Staffordshire Moorlands Local Plan Submission version 9.0.0

9.0.1 The Staffordshire Moorlands Core Strategy was adopted in March 2014. The Core Strategy identified a housing requirement of 300 homes per year and an employment land requirement of at least 24ha over the period 2011 to 2026. The Core Strategy also established the appropriate distribution of development across the District with the emphasis being on development in the market towns of Leek, Biddulph and Cheadle with a more modest scale000000 of development in the villages that lie within the Rural Area. However, the Planning Inspector who considered the Core Strategy determined that an early and comprehensive review of the Core Strategy for the period 2016 – 2031 would be required to take account of longer-term development requirements. The review of the Core Strategy would also roll it forward into a single local plan combined with site allocations.

9.0.2 “At the heart of the National Planning Policy Framework is a presumption in favour of sustainable development”, which should be seen as a golden thread running through both plan-making and decision taking. For plan-making this means that:

9.0.3 local planning authorities should positively seek opportunities to meet the development needs of their area:

9.0.4 Local Plans should meet objectively assessed needs, with sufficient flexibility to adapt to rapid change, unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or

Specific policies in this Framework indicate development should be restricted"

9.0.5 This "presumption in favour of sustainable development" makes it clear that the District Council should seek to meet identified needs for development in Staffordshire Moorlands in the Local Plan unless there are very clear and robust reasons not to do so.

9.0.6 The Sustainable Community Strategy sets a long-term vision and plan for bringing about a sustainable improvement in the social, economic and environmental conditions of Staffordshire Moorlands. It brings together the needs, interests and aspirations of the community of Staffordshire Moorlands. The latest Sustainable Community Strategy (2007–2020) sets out the following key outcomes:

Children and young people

Stronger, safer communities

Older people and adults at risk of exclusion

Economic regeneration

Environment and climate change

9.0.7 The Council developed the Core Strategy in tandem with the development of the Sustainable Community Strategy through the Moorlands Together Local Strategic Partnership. In order to ensure that the Core Strategy was completely aligned with the Sustainable Community Strategy early public consultation on the Core Strategy and Sustainable Community Strategy was undertaken as a single exercise – such that both draw on the same information about community priorities and the same set of local data. 'Shaping the Future of Staffordshire 2005 – 2020'– The Sustainable Strategy for the County focuses on six key priorities: enhancing the voice and profile of Staffordshire;

developing strong and rural communities;

integrating and sustaining transport;

improving health and social care;

supporting the growth of the local economy and encouraging prosperity; and

sharing data and information.

9.0.8 Between 1991 and 2001 Staffordshire Moorlands recorded a decline in population, although this was primarily driven by natural change as a result of falling birth rates. Since 2001 the District has continued to experience negative natural change, but has made up for this with positive net migration resulting in a steady increase in population.

9.0.9 As with elsewhere across the country, Staffordshire Moorlands has been experiencing rapid economic change, moving away from the traditional industries of agriculture, textiles/manufacturing, and coal mining towards service sector businesses such as finance, retailing, tourism, leisure and the knowledge economy. The District's workforce is seeing a trend towards growth amongst managers and senior officials and increases in the professional class.

9.1.0 Cheadle (pop. 12,165) is the smallest town, located 10 miles south east of Leek and 10 miles west of the north Staffordshire conurbation and serving a more limited catchment area. Cheadle has suffered from under-investment and a poor infrastructure and its town centre has declined in recent years but a successful Heritage Economic Regeneration Scheme has led to many improvements. Whilst the town has so many notable buildings, including the precious asset of St. Giles' RC Church, one of the finest works of the celebrated Victorian architect A W Pugin, the majority of its houses have been built since the First World War. Cheadle is only 4 miles from the A50 Stoke to Derby road that links the M1 and M6 motorways.

9.1.1 Tackling social exclusion and economic decline in the rural areas Economic development needs to recognise the contribution which the rural areas can market the District's economy with a major role for tourism in terms of providing opportunities for jobs, attracting investment and bringing in wealth. The dispersed rural settlement pattern in the District means that accessibility to services and infrastructure is often limited There is often limited scope to accommodate significant new development in the rural areas due to the sustainability of sites The need for affordable housing is particularly critical to encourage young and/or smaller households to remain in the rural settlements but smaller sites and higher land values can make their delivery difficult There is a need to exploit opportunities arising from the closure of major developed areas in the countryside.

Vision for the Rural Areas

9.1.2 The Rural Areas will have viable, attractive villages and smaller settlements which will continue to foster appropriate, sensitive growth and vitality to support rural living and work. The larger villages will be the rural centres for services, facilities and jobs acting to sustain the rural areas. Smaller village communities will also continue to thrive with a range of housing opportunities and improved access to community services. There will be a more vibrant and diverse rural economy which will provide a range of local job opportunities and support a thriving agricultural sector. Mixed-use development at Blythe Bridge will support the Rural Areas and potential wider regeneration initiatives.

9.1.3 Well managed, sustainable tourism will be a major driver in regenerating the rural areas and enhancing their character and quality. Major redundant sites in the countryside will have been redeveloped for new uses, improving the environment and diversifying the rural economy. In the countryside, the richness of the District's landscape, heritage and its biodiversity will continue to be valued, maintained and protected in a way which sensitively accommodates the needs of farmers, rural businesses, visitors and residents. Landscape character and quality will be conserved and enhanced and biodiversity fostered in the appropriate new landscaping encouraged. Public access to the countryside will be extended with new walking, cycling and horse-riding routes developed. Green infrastructure and open space will protect and enhance the environment whilst providing recreational opportunities alongside sport and improvements to health and wellbeing. Neighbourhood Plans will be prepared where desired by local communities to guide development.

9.1.4 Spatial Objectives

SO1.To make provision for the overall land-use requirements for the District, consistent with national policy and evidence.

SO2.To create a District where development minimises its impact on the environment, helps to mitigate and adapt to the adverse effects of climate change and makes efficient use of resources.

SO3.To develop and diversify in a sustainable manner the District's economy and meet local employment needs in the towns and villages.

SO4. To provide new housing that is affordable, desirable, well-designed and meets the needs of residents of the Moorlands.

SO5. To ensure the long-term vitality and viability of the three market towns of Leek, Biddulph and Cheadle.

SO6. To maintain and promote sustainable regenerated rural areas and communities with access to employment opportunities, housing and services for all.

SO7. To protect, provide and enhance the tourism, cultural, sport and recreation and leisure opportunities for the District's residents and visitors.

SO8. To promote local distinctiveness by means of good design and the conservation, protection and enhancement of historic, environmental and cultural assets throughout the District.

SO9. To conserve and improve the character and distinctiveness of the countryside and its landscape, heritage, biodiversity and geological resources.

SO10. To deliver sustainable, inclusive, healthy and safe communities.

SO11. To reduce the need to travel or make it safer and easier to travel by more sustainable forms of transport.

Policy SS1 Development Principles

9.1.5 The Council will expect the development and use of land to contribute positively to the social, economic and environmental improvement of the Staffordshire Moorlands in terms of delivering, in partnership with other agencies and services: a mix of types and tenures of quality, affordable homes, including starter homes, to meet the needs and aspirations of the existing and future communities quality local services, including provision for education, healthcare, leisure, community, cultural and tourist facilities in response to anticipated population change and visitor numbers;

9.1.6 Easy access to jobs, shops and transport services by all sections of the community;
Increased economic prosperity and opportunities for employment and greater local capacity with an educated, skilled and flexible workforce;

9.1.6 A healthy, safe, attractive, active, well-designed and well-maintained environment;
development which maintains the locally distinctive character of the Staffordshire Moorlands, its individual towns and villages and their settings;

9.1.7 development that is undertaken in a way that protects and enhances the natural and historic environment of the District and its surrounding areas, including the Peak District National Park, both now and for future generations.

9.1.8 Support development which secures high quality, sustainable environments, efficient and effective use of resources and contributes effectively to tackling climate change and reduced carbon emissions.

Policy1a Presumption in Favour of Sustainable Development

9.1.9 When considering development proposals, the Council will take appositive approach that reflects the presumption in favour of sustainable development contained in the National Planning Policy Framework. It will always work pro-actively with applicants jointly to find solutions which mean that proposals can be approved wherever possible, and to secure development that improves the economic, social and environmental conditions in the area. Planning applications that accord with the policies in this Local

Plan (and, where relevant, with polices in neighbourhood plans) will be approved without delay, unless material considerations indicate otherwise. Where there are no policies relevant to the application.

or relevant policies are out of date at the time of making the decision then the Council will grant permission unless material considerations indicate otherwise – taking into account whether:

9.2.0 Any adverse impacts of granting permission would significantly and demonstrably outweigh the benefits, when assessed against the policies in the National Planning Policy Framework taken as a whole; or

Specific policies in that Framework indicate that development should be restricted.

The council's policies propose meeting community, social or economic need by:

Enabling limited new housing development, including small infill schemes in accordance with Policy H1

Allowing for rural exceptions housing in appropriate locations (in accordance with Policy H1). This will be additional to the housing provision for the rural areas.

Enabling small-scale new employment development including 'live-work' developments which are for a rural enterprise or an existing authorised business use;

Supporting the diversification of existing farm enterprises

9.2.1 Supporting the development of appropriate ICT and new means of communications to enable homeworking and small businesses reliant on e-technology.
Policy SS10 Other Rural Areas Strategy

9.2.2 The other rural areas comprise the countryside and the green belt outside of the development boundaries of the towns and larger villages and the open countryside surrounding the smaller villages. These are as will provide only for development which has an essential need to be located in the countryside, supports the rural diversification and sustainability of the rural areas, promotes sustainable tourism or enhances the countryside. The Council and its partners will achieve this through the following actions:

1. Meet housing requirements and specific needs by: Restricting new build housing development in the countryside to that which has an essential need to be located in the countryside in accordance with Policy H1;

Allowing the conversion or replacement of an existing rural building in accordance with Policy H1;

Allowing extensions or additional domestic outbuildings to existing dwellings provided they are appropriate in scale and design and do not have a detrimental impact on the existing dwelling and the character of the rural area. The Council will assess schemes having regard to the original dwelling, in cases where cumulative change has occurred;

Allowing suitable development which would secure the future conservation of a heritage asset in accordance with Policy DC2;

Allowing rural exceptions housing (in accordance with Policies H1 and H3);

Allowing community facilities where that need cannot be met in a settlement within the hierarchy. In such cases the development should be in a sustainable location close to an existing serviced settlement.

2. Sustain the rural economy by: Enabling the limited expansion or development of business for employment uses where a rural location can be justified
Supporting the diversification of existing farm enterprises
Supporting the development of appropriate ICT and new means of communications to enable homeworking and small businesses reliant on e-technology;

3. Enhance and conserve the quality of the countryside by: Giving priority to the need to protect the quality and character of the area and requiring all development proposals to respect and respond sensitively to the distinctive qualities of the surrounding landscape;
Limiting uses which generate a substantial number of regular trips in areas that are not well served by public transport;

Ensuring renewable energy schemes are of an appropriate scale, type and location;

Recognising and conserving the special quality of the landscape in the Peak District National Park (in accordance with Policy DC3);

Encouraging measures which protect and enhance the biodiversity, geological resources and heritage of the District.

4. Regenerate underused major developed areas in the countryside including: Bolton Copperworks, Froghall – uses which may be suitable are employment, residential, tourist-related retail and accommodation, leisure, subject to the satisfaction of flooding and contamination constraints. Development shall make provision for appropriate off-site highway improvements. Further guidance is provided in the Churnet Valley Masterplan SPD and Bolton's Copperworks Masterplan.

9.2.3 Anzio Camp, Blackshaw Moor – uses which may be suitable are employment, extra care housing, tourist accommodation. Further guidance is provided in the Churnet Valley Masterplan SPD. Development of these areas shall be complementary to and not undermine the role of the towns and larger villages nor shall it undermine wider strategic objectives. It shall also avoid or minimise environmental impacts and congestion and safeguard and enhance natural and cultural assets.

Policy E1 New Employment Development

9.2.4 New employment development will be assessed according to the extent to which it supports and improves the local economy in terms of providing for the needs and skills of the existing and future local resident workforce and meeting identified business needs, having regard to the Spatial Strategy Policies in SS2, SS3, and SS10, and general employment land requirements set out in Policy SS4.

9.2.5 In general the Council will endeavour to support the expansion of existing businesses and new businesses in the District, subject to the provisions below. In addition: All proposals should help maintain or enhance an appropriate range of employment premises and sites across the District in terms of their scale, location and type.

9.2.6 Within or on the edge of the town centres and on existing employment sites where redevelopment for other uses is proposed, mixed use schemes will be promoted. Mixed use schemes should accommodate employment generating uses of a scale and nature appropriate to their location.

To support the growth of the economy, the Council will:

Support proposals that help to deliver priorities of the Local Enterprise Partnership;

Encourage flexible working practices via home- working where there is no adverse impact on residential amenities,

and allowing the development of live-work units on residential and mixed-use sites.

Encourage provision for small-scale and start-up businesses

To ensure that the District's workforce is suitably skilled, the Council will, where appropriate, seek to enter into agreements with developers and employers to contribute towards training programmes and employment support and employment access schemes.

The Essential Need for On Site Accommodation 10.0.0

10.0.1 The functional need for a dwelling is principally determined by the scale and type of enterprises operated and the systems employed. A functional need is more likely to exist where circumstances requiring the prompt attention of a skilled worker could occur outside normal working hours and where they do not typically fall within a pre-determined routine.

10.0.2 The keeping, breeding and rearing of horses does in principle generate a functional need for the on-site residential presence of a skilled equine worker for an enterprise of this nature. The applicant has bred a significant number of foals over the years and there are many emergency situations that can occur.

10.0.3 The NPPF is clear in terms of encouraging the development and diversification of land-based businesses but cautions that in order to justify a new isolated dwelling the need for it must be essential and permanent. No guidance is provided within the NPPF as to the meaning or interpretation of 'permanent', however it is considered that for there to be a permanent need, the business enterprise which generates that need should be capable of being viable and have a reasonable prospect of being sustainable in the long term.

Equine Industry Facts and Figures 11.0.0

11.0.1 The Strategy for the Horse Industry in England and Wales, published in December 2005, was prepared by the British Horse Industry Confederation (BHIC) in partnership with the Department for Environment Food and Rural Affairs (DEFRA), the Department for Culture Media and Sport (DCMS) and the Welsh Assembly.

In its Ministerial Foreword, it states that:

Government recognise the major contribution which the horse industry makes to the economy, and the important role that horses play in the lives of so many people in both cities and rural areas across England and Wales.

11.0.2 The Strategy gives some estimates of horse industry figures:

Its gross output is £3.4 billion
The industry employs up to 250,000 people directly and indirectly;
2.4 million people ride
11 million people have some interest in the horse industry, and 5 million an active interest; and
The horse population is at least 600,000 and could total nearly 1 million

11.0.3 Both the Strategy for The Horse Industry in England and Wales and the Facilities Strategy are important material considerations to the determination of planning applications for equine workers' dwellings. Given Government's current position on

economic uses, and particularly to the encouragement of vibrant rural businesses, it is contended that these documents now carry more weight under the NPPF.

11.0.4 An Overview of the Equine industry

Horse racing - The total economic impact of British Racing in 2012 was £3.45bn with a tax contribution of £276m.

There is an average of 13,716 horses in training with 8,215 owners. Direct, indirect and associated employment in 2012 was 85,200.

Racing is the second-best attended sport in Britain after football, and in 2012 accounted for four of the ten highest attended sporting events (excluding the London 2012 Olympic and Paralympic Games). The peak Channel 4 audience for the 2013 Grand National was 8.9 million.

Equestrian trades - The British Equestrian Trade Association (BETA) represents over 800-member companies, covering a wide range of businesses including not only retailers, wholesalers and manufacturers, but also agents, dealers and many service-based businesses.

There are still at least 40 manufacturers of saddles and bridles in Walsall, and it remains an international centre of leather manufacturing, serving a worldwide market.

There are about 2,800 registered farriers. All working farriers in Great Britain (excluding the Highlands and Islands of Scotland) must be registered with the Farriers Registration Council.

Legislation - Since 2005, all UK horses and donkeys are obliged to have a unique passport. There are more than 70 authorised passport issuing bodies in the UK. Unlike the rest of the European Union, in the UK, the horse is not considered to be an agricultural animal because we do not consider them to be a food animal.

Equestrian events - 5.58 million people went to the races in 2012. In excess of 1.2 million people attend the top ten shows hosting show jumping each year.

Off-road riding and carriage driving - The British Horse Society National Equestrian Route Network presently stands at over 18,000km. In 2026 all historic, non-recorded rights of way will be extinguished under CROW Act 2000.

Conclusion 12.0.0

12.0.1 The applicant has over the years invested both in the site and horses. The breeding and maintenance of horses is a long-term investment and requires patience, commitment and building a good team of people. The investment in breeding creates spin offs to the local economy and a myriad of other rural business from farriers, feed merchants, veterinary practices don to local shops and petrol stations.

12.0.2 The business also has planning for a café and will potentially hold events as the business goes. With the continual decline in agriculture rural areas need to an increase in other land use businesses. Cheadle Equestrian centre is going to contribute directly to the local economy by creating new jobs that will benefit people locally.

12.0.3 The application is supported by the National Planning Framework and the Staffordshire Moorlands Local Plan which is at submission stage. Investment in the rural

economy is of paramount importance specially with the declining returns in agriculture and lack of young people going into the agricultural industry. Staffordshire Moorlands District Council should support and nurture new rural businesses.

Appendices

Appendix 1 – Lantra – A Study into the Business & Skills Requirement of the UK Equine Industry
Appendix 2 – Code of Practice for the Welfare of Horses, Ponies. Donkeys and their Hybrids
Appendix 3 – Strategy for the Horse Industry in England and Wales

Appendix 1 – Lantra – A Study into the Business & Skills Requirement of the UK Equine Industry

www.defra.gov.uk/rural/horses

A report of research on the horse industry in Great Britain

The Henley Centre

March 2004



British Horse Industry Confederation

defra
Department for Environment
Food and Rural Affairs

A report of research on the horse industry in Great Britain

Prepared by the Henley Centre

Commissioned by the Department for Environment, Food and Rural Affairs and the British Horse Industry Confederation, with the National Assembly for Wales and the Scottish Executive

March 2004

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Executive summary

In September 2003 The Henley Centre was appointed to undertake research ('Stage One') to provide the information and insight needed to underpin the development of a long-term strategy for the horse industry.

The strategic initiative has been launched by The British Horse Industry Confederation and the Department for Environment Food and Rural Affairs, with the National Assembly for Wales and the Scottish Executive. The strategy will set out a vision of where the horse industry would like to be in ten years, and how the Government can provide support. The strategy will cover the industry's capacity for making a greater economic contribution within a framework of sustainable development.

The research has two objectives: firstly, to establish a 'baseline' for the industry, that is, to develop a workable definition of the horse industry and to take this forward by economically sizing the industry given the available data; and secondly, to investigate the predominant strategic issues for the industry over the next ten years. This report provides our findings.

Establishing the industry baseline

Defining and conceptualising the horse industry

The Henley Centre has found that although there is already a significant body of research on the British horse industry, a succinct definition of 'the industry' had not been established. A concise industry definition forms a key pillar for any work in this area, allowing meaningful measurement, and an appreciation of the 'common ground' between the industry's component sectors. The Henley Centre defines the industry as encompassing all activity that has the horse as its focus and activity that, in some reasonable capacity, caters for such an industry.

The Henley Centre has constructed a series of conceptual maps which provide an overview of all the sub-sectors of the horse industry and provide a tool through which the links between these sectors can be examined. The industry definition illustrated by the maps forms the basis of the economic evaluation.

The mapping is in two parts;

- The first map is concerned with organisations that sit within the economic core of the horse industry. These organisations, for instance riding stables, cater directly to the needs of the final consumer.

  Within the core, participation in the horse industry is placed along a spectrum of engagement from professional through to leisure, depending on the nature of engagement by the rider or participant. Between these extremes lie many riders with semi-professional interest and participants whose interest is split between generating income and leisure activity.

  The industry bodies themselves can also be divided into sub-sectors: those for example geared toward professional riders include commercial breeders, affiliated sports, trainers, and racing. The leisure-orientated sub-sectors include, amongst others, the provision of riding lessons and hacking, unaffiliated sports, and tourist attractions.

- The second map is concerned with *upstream* producing units: that is, those organisations that supply goods and services to the businesses at the core.

A third map of the industry depicts the expenditure flows within the industry from consumers through to upstream suppliers.

Sizing the economic value of the horse industry: developing a suitable method

There are two reasons why sizing the horse industry has proved challenging. The first is the nature of the industry itself: though the industry can be broadly divided into professional and leisure activities, in reality the industry participants cannot be exclusively divided into these camps. There are strong linkages, and significant overlaps, between sectors that cannot be ignored. The second, and most important, reason is the general lack of robust and transparent data on all elements of the industry. Given these constraints it has been unfeasible to apply standard economic sizing techniques to the industry.

In light of this, The Henley Centre has followed two routes. First, for current expediency, we have constructed a quasi-expenditure approach to an industry evaluation, and using current available data, have provided a *best efforts* approximation of the industry's current baseline. We make it clear, however, that we are unable to estimate the degree of error in this figure. Secondly, we have developed recommendations for future data collection, and provided an appropriate methodology by which an evaluation, based upon accurate data and a thorough understanding of the linkages between sectors, can be undertaken to provide the industry with a methodologically and empirically rigorous baseline.

To summarise, the economic baseline of the horse industry should be in terms of its Gross Value Added. It is therefore, desirable to estimate Gross Output of the industry by observing consumers' expenditure on all final consumption products, and to subsequently obtain Gross Value Added (GVA) by subtracting businesses' expenditure on intermediate consumption. This calculation therefore, entails a two stage process:

- *Estimating final consumption expenditure of the horse industry and hence Gross Output*; In accordance with the expenditure flows conceptual map referred to previously The Henley Centre has identified all the final consumption goods/service categories existing in the industry and summed together estimates for the corresponding expenditures. This puts the value of the horse industry's Gross Output (market prices) at around £3.4 billion. This figure, as previously stated, is not robust.
- *Estimating intermediate consumption expenditure for the horse industry and deriving Gross Value Added*; The Henley Centre has found there to be insufficient data to make a meaningful estimate of industry intermediate consumption and hence of Gross Value Added.

A further area of particular importance for the horse industry, both in terms of its contribution to economic sizing and its strategic implications, is the nature and extent of the informal economy. To a large extent, the economic contribution of such activity is captured through the use of end consumer expenditure data. However, disentangling the value of this activity from the rest of the industry and developing a strategic appreciation of it constitutes a substantial exercise and a thorough investigation would necessitate an extensive programme of ethnographic research.

To generate a more complete and robust picture of the baseline, the industry is in need of more comprehensive and reliable data on both consumer expenditure and business revenues and costs: we recommend that this issue is rectified by further research conducted in Stage Two.

Additional insight in estimating a baseline

The available body of research on the industry provides some insight on a variety of non-economic sizing issues. Again, it must be recognised that the available data is incomplete, inconsistent and of questionable robustness. Key estimates are as follows:

- In general current data suggests that direct employment within the industry is around 50,000 and total employment (including 'indirect') is estimated at 150,000 to 250,000[1].
- Estimates on the number of consumers engaged within the industry vary greatly depending on where the boundaries of engagement are drawn. For instance:
  - 11 million[2] consumers (that is 23% of the population) have some interest in the industry – this figure encompasses a wide range of participants from those who actually horse ride through to people who simply watch horse racing on TV
  - 5 million[3] consumers (that is 11% of the population) have an active interest in the horse industry – this is excluding those who only watch horse racing on TV
  - 2.4 million people in Britain ride. This figure has been established by research from The British Equestrian Trade Association[4] (currently the most comprehensive source of insight on the British Horse Industry).
- The estimates for the number of horses vary from 600,000 to just under a million[5]. The introduction of equine passports should provide a more accurate picture, although it is noted that not all horses will be registered immediately.

Identifying and addressing key strategic issues

Devising and implementing a strategy for an industry as diverse and multifaceted as the horse industry presents a real challenge to key stakeholders. The Henley Centre has identified a series of steps which need to be taken to meet this end.

- Understand the wider environment of participation:
  To facilitate the successful implementation of a long term strategy an understanding of the current and future wider operating context of the industry is essential. The report provides an overview of the key social, demographic and cultural trends that will impact upon the industry, and concludes that current trends – in particular, the growth in the 'leisure economy' – on the whole suggest real growth potential for the industry. However, some

[1] Employment estimates for the industry have been arrived at by a process of triangulation therefore; the figures come from a variety of sources. More detail on this process is given in the main body of the report.

[2] British Market Research Bureau (BMRB International), *Target Group Index* (TGI).

[3] British Market Research Bureau (BMRB International), *Target Group Index* (TGI).

[4] British Equestrian Trade Association: *National Equestrian Survey* (Produce Studies Research, 1999).

[5] Horse number estimates for the industry have been arrived at by a process of triangulation therefore, the figures come from a variety of sources. More detail on this process is given in the main body of the report.

parts of the industry, particularly small businesses and riding schools, have not developed at the pace of other sectors within the leisure economy, and there is a serious risk that they will remain in a vicious circle of decline.

- Develop the necessary infrastructure to build and implement a strategy:
  The horse industry is particularly fragmented and indeed, some stakeholders question the notion of it being an 'industry' at all. Discord exists between 'modernisers' and 'traditionalists'; there is friction over the prioritisation of needs between the 'happy hackers' and the 'elitist sports'; and there is some discontent at the 'grass roots' level with regard to the 'representativeness' of some of the national industry bodies. To build and implement a successful strategy it is imperative that this aspect of the industry's culture is overcome and that stakeholders begin to view the industry in its entirety.
- Identify the key strategic issues to unify and benefit the industry:
  The overall aim of the horse industry strategy is to enable the horse industry to realise its ten year potential. Through consultation with industry stakeholders at national and local level, the following specific issues have been identified as key to growth.
  - The wider promotion of the British horse industry both nationally and internationally
  - The promotion of British thoroughbreds and the development and promotion of a British Sport horse
  - The development of 'Joined up' thinking and practice in the promotion of leisure riding and sporting excellence
  - The promotion of UK based horse tourism
  - The continued improvement of off-road riding opportunities

In addition, we draw attention to three parallel work streams that, whilst not central to the horse industry strategy, are seen by some industry stakeholders as being of key importance:

- An industry wide review of The Status of the Horse
- The promotion of Equine Welfare
- The on going assessment of the impact of EU legislation on the British horse industry

Each strategic issue is elaborated in Chapter Six.

Finally, some stakeholders felt that the strategy should be concerned with exploring the impact of the loss of hunting. As expected, some felt that a ban on hunting with dogs, if it were to happen, would have a serious impact on the horse industry. This is a legitimately held view but the complexity of the issue puts it beyond the scope of this study.

Developing a methodology for Stage Two

Due to the non-robustness of the existing data, The Henley Centre recommends that two surveys be carried out to build on the work undertaken by BETA; for both general consumers and equine businesses. Within these work streams we recommend small areas of specific research that relate to several of the strategic recommendations. Details of the recommended research process are provided in the Appendix.

1. Introduction

1.1 The horse industry strategic initiative

1. The British Horse Industry Confederation and the Department for Environment, Food and Rural Affairs, with the National Assembly for Wales and the Scottish Executive, have commissioned this research on the horse industry in Great Britain. The research will underpin the development of a long-term strategy for the horse industry.

2. The strategy will set out a vision of where the horse industry would like to be in ten years, and how the Government can support it in following this path. The strategy will cover the industry's capacity for making a greater economic contribution within a framework of sustainable development.

3. The horse industry research initiative will underpin the development of the long-term strategy.

1.2 Stage One: The horse industry research project

1. In September 2003 The Henley Centre was appointed to undertake research ('Stage One') to provide the information and insight needed to underpin the development of a long-term strategy for the horse industry. Stage One of the research is focussed on addressing key baseline data requirements and questions for the development of the strategy. As outlined in the industry research specification document (see Appendix G), the specific aims of the project are three-fold:

Mapping

a) To define the horse industry and describe its constituent sectors.

Baseline data requirements

a) To address baseline data requirements of the industry and its components as defined by the map.

b) To summarise the extent and reliability of existing data on the current economic and other contribution of the industry and its component sectors. The research will identify the principal gaps in the data and make proposals for filling these gaps.

Identify key issues for the preparation of the strategy

a) The project aims to identify and provide some background information on the key issues facing the horse industry over the next ten years; this includes identifying the major opportunities for, and threats to, the industry in terms of its economic vitality and its contribution to rural communities.

b) The project also aims to add an international dimension to the research by, as far possible, comparing the identified issues affecting the current state and future development of the UK horse industry with the prevalent issues facing other countries. Where possible the research aims to identify promising models for transferring good industry practice and successful Government policies.

c) Based on the available data, industry consultation, and overseas comparisons therefore, the project will make reasoned recommendations identifying the key issues the industry and the Government need to address in preparing the strategy and how consideration of them might best be advanced.

1.3 A note on the structure of the final report

1. In the following pages, we firstly construct a definition of the horse industry, and aim to establish the productive boundaries of the industry by mapping its component sectors and sub-sectors. This basic first step is of the utmost importance for economic sizing, and yet is commonly omitted from existing studies. Establishing a definition of the industry is crucial for the transparency of an economic evaluation and is a fundamental pillar of strategic thinking.

2. Accordingly, the industry maps are described in full. An illustration of how they can be taken further and used to establish an economic value for the industry as a whole is given, together with a summarised account of The Henley Centre's sizing methodology (a quasi-expenditure approach). A key problem with previous studies is the lack of transparency concerning the method of measurement used. The sizing methodology applied to the horse industry in this instance is described in full in Appendix A, where a summary of the different approaches taken to size an industry according to the systems used by the National Accounts for other industries and the economy as a whole is outlined. We then overview the particular issues and difficulties associated with sizing the horse industry and its specificities.

3. An application of the sizing methodology is then provided by using existing data on the horse industry. It should be noted these calculations are for illustrative purposes only due to the limitations of the data. The end figure for the horse industry baseline should not be viewed as a definite estimate of the horse industry's contribution to the economy.

4. Following the establishment of the economic baseline, the report considers the key strategic issues with which the horse industry strategy should be concerned. We have devised a strategic framework for the horse industry which aims to put all the pertinent issues into the context of the industry as a whole and to help us understand how they relate to one another.

1.4 A note on our research

The research methods adopted for this project are summarised below.

1. Desk research

This has included the preliminary identification of sub-sectors within the horse industry, key strategic issues and research into overseas comparisons. Using a 'snowball technique', information has been sourced from: the professional and amateur associations of the horse industry (sporting and breeding); the 'umbrella' bodies such as the British Horse Society (BHS) and the British Horse Industry Confederation (BHIC); the trade and specialist interest press (Horse & Hound, Your Horse); academic research; UK Sport; Welsh and Scottish associations; statistical sources such as Visit Britain and the UK Tourism Survey; the trade associations of associated sectors (Farriers, Feed Merchants); bodies responsible for training instructors (NVQs; British Horse Society affiliated exams) and others.

2. Expert interviews

Key industry specialists were identified and invited to take part in a semi-structured interview. The interview process was designed to capture divergent views on the state and structure of the industry, to tap into prevalent tacit knowledge, to be guided towards existing work and sources of information, and to gain an understanding of the key strategic issues facing the industry. Informants from across the industry have been interviewed, to ensure that the views of stakeholders working within all the associated sectors are captured. The Henley Centre has also conducted interviews with informants at the 'grass-roots' level of the industry both in the North of England and Scotland, as well as in the South East of England. The results of these discussions have been incorporated into our findings.

3. Horse industry research workshop

The strategic workshop was held on the 1 December 2003 and was attended by approximately forty delegates from various sectors of the industry. The aim of the workshop was to test the strategic knowledge that had been ascertained up to that point and to gather together those people in the industry who are representative of different constituencies (specific sub-sectors such as racing or the Olympic sports, for example, along with those who represent the interests of the leisure sector and the 'trade', and those who represent different geographical regions). The key aim was to facilitate a process by which the key strategic issues facing the industry could be explored and the relationships between specific horse industry sectors could be better understood within the context of these key issues.

4. Horse industry strategic planning tool

We have created a strategic planning tool for the horse industry (see Appendix D), which details all the data points that have emerged from the research. The data points have been categorised according to the level of the industry to which they relate, the sub-sectors to which they are most relevant (riding schools, affiliated sports, the trade etc.), and the product group to which they apply. Detailed source and definition information for each data point has also been recorded.

The planning tool allows the user to easily evaluate the gaps that are left to be filled by research in Stage Two.

1.5 A note on terminology

1. The Horse industry
   Throughout this report the research, strategy and data refers to 'the horse industry'. This term encompasses all types of ponies and horses.

2. Sports horse
   In certain sections of the report the term 'Sport horse' has been used. This is intended to include all types of competitive horse, i.e. this term also refers to the thoroughbred and racing sectors.

2. Defining and conceptualising the horse industry

1. The Henley Centre defines the horse industry as encompassing all activity that has the horse as its focus and activity that, in some reasonable capacity, caters for such an industry.

2. Conceptually, this definition can be 'mapped' and this section focuses on the development of this depiction. The conceptual map establishes a baseline definition from which the industry can work and is an important tool for a number of reasons

   a) It will help with the development of strategy

   - The map can be used to explicitly establish the production boundaries of the horse industry and to examine the links within and between the industry sectors and sub-sectors. This is particularly pertinent for the horse industry as the component sectors do not necessarily think of themselves as part of an industry. By using the map to establish links and boundaries, the impact of a strategic plan for one sector on another component of the industry becomes more obvious. Analysis of strategic choices at this broader level will emphasise the need for sectors to communicate with one another (see Chapter Five). By broadening the perspective of the industry and of industry components, the map should facilitate and emphasise the importance of different sectors thinking, planning and operating as one industry.

   b) It is necessary for an economic evaluation of the industry

   - By establishing the components of the industry and gathering information and data along this basis we can start to gain an understanding of the contribution of different sectors and sub-sectors to the overall value of the industry. Through the conceptual map, this kind of information can be combined with strategic planning to test decisions and to provide quantifiable evidence to justify strategic choices.

   c) It allows data triangulation

   - Combining the conceptual map with quantitative analysis should facilitate a further level of data triangulation. The aggregation of sector level data to industry totals will enable the comparison of summed figures from sizing industry sectors to the existing estimates of the overall industry.

2.1 The conceptual map

1. To take account of the production stages within the industry the supply chain has been divided into two parts. Organisations/activities that involve the use of horses for final consumption type activity, i.e. that are further downstream, have been grouped together to form the core of the industry (in the instance of the horse industry the core of the industry also forms the final downstream component of the industry, as much of the core is consumer facing). Organisations/activities that predominantly provide intermediate consumption goods and services for downstream activities have been grouped together to form the upstream producing units. Figure 1 corresponds to the industry core and Figure 2 corresponds to the supplying units.

Figure 1: Conceptual map of the industry core

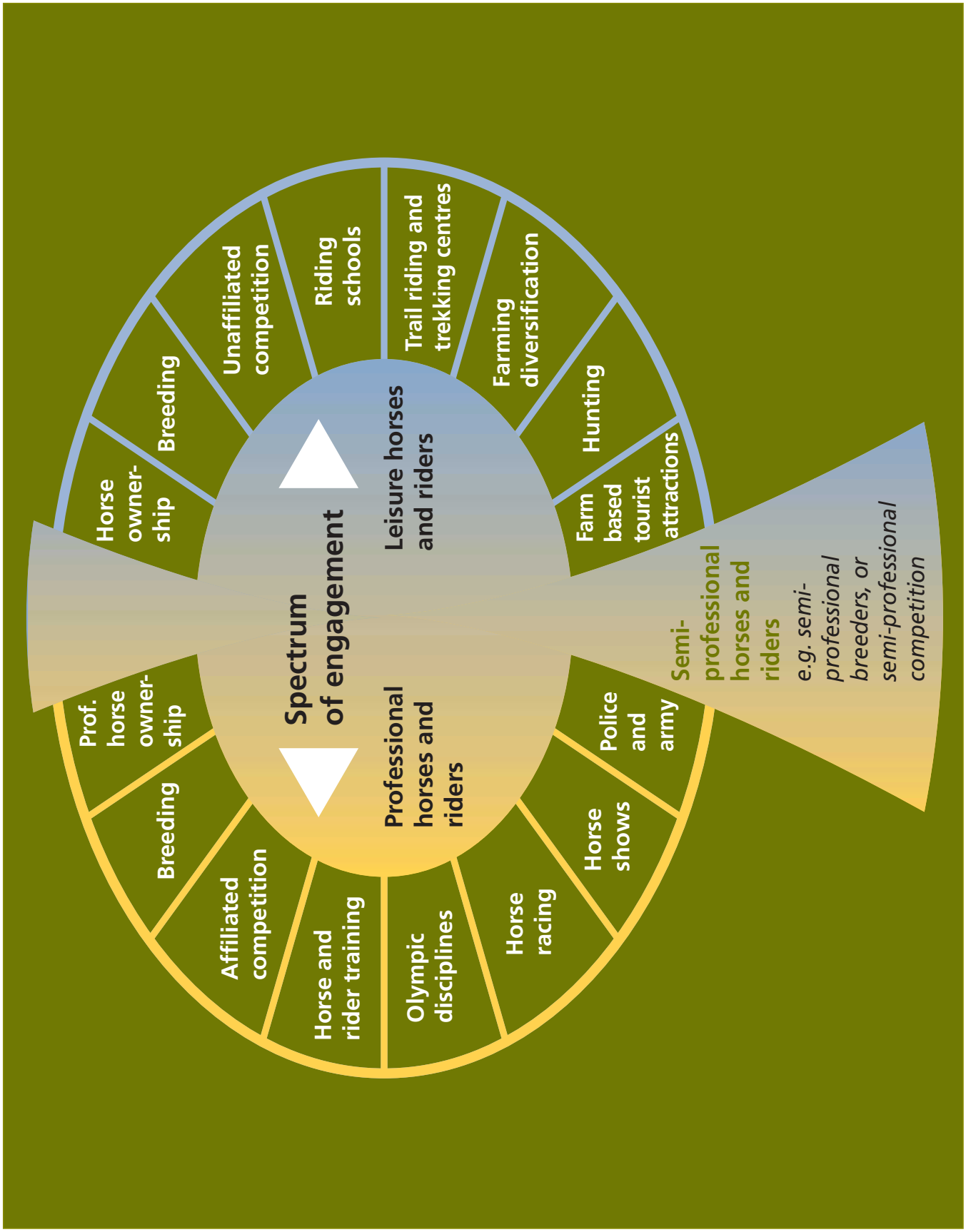
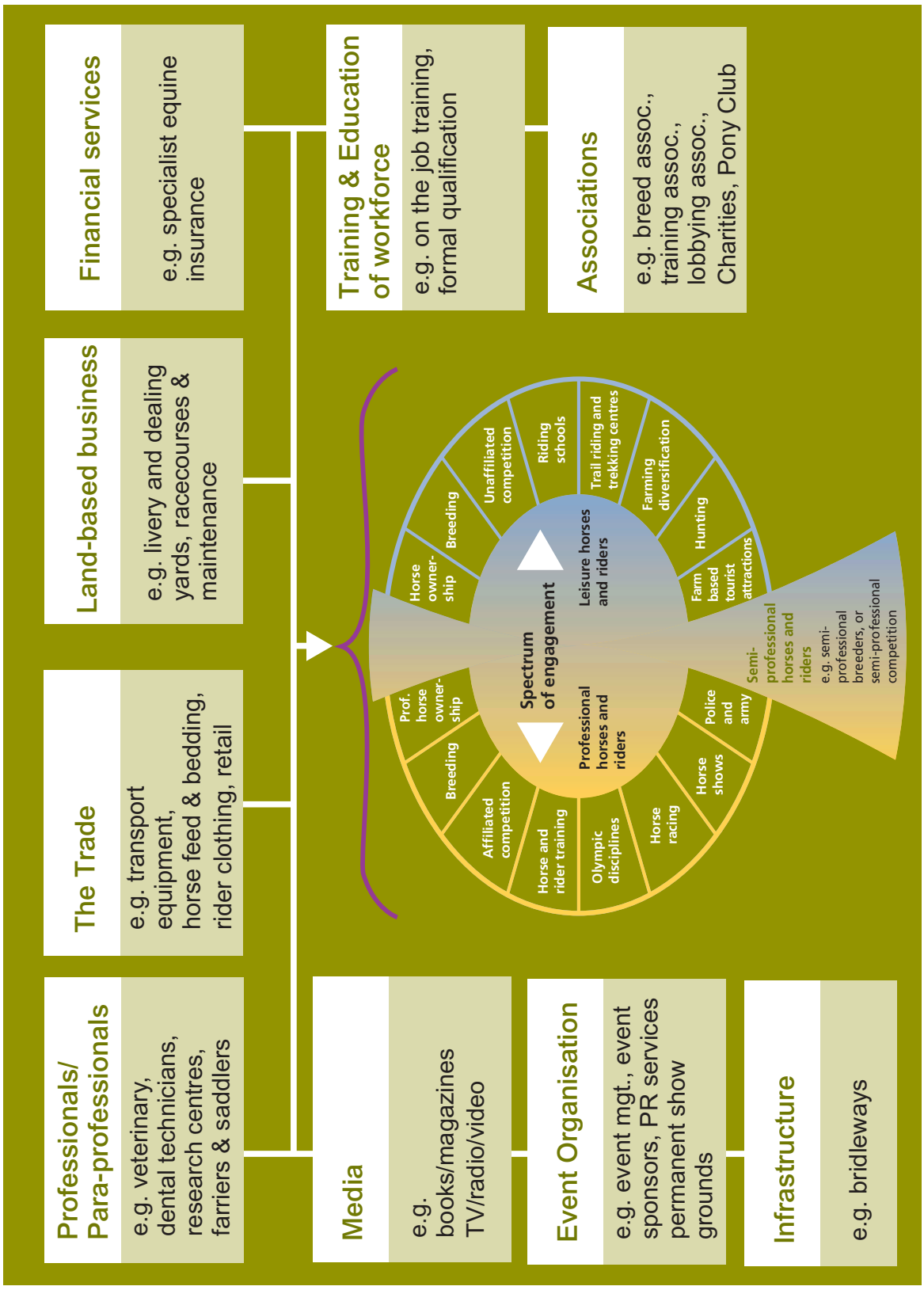


Figure 2: Conceptual map of upstream categories of supply for the horse industry



2. The industry core

The development of the industry core conceptual map has been centred around the nature of engagement from riders and participants. Broadly speaking, riders (and horses) participate in the horse industry on a variety of levels and, in simplistic terms, a rider's/participant's engagement can range from professional interest through to a more casual, leisure-based, interest. To that extent, participation in the horse industry can be placed along a spectrum of engagement from professional through to leisure. In general, riders/participants whose participation in the industry represents their main source of income are at the professional end of the spectrum. At the other extreme are riders/ participants and horses that are engaged in the industry on a pure leisure basis. In between these two extremities is a plethora of people with semi-professional interest, i.e. participants whose interest is split between generating income and leisure activity.

3. It must be stressed that the labelling of extremes as professional and leisure is not intended to imply that businesses that cater to the leisure sector of the horse industry are unprofessional. The definitions of each extreme are based upon the nature of engagement by the rider/participant and horse. Furthermore, this does not mean that all of those people participating in leisure activity are necessarily amateurs. Of course, professional riders also ride for leisure. In this case the rider's nature of engagement at that time would determine where the value generated to the industry is allocated, not the nature of the rider themselves. The complexities and oversimplifications involved in trying to allocate and divide up the industry in this way are fully appreciated, and yet, in order to size and plan strategically, *simplification is necessary*.

4. Figure 1 illustrates the core industry. This map is dominated by organisations which are closer to the final consumption points of the industry and which consume intermediate products of upstream suppliers in order to provide goods and services.

5. The spectrum of engagement is portrayed in Figure 1 by the blue arrow, with professional activities at one end through to leisure based activities at the other. As indicated by the blue shading, the area lying between these two extremes captures semi-professional engagement with the horse industry, such as that by semi-professional breeders.

6. Several sub-sectors or activities of the professional sector of the industry have been identified and listed in the left-hand region of the map. These include professional horse ownership, breeding for commercial interest, affiliated sports (including the Olympic disciplines), horse and rider training activities, horse racing, horse shows, and the use of horses by the police and Army.

7. At the other extreme of the spectrum we have sub-sectors, or activities, that are associated with participation in the horse industry as a leisure pursuit. The sub-sectors of the leisure sector include horse ownership for personal leisure riding, breeding as a hobby activity, unaffiliated sports (including hunting, polo etc.), casual riding lessons, trail riding and trekking centres, farm diversification into the leisure-based horse industry, and farm-based, non-riding, horse tourist attractions, including 'horse rescue' premises.

8. Upstream categories of supply

Figure 2 illustrates the upstream end of the supply chain. This map represents organisations which supply to and hence make possible the activities/organisations within the industry core.

9. Upstream production within the horse industry encompasses a wide range of activity: some which is specific to the horse industry such as farriery, saddlery and specialist equine veterinary services, as well as activities that cater to the horse industry but are more self sufficient, for example event management companies. The categorisation of these organisations as upstream and hence outside the industry core, is not intended to imply that these organisations/activities are of less importance to the horse industry. In some instances the very existence of this activity is vital to the continuation and promotion of the industry as a whole, and similarly the very existence of the horse industry is vital to the continuation of such specialist production and service.

10. Sub-sectors of upstream production include professionals/paraprofessionals, trade suppliers, land based business such as horse dealing and livery yards, financial services, media specific to the horse industry, training and education of the workforce, event management companies and PR agencies, industry associations, and finally the infrastructure of the industry, such as bridleways.

11. Expenditure flows within the industry

The downstream and upstream conceptual maps work together to define the horse industry in more detail. This research endeavoured to value the contribution of each sector and sub-sector to the industry, and aggregate these values, to establish an estimate for the economic worth of the industry as a whole. However, this has been constrained by the availability of adequate data. The Henley Centre has found the existing data to be largely inadequate for this purpose.

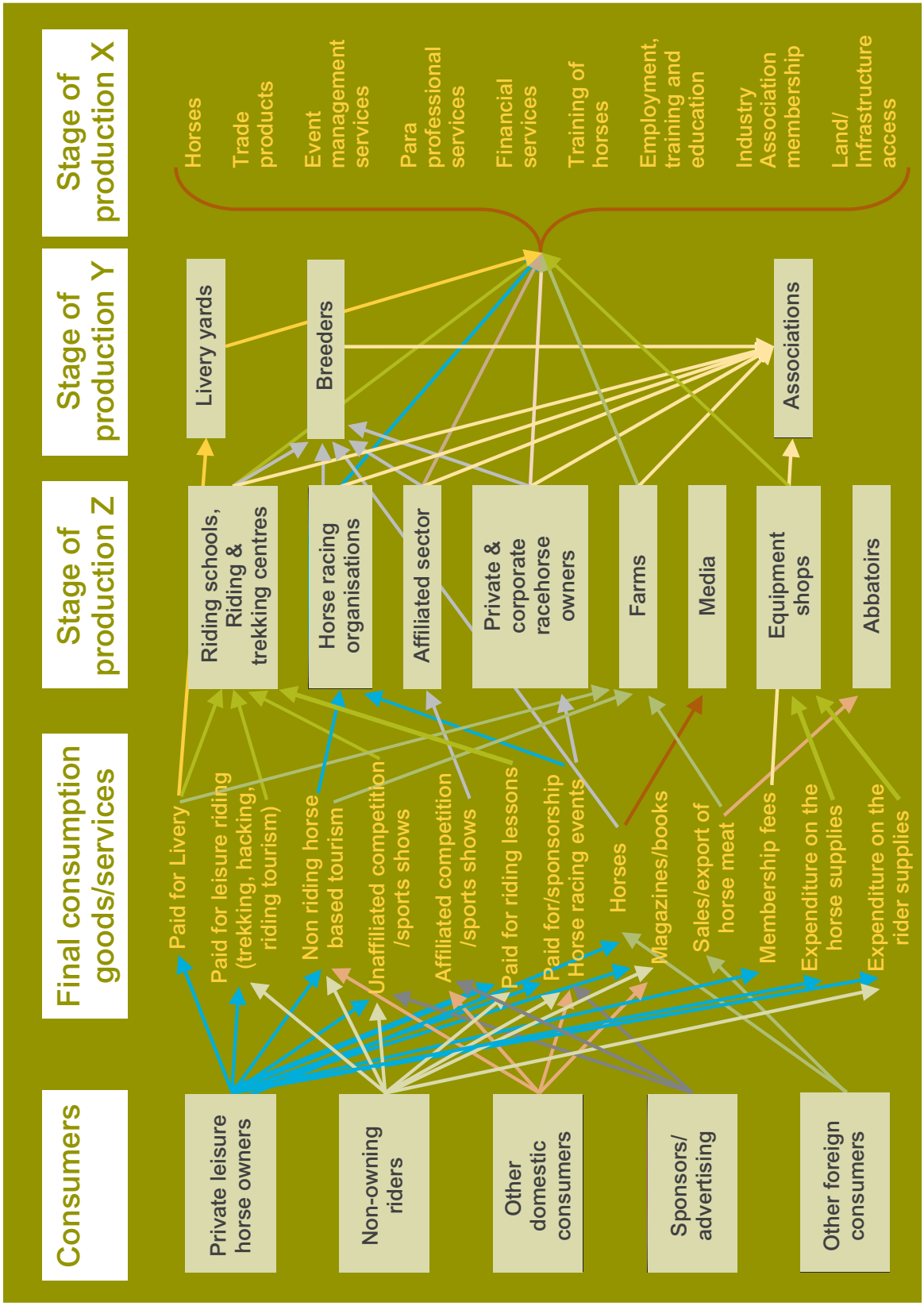
12. In order to maximise the use of available data, we have adapted as necessary the 'ideal' approach to sizing the industry. Consequently a third conceptual map of the horse industry – the expenditure flows map – has been developed and is illustrated by Figure 3.

13. Figure 3 illustrates the expenditure flows within the horse industry supply chain. The arrows indicate the direction of flow of money. The left hand column groups consumers according to their interest in the horse industry: whether they own, ride/drive, or just spend money on products without owning or riding. Private leisure horse owners – owners for whom the horse is not part of a business enterprise – will, as a group, generally spend money on all items except exports. They will naturally purchase items relating to the care of their horses, but then may also take riding lessons, go on riding holidays, enter competitions and read magazines. Non-owning riders will spend on all categories except those relating to horse care. Other domestic consumers will spend on categories not relating to horse care or riding but may spend money at racecourses or on visiting horse-based domestic tourist attractions (or horse 'rescue' or welfare centres).

14. The flow is complicated by the fact that some items purchased by these consumers would also be purchased by organisations, for example horse feed and riding gear will be purchased by riding stables. When purchased by organisations, such supplies are classified as an input into production, or intermediate consumption as opposed to final consumption. If we were to add these two expenditure flows together we would be double-counting the value of these inputs. Fortunately, we are able in most cases to separate final consumption from intermediate consumption by analysing who has purchased the supplies in question.

15. The next column details the final consumption products of the horse industry. These are products through which money flows into the industry organisations. These are 'final'

Figure 3: Expenditure flows within the horse industry



products in that they do not re-enter the production process. In terms of expenditure flows, these categories are easily identifiable and in some cases measurable.

16. The expenditure comes from the consumer groups, through the medium of the product categories, into the various organisations involved in Stage of Production Z (the third column in Figure 3). These are the organisations closest to the consumer. As shown by the arrows, an organisational sector may receive cash flows from many different product categories, for example farmers may provide a livery service and also open their farm as a tourist attraction. Similarly, very different organisations may receive income from the same product group.

17. The organisations at Stage Z will spend money on supplies they need to run their businesses; this is intermediate consumption. As a consequence of this, expenditure from Z on intermediate consumption will flow to the upstream businesses in Stages Y and X.

18. Stage Y describes businesses which supply mainly to other businesses. Whilst they may receive some income from private horse owners, the majority of cash flow is from businesses such as riding stables and racehorse owners. However, like the businesses in Stage Z, they will also in the course of their production process purchase supplies such as horse feed and veterinary services, which is how this Stage is distinct from Stage X.

19. The items listed in the column labelled 'Stage of production X' are the products and services purchased by more downstream businesses as inputs to the production process. There is no further upstream flow; expenditure by these organisations is assumed to be on raw materials (e.g. cereals, leather). They will in general not obtain income from each other, the exception to this being trade associations receiving membership or publication fees from trade businesses.

20. As with the conceptual maps illustrated by Figures 1 and 2, organisations captured in the upstream production stages (Stage X and, to some extent, Stage Y) are not necessarily less important to the industry than the more consumer facing organisations of Stage Z. In many cases the value that upstream organisations generate should not be excluded from the economic evaluation of the horse industry.

2.2 Application of sizing to the conceptual industry map

1. The original intention of this research was to provide sizing detail down to the sub-sector level, based around the conceptual maps of Figure 1 and Figure 2. This would have enabled a sub-sector by sub-sector comparison to establish the relative importance of riding schools as opposed to livery yards for example.

2. The application of the expenditure approach to the conceptual maps, however, is unfeasible due to the nature of the industry itself. The spectrum of the conceptual map is a substantial simplification of the horse industry. Neither riders, horses nor organisations will find a permanent position on this spectrum or within any given category of production. Industry participants are dynamic and shift from activity to activity. Therefore sizing the contribution of riding schools, for example, by looking at expenditure on riding lessons would be misleading as riding lessons can also be provided by independent trainers on an informal basis. As a further example, consider livery yards: livery services may be provided by a livery yard, or informally by riding schools, or by farms. It is therefore inaccurate to allocate final consumption expenditure on livery to livery yards alone.

3. This is not a problem unique to the horse industry. The national accounts sidestep this issue by classifying economic units by their primary value added (that is, essentially their principal activity). Any value added from secondary activities are categorised under the principal activity. The Henley Centre research suggests that the extent of multi-activity production by sub-sectors within the horse industry may be above the average. It becomes unfeasible to take account of multi-activity production by sub-sectors without the data needed to allocate establishments, or even sub-sectors, by primary and secondary activities. This difficulty reflects the complexities of the horse industry and helps to explain why sizing this industry is such a challenge.

4. Partly as a consequence of this, the available data lacks definition and does not breakdown well into the sectors identified in the conceptual map. On the plus side, though the identifiable final consumption goods and services such as riding lessons, livery, farriery services etc, may not have clearly defined production units, they are, in themselves, quantifiable sizing categories of spend.

5. The latter fact has enabled The Henley Centre to take an alternative 'best efforts' approach to providing sub-sector sizing information for the horse industry. In order to make the most of existing data, rather than identifying the contribution of different production units to the horse industry as a whole, the focus has been shifted to the contribution of different product groups to the horse industry total. Consequently, instead of creating a quantifiable picture of the horse industry based on the production unit conceptual maps of Figure 1 and Figure 2, we are creating a picture of the industry based on the expenditure flows diagram of Figure 3, a more product-focused depiction. The aim is to keep as much of the sector and sub-sector detail as possible whilst using the available data in the most appropriate way.

6. The following section gives a summarised account of the sizing methodology used by The Henley Centre, which is applied to the third conceptual map of the horse industry (Figure 3).

2.3 Understanding the dynamics of the map

1. It is useful strategically to understand the links between industry sectors and sub-sectors. As previously stated, the conceptual maps provide a necessary simplification of the horse industry; there are many complicated dynamics and overlaps between the sectors. These are most pronounced when thinking about the nature of involvement in the industry from labour, entrepreneurs and horses, rather than economic valuation alone.

2. The complexity of the links between the industry sectors and sub-sectors in Figures 1 and 2 are to a large extent captured by the nature of expenditure flows in Figure 3. Expenditure from the end consumer groups (horse owners, spectators and riders) feed into the industry through multiple, final consumption product types. This suggests that the different enterprises supplying these products are catering to customer bases that overlap to some extent. Consequently, promoting the interest of any particular customer base in the horse industry will have additional advantages for other aspects of the horse industry.

3. A suitable methodology for sizing the horse industry

1. This section develops a suitable methodology for creating a baseline for the horse industry, given the nature of currently available data. The methodology is based upon an adaptation of the expenditure approach to economic sizing used by the National Accounts. (Readers are referred to Appendix A for a more detailed explanation of accounting methods and for clarification of the economic definitions used below).

2. Once Stage Two of the research is completed the application of new data to the sizing methodology outlined below will provide a sound economic evaluation of the horse industry. For purposes of this report we use currently available data to present an example economic evaluation.

3.1 National Accounting

1. The value of economic activity is most commonly described by the calculation of Gross Domestic Product (GDP). It can be viewed in three ways: as a sum of incomes derived from economic activity, which can be broadly divided between income from employment and incomes from profits; as a sum of expenditure, being that between consumption and adding to wealth (investment); or as a sum of the products of various industries of the nation. The National Accounts for the UK looks at all three measures and so uses three different methods to size the economy. These approaches, as far as possible, use independent sources of information and hence are a way of validating the final figures – a process of triangulation – which enables us to be more confident of the overall estimation process.

2. Output/production approach

The production account is at the heart of the economic accounts as it records the activity of producing goods and services. The output approach to the estimation of GDP looks at the contribution to production of each economic unit in the economy. GDP is essentially the sum of this value across the entire economy; that is the sum of Gross Value Added (GVA) of the different sectors of the economy (after adjusting for the distortions caused by taxes and subsidies on products).

3. The production approach is the method most commonly employed to size the economic worth of an industry. Once the contribution of each economic unit – that is the value that a unit adds to the inputs into the production process over and above the value of the raw inputs themselves – is established, the value added is assigned to an industry. The industry's economic contribution is therefore the sum, or the gross, of all the value added by production units of that industry.

4. Income approach

The income approach adds up all income earned by nationally resident individuals or corporations in the production of goods and services. In the UK, the income measure of GDP is obtained by summing together: gross operating surplus, mixed income, compensation to

employees (wages and salaries and employers' social contributions) and taxes on production and imports less subsidies on production.

5. Expenditure approach

The expenditure approach to GDP measures total expenditure on finished or final goods and services produced in the domestic economy. The measure is obtained from the sum of final consumption expenditure by households, expenditure by the Government and non-profit institutions serving households, gross capital formation and net exports of goods and services. This approach can be represented by the following equation:

GDP = C + G + I + X – M

6. Where C = final consumption expenditure by households and NPISH sectors, G = Government consumption expenditure, I = Investment or gross capital formation, X = exports and M = imports.

7. To avoid double-counting in this approach it is important to classify consumption expenditure as either final or intermediate. The expenditure approach only aggregates expenditure on final consumption products. Expenditure by companies on goods that re-enter the production process – intermediate consumption – is not included in these figures, as the value of these goods will be captured by the expenditure on the final products that the intermediate consumption goods go on to produce.

8. To summarise, in the national accounts, the three methods of the production, income and expenditure should in theory provide equivalent estimates of GDP for the economy as a whole. When sizing individual industries, for example when looking at the economic contribution of agriculture compared to the contribution of manufacturing, the national accounts will adopt the production approach and evaluate the industries on the basis of their GVA (at basic prices). Therefore, data on the cost of inputs and value of outputs associated with the components of the conceptual map of the horse industry (Figure 1) is needed to size the economic contribution of the horse industry in theory. For further clarity on definition and terms, see Appendix A.

9. As already noted, The Henley Centre research has found that this level of detail is not available and that there are a number of problems associated with applying existing figures and standard methodologies to the horse industry. Consequently, The Henley Centre has adapted the sizing methodology to take into account the data limitations and refined the definition of the 'horse industry' to encompass both the core of the industry and the supplying sectors. (That is, all of Figure 2, which is equivalent to the three stages of production in Figure 3).

3.2 Theoretical application of GVA to the horse industry

1. A clear definition of 'the horse industry'

As the previous section illustrates, the statistically correct estimate of the horse industry – the estimate that would be compatible with the national accounts for all other industries and for the economy as a whole, if the horse industry were an accepted industrial classification in the national accounts system – would be the GVA figure (at basic prices). If the horse

industry were included in the accounts, and if the value added of certain production units were correctly assigned to this classification, it would be valid to draw comparisons between the horse industry and other industries such as the agricultural industry on the basis of GVA.

2. A clear definition of the industry core is required to establish the GVA of an industry, as it must be possible to make distinctions between final output and intermediate consumption. Due to the complexities of the way in which the horse industry operates in practice and the problems of drawing neat boxes around industry sectors, establishing a clear distinction between the economic core of the industry and the upstream supplying units of the industry is challenging. The conceptual maps (Figures 1 and 2) define the industry core on the basis of activities within the horse industry; that is by avenues through which people can become engaged in the horse industry. For instance, they can take horse riding lessons, go and watch horse racing or show jumping at various levels and/or own a horse themselves.

3. This definition, with regard to an economic sizing exercise, does lead to a problem: the core, thus defined, would exclude the significant value added by upstream units such as farriery and veterinary services. In accordance with the GVA approach to economic sizing, the value of inputs into the production process of the core industry should be subtracted from the value of the output of the core. This is analogous to excluding the value of production by the supplying sectors, as shown in Figure 2, from the economic contribution of the horse industry. Regarding the GVA of the core as the economic contribution of the horse industry implies that without horses and the activities within the core the supplying sectors of the industry would be able to go on producing, (or, as some economists would argue, that the resources utilised by the supplying sectors would be instantly reallocated according to market forces and used elsewhere in the economy). In practice the impact of the industry core on the supplying sectors will clearly depend on the extent of the latter's dependency on the core. Many businesses within the farriery trade, saddlers, or specialist equine vets, for instance, are highly dependent on the vibrancy of activities in the industry core.

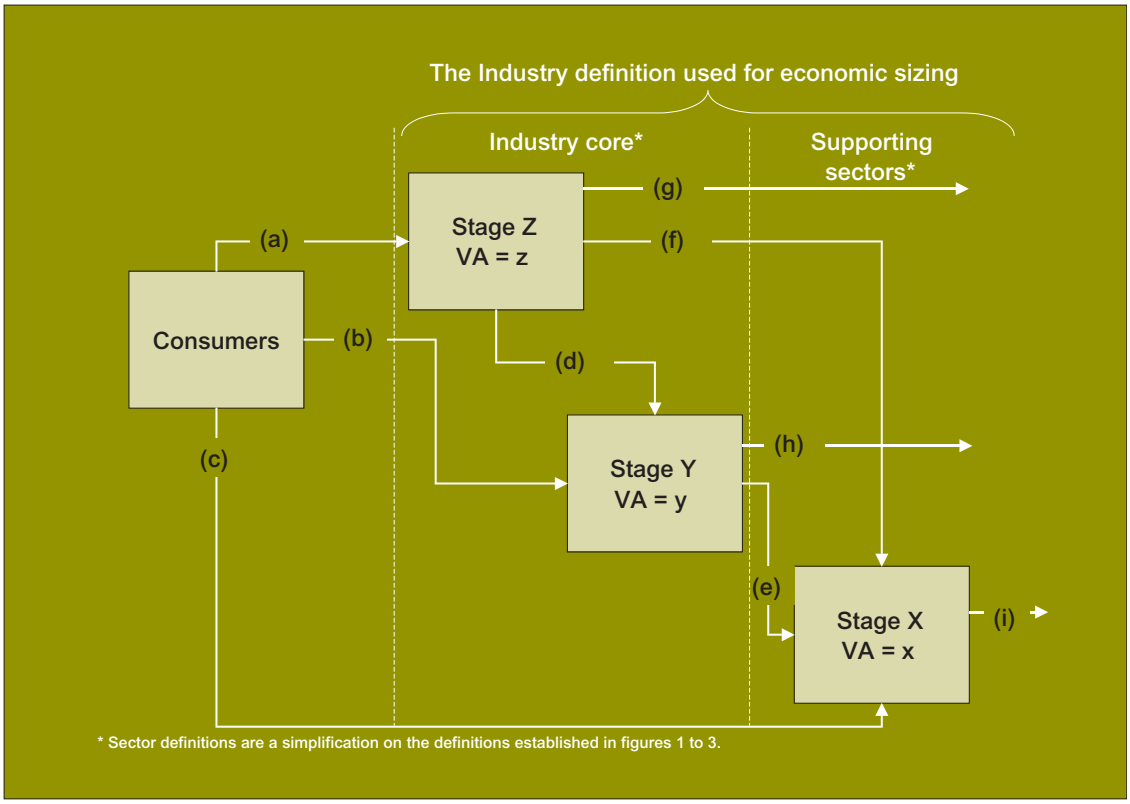
4. It is argued here that such sectors are of great importance for the horse industry, and that their value should not be excluded from the overall industry estimate. This is therefore another good reason why the use of the expenditure flows diagram for the purposes of economic sizing is more suitable than the conceptual maps of Figures 1 and 2. By using the expenditure flows diagram the goods that are produced by upstream units for final consumption, i.e. a farriery supplying services to a horse leisure owner, will be included in the value estimate of the horse industry and the value of goods provided by upstream units to other producing organisations within the core will not be excluded from the economic value (as would normal intermediate consumption) but captured by evaluating the value of the final goods they go on to produce – as the value of these final goods should reflect the value of the inputs they require.

5. Consequently, for the purposes of economic sizing, the definition of the horse industry should be broadened to encompass the upstream sectors such as the farriery and saddlery services which supply to the industry core in this manner. The expenditure flow diagram (Figure 3) is able to accommodate this requirement. (Expenditure on intermediate goods and services which are largely unrelated to the horse industry, e.g. electricity, should still be excluded from the estimates).

6. A simplified example of the methodology

Figure 4 represents a simplified version of the expenditure flows diagram illustrated in Figure 3.

Figure 4: Simplified expenditure flow diagram



7. The diagram shows three stages of production: Stage Z, which corresponds to the industry core and which is consumer-facing, producing only final consumption products; Stage Y, which is made up of production units whose output is split between intermediate consumption goods and final consumption goods; and Stage X, which represents the units supplying to the industry.

8. The arrow marked (a) represents consumer expenditure on final consumption products from Stage Z. Arrow (d) illustrates expenditure by enterprises at Stage Z on goods (intermediate consumption) supplied by Stage Y, such as breeding services for race horses. Arrow (f) illustrates expenditure by Stage Z on intermediate consumption goods from supporting sectors at Stage X (those within the horse industry). Arrow (g) represents intermediate consumption expenditure on goods/services outside the horse industry suppliers.

9. The arrow marked (b) illustrates expenditure by end consumers (final consumption) on output from Stage Y, such as livery services for privately owned horses. Arrow (e) represents the intermediate consumption of Stage Y on goods from Stage X (within the horse industry). Arrow (h) represents intermediate expenditure on goods/services outside the horse industry.

10. From the arrow marked (c) we can see that to some extent output from Stage X also takes the form of final consumption expenditure and is sold to an end consumer (though the majority of production from Stage X is assumed to be intermediate consumption goods).

This expenditure can take the form of private horse owners, who ride and own for personal leisure, spending on horse supplies such as horse feed, or veterinary services, or saddles and farriery etc. The value of this output is generated by horse ownership, and arguably therefore by the horse industry, and should be accounted for as such, but doing so means that all value added from Stage X should be included in the industry's economic contribution. Arrow (i) represents intermediate expenditure by Stage X on goods/services outside the horse industry.

11. If the definition of the industry which includes supporting sectors is to be taken forward then the value added by each of the separate stages Z, Y and X must be aggregated together to obtain the industry's total economic contribution. This value can be approximated by the sum of each expenditure flow from consumers into the industry (that is the value of (a) + (b) + (c)) minus the intermediate consumption of stages Z and Y that are on goods outside the definition of the horse industry (that is, minus (g) + (h) + (i)). For the adopted definition of the industry we can ignore intermediate consumption such as that illustrated by arrows (f) and (e) as these income flows are staying within the industry. So, on the basis of this simplified example;

    Value added = [(a) + (b) + (c)] – [(g) + (h) + (i)]

12. Problems

13. A very limited amount of data on expenditure by enterprises is available for the horse industry. This information falls far short of forming an adequate estimate for the intermediate consumption of the industry. The Henley Centre has therefore been unable to arrive at a robust estimate for the economic contribution of the horse industry.

14. Instead, the illustration of the methodology produces a value that will correspond to the maximum estimate of the industry's contribution – statistically termed Gross Output (equivalent to Gross Value Added plus intermediate consumption).

    Gross Output = (a) + (b) + (c)

15. As previously explained, Gross Output is not the statistical estimate of an industry's economic contribution normally used in industrial comparisons. It is generally asserted that to estimate the economic contribution of an industry by its Gross Output measure is to attribute to that industry output that would normally be accounted for elsewhere, under a different industry classification. For instance, in the case of the agriculture sector, where farm-based production is seen as the industry core, Gross Output would include intermediate consumption on inorganic pesticides. In the national accounts however, the manufacture of pesticides is categorised under 'Manufacture of other inorganic basic chemicals', and hence the value of pesticides should be attributed to the chemical manufacturing industry and not to agriculture. With this in mind, it can be seen why drawing comparisons between the chemical manufacturing industry and agriculture in terms of Gross Output would be misleading.

16. However, in the case of the horse industry, the picture is not so black and white. Since the horse industry is not a current industry classification for the UK economy, the output and value added by enterprises that could form the core and supporting sectors of the horse industry are attributed to other standard industrial classifications. Therefore, drawing

comparisons between the GVA of the horse industry (if it were possible to establish such a figure) and the GVA of agriculture, for example, could still be misleading. For example, under the current system GVA from 'horse farming and breeding' is categorised under 'Farming of sheep, goats, horses, assess, mules and hinnies'. That is, output which should be attributed to the horse industry is currently attributed elsewhere in the national accounts. As a result, drawing comparisons between the horse industry and any other established industry by GVA could potentially suffer from the same limitation that a comparison on the basis of Gross Output would – that there is room for overlap between the values of each industry.

17. The distinction between GVA (at basic prices) and GDP (at market prices)

From the above methodology we are strictly measuring Gross Output (GO) at market prices. As an approximation,

Gross Output of all industry (at market prices)	=	GDP of all units (at market prices)	+	Intermediate consumption by all producers on goods outside the horse industry

18. Ideally, to get as close to the GVA for the industry as possible (after allowing for the lack of data to measure intermediate consumption), we should be measuring the following;

Gross Output of all industry (at basic prices)	=	GVA of all units (at basic prices)	+	Intermediate consumption by all producers on goods outside the horse industry

19. The difference is the 'GDP (at market prices)' in the first equation, as opposed to the 'GVA (at basic prices)' in the second. The difference between these two definitions is the distortions caused by product taxes and subsidies.

20. In its strictest sense, allowance should be made for these distortions to get from GDP (at market prices) to GVA (at basic prices). For instance, in the case of Value Added Tax (VAT), not all expenditure on final consumption products goes to the producer: a proportion of the monies exchanged will be taken by the government, an amount which is still viewed as value generated by the industry. Consequently, to arrive at a true figure of GVA, the worth of taxes should be added and the value of subsidies subtracted from the equation above.

21. Data on tax and subsides for the horse industry is not readily available. As a consequence of this constraint, what we are measuring equates to GDP at market prices and not GVA at basic prices. Allowing for the unavailability of data on intermediate consumption, takes us from GDP (at market prices) to GO (at market prices).

3.3 Application of the sizing methodology to the currently available data on the horse industry

1. An illustration using existing data

This section illustrates the application of the expenditure approach to the horse industry using the data that is currently available.

2. We start by examining the categories of final consumption expenditure in the horse industry (as defined by the expenditure flows diagram, Figure 3). The most robust estimates currently available for the value of revenue from each product group is given together with detail on the source and scope of each estimate. The reliability of each estimate, as judged by The Henley Centre, is commented on and rated on a three point scale; further comments on the key sources of information can be found in Appendix B. The revenue values are aggregated to illustrate the estimation process for Gross Output (at market prices) of the industry. This is followed by a discussion on the limited data available that could be used to estimate intermediate consumption, and therefore to estimate GVA for the industry.

3. Assessment of the reliability of each figure used to estimate the value of the expenditure categories is of great importance. In general, the data is inadequate for the purpose of economic sizing. The application of figures to the sizing methodology is for illustrative purposes only; the end figure attained for the horse industry baseline should not be viewed as a robust estimate of the horse industry's contribution to the economy. The figure is only as reliable or as complete as the data upon which it is based; there are substantial gaps in the current knowledge that prevent a definitive figure from being established. The illustrative application of available data to the horse industry will expose the major gaps that Stage Two of the research will need to fill.

4. Step 1: Aggregating final consumption expenditure categories and estimates

Table 1 lists the final consumption expenditure categories highlighted by the expenditure flows diagram (Figure 3), together with the best estimate currently available for the value of expenditure by consumers on that category.

Overall ratings of reliability:

1 = Rigorous
2 = Credible
3 = Unproven

Table 1: Final consumption expenditure categories and value estimates

Best estimate of value from final consumption on each product/service	Details of estimation and sources used	Notes on reliability of data (also see Appendix B for assessment of key data sources)	Other estimates for triangulation	Overall rating of reliability
Horses: breeding, domestic trade and international trade **£142,919,000**	£150,000,000 Value of domestic horse trade. Source: BETA National Equestrian Survey 1999. Based on the total value of horses owned, assuming a 10% turnover of this value p.a. + £160,000,000 Value of bloodstock exports. Source: NERA report on British Thoroughbred breeding for the TBA 1997. – £158,285,000 Value of bloodstock imports. Given export numbers of 1959 thoroughbreds (Weatherby's), the average price of a thoroughbred was estimated to be £81,674. Import value is then calculated by multiplying import numbers of 1938 by price. + £239,845,000 Value of live agricultural horse exports – £248,641,000 Value of live agricultural horse imports. Source: FAOSTAT statistical databases of the UN Food and Agriculture Organisation, 2001. Converted to £ using FX Currency Converter: rate of £0.573/$ as on 10/12/2003.	The domestic horse trade value is an estimate, with no explanation of the underlying assumption of 10% turnover. It also excludes the worth of very valuable sport and racehorses, therefore in all probability underestimates the true value. The NERA gross export value of thoroughbreds is estimated from Doncaster & Tattersalls Sales data. It is significantly higher than KPMG's 1996 estimate of £90m, demonstrating the difficulties involved in estimating this value. However, because net exports are small (even negative some years), the impact of the value on the total will not be significant. The FAOSTAT data is two years old, but likely to be of high quality due to the Agricultural Bulletin Board on Data Collection, Dissemination and Quality of Statistics project (ABCDQ), which controls the quality of the information provided in the database. The overall value does not take into account the net export value of warmblood horses. Such a value would be difficult to estimate to any degree of accuracy. Industry experts believe that Britain is a net importer of warmbloods, meaning that if the trade value of these horses were to be calculated and included, the impact upon the final figure would be negative.	None	2
Riding lessons **£500,000,000**	Source: BETA National Equestrian Survey 1999. Value approximated by expenditure on riding lessons by horse riding members of the public, based on average cost of £11 multiplied by 45 million 'paid for' lessons per annum.	It is pointed out within the survey that this is a considerable increase on the 1996 survey finding, and that this may be due to an increase in the cost of having lessons, an increase in the numbers taking lessons, an increase in the number of lessons per rider, or alternatively 'differences in questioning techniques' or inevitable variability between survey samples'.	None	3

Table 1: Final consumption expenditure categories and value estimates *(continued)*

Best estimate of value from final consumption on each product/service	Details of estimation and sources used	Notes on reliability of data (also see Appendix B for assessment of key data sources)	Other estimates for triangulation	Overall rating of reliability
Livery and other paid-for accommodation **£345,000,000**	Source: BETA National Equestrian Survey 1999.	The assumption has been made by the Henley Centre that accommodation costs, not including building or maintaining own stables, is equivalent to paying for accommodation by third parties, i.e. livery services, renting of fields etc.	£215,000,000 Source: Wakeham 1997, quoted by Suggett 1998. £402,480,000 Henley Centre calculation based on average livery prices[6] for 30%[7] of 600,000 horses[8]	2
Leisure riding: trekking, hacking, holidays **£70,750,000**	£70,000,000 Money spent on hiring horses. Source: BETA National Equestrian Survey 1999. + £750,000 Value of horse tourism in Britain. Source: Hogg, S. – Horse Tourism: A European Lesson, April 1992.	Hogg's estimate of horse tourism is not qualified; leading us to believe it is based on speculation. The source is 12 years old, and figures given are not adjusted for inflation, this is therefore likely to be higher in 2004. This figure was used because, although other estimates of horse tourism are available (from the UK Tourism Survey for example), they often rely on asking British nationals how much they spend on horse-related holidays, some of which will go into the horse industries in other countries. These will also exclude spend by foreign tourists on horse tourism in GB.	None	3

[6] British Horse Society leaflet, Guide to the Cost of Keeping a Horse or Pony, January 2003.

[7] Based on conversations with industry experts, the assumption was made that 30% of horses are at livery, of which: 15% at full livery, 35% at part livery, 15% at working livery and 35% at grass livery.

[8] Graham Suggett, How important are equines to the rural economy of the United Kingdom?, 1998.

Table 1: Final consumption expenditure categories and value estimates *(continued)*

Best estimate of value from final consumption on each product/service	Details of estimation and sources used	Notes on reliability of data (also see Appendix B for assessment of key data sources)	Other estimates for triangulation	Overall rating of reliability
Non-riding horse-related tourism **£354,000**	Estimated by The Henley Centre using web-based research. From a list of horse-based tourist attractions on the VisitBritain website, it was possible to calculate total expenditure on these attractions by multiplying annual visitor numbers by price of admission.	This figure is likely to be an underestimate of the value of this sector, for several reasons: • There are probably many horse-based attractions not listed on the VisitBritain site • Many attractions, especially those who do not charge for admission, will receive funding from other sources, or at least benefit from voluntary labour. It is not currently possible to size these additional contributions. • Some farm-based attractions will attract revenue by having horses as a part of the attraction, but not explicitly think of themselves as a 'horse-based attraction'. This value is very hard to estimate.	None	3
Affiliated sports: competitions and shows **£19,600,000**	Value of competition entry only (not membership to affiliated sports bodies, which is covered under 'membership fees'). 'Affiliated sports' describes those whose associated bodies are affiliated to the BEF: Show Jumping, Dressage, Eventing, Reining, Vaulting, Driving and Endurance. £35 million spent by private horse owners on 'competition entry'. Source: BETA National Equestrian Survey 1999. It is not stated how much of this is on entry to affiliated competitions, but 56% of those respondents who knew the nature of the competitions said they were affiliated; hence 56% of the £35 million is attributed to this category.	Using this method will not accurately divide the value between affiliated and unaffiliated sports. The question asked of riders is whether the competition itself is affiliated (rather than the sport). It is possible to have unaffiliated competitions for affiliated sports such as Show Jumping. Furthermore, revenues from spectators (as distinct from entrants) are not included. (Affiliated sports also receive substantial funding from The Exchequer and the lottery via the BEF[9]. This represents a transfer payment, which should not be included in the sizing of an industry).	None	3

[9] UK Sport.

Table 1: Final consumption expenditure categories and value estimates *(continued)*

Best estimate of value from final consumption on each product/service	Details of estimation and sources used	Notes on reliability of data (also see Appendix B for assessment of key data sources)	Other estimates for triangulation	Overall rating of reliability
Unaffiliated sports: competitions and shows **£15,400,000**	Value of competition entry only. Unaffiliated sports include Polo, Horseball, Mounted games, hunting, Showing and others. As above, 44% of those respondents who knew the nature of the competitions said they were unaffiliated; hence 44% of the £35 million is attributed to this category.	See above for comments on reliability. The Polo sector may well be significantly more valuable than this figure suggests.	None	3
Horseracing events **£613,300,000**	Source: KPMG report for the BHB, 1996.	This value was estimated 8 years ago. Both inflation and significant growth within the racing sector lead to the conclusion that the true current value is likely to be much higher than this. Prize money alone is now more than £85m, up from under £64m in 1998[10], reflecting the increase in income flows within the sector.	None	2
Association memberships **£20,000,000**	Expenditure on registration fees by private horse owners. Source: BETA National Equestrian Survey 1999.	Associations such as The Pony Club also receive membership revenue from non-owning riders. A more accurate picture of the value added by associations should be achieved by surveying the bodies themselves.	BHS – £2,000,000. Henley centre estimate based on 35,000 members paying £50-£60 on average per annum[11].	3

[10] The Racing Industry Statistical Bureau of Statistics 2002 (Weatherby's).

[11] Estimated from British Horse Society Subscription rates.

Table 1: Final consumption expenditure categories and value estimates *(continued)*

Best estimate of value from final consumption on each product/service	Details of estimation and sources used	Notes on reliability of data (also see Appendix B for assessment of key data sources)	Other estimates for triangulation	Overall rating of reliability
End consumer horse ownership spend **£1,340,000,000**	Expenditure on the horse by private households (expenditures covered in other product groups have been subtracted from the given figure). Source: BETA National Equestrian Survey 1999.	As there are no surveys as comprehensive as the National Equestrian Survey in terms of the breadth of expenditure categories researched, it is difficult to gain an overall estimate to compare to this figure. It has however been possible to explore individual components in more detail by talking to various industry experts. For example, the total spend on vet's fees is based on the average spend of £110 per horse/pony. Conversations with BEVA have confirmed that this figure is towards the lower end of the range of possible expenditures. Many valuable sport and racehorses would involve much higher vet's fees, and such a disparity would balance out the incidence of some horses receiving little or no veterinary attention at all. This lends credibility to the vet's fees component of expenditure, and indirectly to the figure overall. Net exports of trade products also provide a significant source of revenue to the industry. However, the Standard Industrial Classifications, by which export and import data from the DTI is aggregated, do not go down to the required level of detail. A survey of trade exporters and importers would need to be undertaken to gather this data.	Triangulation of some individual components – see notes on reliability	2

Table 1: Final consumption expenditure categories and value estimates *(continued)*

Best estimate of value from final consumption on each product/service	Details of estimation and sources used	Notes on reliability of data (also see Appendix B for assessment of key data sources)	Other estimates for triangulation	Overall rating of reliability
End consumer spend on riding **£260,000,000**	Expenditure on key items by riders (expenditures covered in other product groups have been subtracted from the given figure). Source: BETA National Equestrian Survey 1999.	Assumes that all spend on riding gear and riding accessories is by riders themselves. The incidence of non-riders buying for example gifts for riders will be small, but notable.	The survey estimates that about 50% of riders spend a total of £240 on footwear, clothing and protective gear. This is substantiated by the BHS[12], who claim that riding clothes and equipment cost around £150 – £250 per annum.	2
Magazines & books **£50,000,000**	Source: BETA National Equestrian Survey 1999.	Again assumes that all spend on riding books and magazines is by riders, whereas many readers of, say, Horse & Hound will be interested in the magazine whilst not being riders themselves. However, the figure is large enough to presume that there is no significant expenditure omitted.	£16,352,000 for 9 of the top horse magazines. Estimated using circulation figures and cover price data from MindShare. Does not include other publications and books.	2
Horse meat and other products **£2,862,000**	Source: FAOSTAT statistical databases of the UN Food and Agriculture Organisation. Converted to £ using FX Currency Converter: rate of £0.573/$ as on 10/12/2003.	This only includes net exports, not the value of produce sold within Britain. Because the Standard Industrial Classifications, which are used to aggregate ONS statistics, do not go down to the required level of detail, this data would be extremely hard to obtain. The FAOSTAT data is two years old, but likely to be of high quality due to the Agricultural Bulletin Board on Data Collection, Dissemination and Quality of Statistics project (ABCDQ), which controls the quality of the information provided in the database.	None	2

[12] British Horse Society leaflet: Guide to the Cost of Keeping a Horse or Pony, January 2003.

5. Adding together the very rough estimates of product values based on existing data, as given in Table 1, puts the value of the horse industry's Gross Output (at market prices) somewhere in the region of £3.4 billion. However, this figure must be treated with caution given the lack of reliable data that has been identified in a number of key areas, and the fact that in most cases, very approximate estimates have been made. Clarification of data, or changes to the estimates could, potentially, double or halve this estimate of the industry's Gross Output.

6. Step 2: Subtracting intermediate consumption expenditure

In order to take this figure closer to the GVA of the industry, expenditure on intermediate consumption by the production units on goods and services outside the horse industry should be deducted. As previously noted, there is no existing adequate data on the intermediate consumption expenditure of enterprises within the horse industry.

7. This issue will need to be addressed in Stage Two of the research if a GVA figure is required. A similar table to Table 1 around production units and the value of intermediate consumption will need to be constructed.

8. Obtaining this kind of information is potentially a very complicated piece of work. Most of the necessary data will need to be collected in a business survey that captures information on costs and expenditures of businesses. The greater the desired level of information, the more complicated the process becomes. For instance, obtaining a GVA figure for the horse industry as a whole would require values for the expenditure denoted by (h), (g) and (i). To isolate the GVA figures for the different stages of production of the horse industry, for instance Stage X will require even greater detail. The values for the expenditure flows of (f), (d) and (e) will also be required. More detail on the required approach for Stage Two is given in Appendix C.

9. STEP 3: Adjusting from market prices to basic prices

As illustrated previously, the distorting effects of taxes and subsides on products should ideally also be accounted for when trying to establish a figure for the GVA of an industry (at basic prices) as opposed to the GDP of an industry (at market prices).

3.4 Triangulating the figures: The overall industry picture

1. Given the problems inherent with the available data, It is important to 'sense check' the figures against estimates that are comparable. The following section firstly compares this industry estimate to the values generated for the horse industry by other research initiatives, recorded in Table 2. The value of the horse industry is then compared to the economic contribution of a range of other industries within the UK economy. The industry estimates are also compared to the value of the horse industry in other countries, where data is available.

2. The range in estimates for the economic value of the horse industry

The most widely quoted figure describing the economic value of the overall industry is the BETA figure of £2.5 billion[13]. This would appear to be at the top end of a very wide range of estimates, the bottom end being as low as £310 million[14]. It should be noted that some of the lower estimates, such as the £310 million figure, are so dated as to be almost meaningless without adjustment for inflation. However, if we adjust the £310million figure (from 1988) to today's prices, it is still less than £550 million; essentially a fifth of the BETA figure.

3. The problem of drawing comparisons between figures is that they may well all be measuring different entities. An industry as complex, fragmented and multi-stranded as the horse industry requires very careful definition if any statistics relating to the scope of the 'industry' as a whole are going to be at all meaningful. Suggett (1998), for example, suggests a figure of £1 billion[15], which feels satisfactory as a round number, comfortably between the aforementioned extremes. However, an adequate definition of the scope of the 'industry' as relating to any given figure is not established; this ambiguity is reflected in the wide range of estimates that are evident. Some measures of value include 'ancillary' or 'supporting' sectors, whereas some relate solely to 'direct' activities of the horse industry. Again, these definitions are not explained in any great depth, if given at all.

4. The figure of £3.4 billion is greater than any other known estimate to date. This fact reflects the dependency of this figure on the values generated by the BETA study. This study has been criticised for producing an inflated industry estimate which, it is argued, is primarily the outcome of the weighting methods used to aggregate up from the sample data to the national level. It should therefore be noted that the £3.4 billion value is subject to the same limitations around multipliers and sample sizes as the BETA figure.

5. As stated previously, The Henley Centre believes that much more robust primary analysis is needed before an estimate of the economic value of the industry can be established (for all of the reasons outlined above). There is substantial ground to anticipate this figure changing considerably after the analysis of Stage Two is complete.

[13] British Equestrian Trade Association: *National Equestrian Survey* (Produce Studies Research, 1999).

[14] British Horse Society: *The economic contribution of the British Equine industry*, (Peat, Marwick McLintock, 1988).

[15] R H Graham Suggett: How important are equines to the Rural Economy of the United Kingdom (1998, updated 2002).

Table 2: The range in estimates for the economic value of the horse industry. Extract from the strategic planning tool

Data ID	Original sector (as defined by the conceptual map)	Measure	Sector/sub sector	Variable	Org name or original source & date	Contact name or secondary source	
1	Industry	Value	General Industry	Revenue	BETA National Equestrian Survey 1999	The Economic Value of Equestrianism in the Southern Pennines/BHS Access leaflet 24	
58	Industry	Value	General Industry	Revenue	National Equestrian Survey (Jeremy Houghton Brown and Vincent Powell-Smith, Horse Business Management, Blackwells Scientific Publications Ltd, 1989, pp 1-7)	The Economic Value of Equestrianism in the Southern Pennines	
142	Industry	Value	General Industry	Revenue	Peat Marwick McLintock 1988	Suggett: How important are Enquines to the Rural Economy of the UK?	
144	Industry	Value	General Industry	Revenue	Suggett's own estimation	Suggett: How important are Enquines to the Rural Economy of the UK?	
145	Industry	Value	General Industry	Revenue	Peat Marwick McLintock 1988	Horse Pasture Management Study. Writtle College 2001	

	Data details	Region (if specified)	Region allocated (Standard regions)	1999	1998	1989	1988	Notes on reliability	Web links
	Annual estimated input of the equine industry into the economy. This figure includes: money spent per annum purchasing horses, upkeep of horses, riding lessons and clothing/other purchases. Includes wages and salaries.	GB	GB	£2.5 billion				Small sample size is small – Level of information on multiplying and weighting up to the total population is inadequate. – The method of aggregration to the total industry levels implies that there is some double counting of the expenditure within the industry. For instance expenditure on riding lessons by consumers is added to expenditure by riding stables on saddles for example. This is anologous to adding some components of intermediate consumption twice.	
	Turnover of horse industry per annum	N/S	GB			£760 million			
	Turnover of industry excluding ancillary	N/S	UK				£310 million	Doesn't include ancillary	
	Turnover of industry (includes ancillary): Actual estimate was over £1,000m	UK	UK		£1 billion			No explanation of derivation or coverage of figure	
	Turnover of industry including ancillary	N/S	UK				£350 million	Generated by trade in goods, services including feed, veterinary products, saddlery, horses, riding lessons and holidays, betting, racing etc, and ancillary activities such as insurance and banking.	www.writtle.ac.uk

3.5 International comparisons

1. We were able to find very few available figures; those that are available are detailed below. The figures given for The United States, Northern Ireland and Australia are eight, seven and three years old respectively. The Australian industry is smaller than our own, but contributes a larger share to GDP and is greater per head of population. The reverse is true for the industry in the United States. Both countries have more horses per 100 inhabitants than Great Britain.

Table 3: The horse industry in Great Britain compared with other country estimates

	Estimate (£ million)	HI value as % of GDP	HI value per capita (£)	Equine population	Equines per 100 capita
Great Britain	3,400	0.3%	58	600,000 – 975,000	1.0 – 1.7
United States of America	14,900[16]	0.2%	52	6,900,000	2.4
Australia	2,200[17]	0.8%	112	900,000 – 1,800,000	4.6 – 9.2
Northern Ireland	33 – 38[18]	0.2%	19 – 22	29,000	1.7

2. The robustness of these figures is not known. The methodology used to derive the USA figure could not be obtained, although the figure is described as the "Value of goods and services directly produced by horse industry", which could imply either Gross Output (at market prices) or Gross Value Added.

3. The Australian survey uses the following method:

   "Only the value of final outputs – to consumption or to investment – is counted in GDP. This avoids double counting as otherwise the value of the inputs gets counted twice, or more. However, many of the final outputs of the horse industry do not have a market price so these must be assessed at the cost of their final inputs. The model estimates the contribution to GDP by adding up all final expenditures on goods and services made by the horse industry."

   Whilst the report claims to estimate contribution to GDP, intermediate consumption is not subtracted, meaning that, similar to the GB estimate, it is describing Gross Output rather than GVA. Indeed, as they assert that the businesses make nearly no profits, a large proportion of this figure should be intermediate consumption.

4. The Northern Ireland report again sizes the industry in terms of expenditure generated, rather than value of output. Despite the fact that the researchers carried out a survey of equine owners, they note, "Due to the lack of available information it has not been possible to put an overall value on output from the Northern Ireland equine industry".

[16] American Horse Council: *National Economic Study of the Horse Industry*, 1996.

[17] J. Gordon: a report for the RIRDC: *The Horse Industry contributing to the Australian economy*, 2001.

[18] Northern Ireland Council for Equestrianism: *The Northern Ireland Equine Industry*, April 1997.

3.6 Analogous comparisons with other economic sectors in Great Britain

1. There are no figures which could be on their own directly compared to the value of the horse industry. It is a unique industry, incorporating elements of both leisure and of agriculture. In the tables below are provided some figures for comparison.

2. In the minds of consumers, spend on the horse industry is likely to be associated with expenditures on other leisure activities and pet care, and thus, we provide such comparison. An estimate for 'horse care' has been added, so as to allow a more direct comparison with pet care, including all expenditure on the horse by private horse owners, excluding vet's fees (see Table 1). It is difficult to draw comparisons between the categories as they evidently overlap: pet care will include horse care, recreation will include spend on riding lessons, etc. But the figures provide an indication of the comparative size of expenditure on the horse compared to the leisure economy as a whole.

Table 4: Expenditure on the horse industry compared with expenditure on other leisure activities

	Sector (£ billion)	Consumer expenditure % of total consumer spend
Stage One best estimates		
Estimated horse industry total	3.4	0.5%
Estimated horse care (excl vets)	1.3	0.2%
Comparative values		
Total spend on recreation and culture	79.4	11.9%
Recreation and sporting services	5.2	0.8%
Pets and related products (excl vets)	2.3	0.3%
Durables for outdoor recreation	4.4	0.7%

Source of comparative values: ONS Consumer Trends Q3 2003. Figures are 2002.
For details of products and services included in these categories, please refer to the consumer trends document, available from the website, http://www.statistics.gov.uk/downloads/theme_economy/Consumer_Trends_Q3_2003.pdf

3. The horse industry is also related to agriculture. However, it is difficult to obtain a figure with which to provide a direct comparison, because of the difference in approaches used: there is no equivalent consumer expenditure figure in the expenditure accounts on agricultural produce primarily because this is not a consumer-facing industry. Gross Output (GO) at market prices is likely to be the nearest comparable figure. Also included are gross livestock output, and Gross Value Added (GVA) of the industry overall. Gross Output for the horse industry comes to about a quarter of the Gross Output for Agriculture. However, the GVA for Agriculture is less than half of its own GO. If an estimate of GVA can be calculated from analysis of research in Stage Two, a similar ratio for the horse industry can be established. It is hard to robustly estimate this ratio from the available data. It should be noted that the Agriculture figures are for the whole of the UK, and will therefore be higher than if Northern Ireland was discounted.

Table 5: Value of the horse industry compared with value of other land-based industries

	Sector (£ billion)	Value % of GDP* (market prices)
Stage One best estimates		
Estimated horse industry output at market prices	3.4	0.3%
Comparative values		
Total Agriculture output at market prices	13.4*	1.3%
Livestock output at basic prices	8.5*	0.8%
Total Agriculture Gross Value Added at basic prices	7.1*	0.7%

Source of comparative vales: Defra. Figures are 2002.
* Caution: figures for UK not GB.

3.7 A note on the informal economy and voluntary activity

1. By its very definition, the informal economy within any sector is extremely difficult to evaluate. In order to investigate this area more thoroughly, an extensive programme of highly sensitive ethnographic-based research would be required. With regard to the horse industry, we have made the following observations:

   a) Anecdotal reports suggest that up to 50% of livery businesses may fall within the informal economy, being unlicensed and operated by farmers and other landowners in a small-scale, fairly ad-hoc manner.

   b) The value of traded horses would be very difficult to estimate where VAT is not being registered. We believe this would make up the majority of horse-trading activity.

   c) The gypsy horse population has declined over the last twenty years, and the purpose of keeping horses within gypsy communities is now primarily cultural rather than transport-related. The number of horses that were put forward for trade at Appleby Fair in 1994 was approximately one quarter of 1984 levels. However, these horses may be sold for amounts as high as £95,000. The average price for a good brood mare of 7-9 years of age is given as between £5,000 and £10,000, and horses may be bartered for various items of value to the gypsy community other than money.

2. In Stage Two of the project, the proposed quantitative research to measure consumer and business expenditure on the horse industry should help to capture the value of the informal economy. The difference between total expenditure by consumers and revenue (at market prices) data collected from businesses will to some extent encapsulate the scale of these informal activities.

3. The work of voluntary labour is defined as unpaid work; that is the volunteer does not receive any form of employee compensation, be that payment in kind or as wages and salaries. Compensation of employees is defined as the total remuneration payable by enterprises in cash or in kind and principally comprises wages and salaries. It is recorded on an accrual basis; that is in respect of entitlement arising out of work done during the accounting period whether paid in advance, simultaneously, or in arrears. It does not cover unpaid work.

4. Consequently, the activity of unpaid work (pure voluntary work) may not be captured by sizing an industry. Though the services are productive, there is no cost of production associated with them; they cannot be classified as intermediate consumption or as compensation to employees. As a simplified application to the expenditure approach, since there is no cost of production associated with the services their impact will not be reflected in the price charged for goods and services and hence will not be reflected in the total expenditure on the goods and services of that industry.

5. There is a very significant amount of voluntary activity within the horse industry. The British Horse Society, for example, has 31 500 volunteers working for them across many areas of their work, including competitions, riding and road safety activity, access, welfare and riding clubs.

4. Non economic methods for establishing a baseline

4.1 Employment within the horse industry

1. In addition to economic sizing data, non economic data provide vital and strategically useful insight into the nature of the horse industry and its baseline.

2. Employment within the horse industry is a very difficult area to put figures to. The data sources are in wide disagreement, due to different definitions of not only 'the horse industry' but also of 'employment', (number employed versus full-time equivalents and direct versus indirect, etc).

3. Concerning the actual estimates, the lowest figure is around 20,000[19], derived by the Low Pay Unit and quoted by Suggett, and is, as Suggett himself points out, very much out of line with other figures. The basis on which it is derived is not clear.

4. In general, the data gathered seems to indicate that direct employment of the horse industry is around 50,000. Several sources seem to concur with this figure[20]. However, it is often necessary to make assumptions on what is meant by 'direct', in order to satisfactorily make comparisons. 'Indirect' employment estimates are as high as 200,000[21].

5. The current view is that the most reliable figure for direct employment is the Lantra[22] figure. The 2001 figure has been used rather than the 2001 forecast for 2003, as Lantra states that the forecasts have not taken into account the effects of a possible ban on hunting. It is felt by several industry insiders that the incidence of hunting is in decline and that therefore the actual figure is more robust than the forecasts, despite the two-year time lag. This figure is also used because it triangulates well with the figure given by a second source[23].

6. A figure for indirect employment has also been included, as such employment is a crucial part of the industry and an indicator of the wide-reaching impact the industry has on other sectors. This gives a large range for total employment; a more thorough analysis of the employment of the industry as a whole and of the specific sectors is needed.

Table 6: Direct and indirect employment in the horse industry

Type of Employment	Numbers employed
Direct employment in industry	50,000
Indirect employment in industry	100,000 – 200,000
Current best estimate of total employment in industry and supporting sectors	150,000 – 250,000

[19] Low Pay Unit 1980.

[20] E.g. Lantra: LMI Database model (2001) and *The Economic Value of Equestrianism in the Southern Pennines*, grant application to the RDC (revised in 2003).

[21] The Economic Value of Equestrianism in the Southern Pennines, grant application to the RDC (revised in 2003).

[22] Lantra LMI Database model 2001.

[23] The Economic Value of Equestrianism in the Southern Pennines, grant application to the RDC (revised in 2003).

7. These figures compare with 212,000 for 'Agriculture, hunting and related activities' and 381,000 for 'Sporting activities and other recreational activities'[24], which will both, as for the economic value estimates, overlap with the horse industry employment to some extent.

4.2 Consumers of the horse industry

1. There is very little data on the number of consumers engaging with the horse industry, as this is perhaps the hardest measure to define. The BETA estimate of 2.4 million riders[25] does however provide an initial picture of the importance of the industry to consumers in the UK. As many as 6 million people may furthermore be interested in horseracing[26]. It should be noted however that one must be especially careful when looking at consumer data, as there is significant scope for double-counting.

2. The aim of this measure is to estimate the participation of the population in the horse industry through the different available channels. It gives another view of the size of the industry (though not in direct value terms), and some understanding into the kinds of participation the horse industry is able to generate, as well as its importance to communities.

3. The following table gives an idea of the number of consumers of each final consumption product. The numbers are shown in this way so that the relative importance of each sector (in terms of consumer interest) can be determined. Because of the huge overlaps involved (for example, a consumer enjoying leisure riding may take lessons, visit horse-related tourist attractions and read horse-related magazines), it would be unwise to sum these figures to give an overall number of consumers.

[24] ONS workforce statistics, September 2003.

[25] British Equestrian Trade Association: *National Equestrian Survey* (Produce Studies Research, 1999).

[26] Racing Post 2004; The Jockey Club.

Table 7: Consumers in the horse industry

Type of final consumer	Best estimate currently available of annual number of consumers[27]	Source and calculation
Domestic horse owners	500,000	NES[28]
Overseas buyers	Not known (N/K)	
Riders	2,400,000	NES
Riding lessons	1,200,000	NES 2.4m x 50%
Livery or other paid-for accommodation	N/K	
Leisure riders: trekking, hacking, holidays	375,000	NES Hiring horses only
Non-riding tourists	70,000	Web-based research. Only includes paying visitors to VisitBritain listed attractions.
Affiliated sports participants: competitions and shows	336,000	NES 600,000 x 56%
Unaffiliated sports: competitions and shows	264,000	NES 600,000 x 44%
Horseracing spectators	6,000,000	Racing Post 2004. Likely double-counting as many people will visit more than once a year.
Association members	185,000	NES 500,000 x 37%
End consumers buying riding gear	2,400,000	Assumed all riders
Horse meat and other products	N/K	
Magazine and book readers	900,000	NES

4.3 Consumer insight from BMRB Target Group Index

1. TGI is one of the largest continuous consumer surveys in Great Britain. It is based on a sample size of almost 25,000 respondents aged 15 and over, and updated quarterly. It includes questions relating to product use, media consumption, lifestyle, activities, attitudes and motivations as well as geodemographics such as age, gender, income, region and family characteristics. Cross tabulations can be created, for example to compare behaviours across geodemographic sectors.

   The questions in TGI relate to several sectors of the horse industry:

   a) Horse Racing
   b) Show Jumping
   c) Horse Riding
   d) Riding Club
   e) Readership of Horse & Hound.

[27] Best estimate currently available.

[28] British Equestrian Trade Association: *National Equestrian Survey* (Produce Studies Research, 1999).

2. In each case there are specific questions around the frequency and nature of engagement. It is possible to analyse the results of each question separately, and also look at the difference in responses between different groups of society, for example different age groups or regions. Furthermore, responses can be combined so that the total number of people interested in at least one aspect of the horse industry, detailed in the above sectors, can be ascertained.

3. Table 8 explores the data provided by the survey on interest in horses. Interest in racing contributes a great deal to the overall figure – if racing is discounted, 10.8% of respondents state an interest, equating to just over five million people. Although many of those with an interest in racing will not themselves be riders, they will, through the channel of the HBLB's contributions to prize money, provide a large inflow of money into the horse industry. Their importance should therefore not be overlooked.

4. The figures do not provide a complete picture because of the problem of individuals under 15 not being represented in TGI data. (TGI does conduct a Youth TGI survey for 7-19 year olds, but this does not include questions directly relating to horse activities, further highlighting the need for a targeted specialised survey). Furthermore, interest in other activities such as Dressage and Polo are not accounted for. They do however provide a supplementary source against which figures from other sources can be compared.

5. 'Interest' describes respondents who participate in, pay to watch, watch on TV or read about an activity in the papers. The final row describes only respondents who actively participate.

Table 8: Interest in the horse industry

	2003		1998	
	% of adults 15+	**Number of adults 15+ (000)**	**% of adults 15+**	**Number of adults 15+ (000)**
Interest in Riding, Racing, Show Jumping, Horse & Hound and/or Riding club	22.6%	10,700	20.4%	9,400
Interest in Riding	4.5%	2,100	2.3%*	1,100*
Interest in Racing	16.0%	7,500	11.6%	5,400
Interest in Show Jumping	7.9%	3,700	10.9%	5,000
Participation in Riding, Racing, Show Jumping, and/or Riding club	3.3%	1,600	2.4%	1,100

Source: BMRB Target Group Index 2003 and 1998

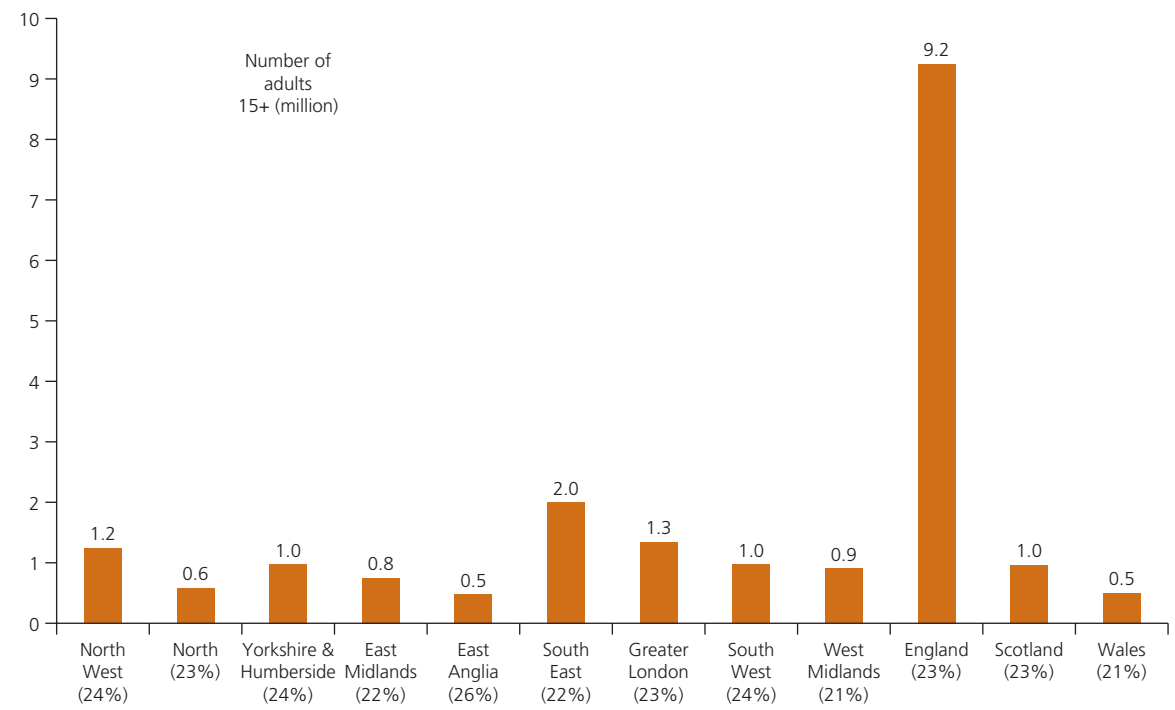
*Due to a difference in the questions asked in 1998, these figures include participants only, and are therefore likely to be underestimations of overall interest.

6. The overall interest of nearly 23% compares to 39% with an interest in Football, 28% in Walking/Rambling and 19% in Cycling. The participation rate of 3% compares with 7%, 27% and 13% for these three activities respectively.

7. Since 1998 it seems that the popularity of horse-related activities has grown overall, especially for horse riding and Show Jumping (note that the 1998 figures for horse riding include participation only). Overall participation also appears to have expanded.

8. The appeal of the horse is not, as often assumed, concentrated in certain areas of Great Britain. A geographical analysis of these 11 million consumers is shown across regions and countries in Figure 5. The figures in brackets denote the proportion of each region with an interest in the activities, whilst the chart itself shows the number of millions of adults with an interest. It is clear that all regions enjoy the activities that the horse industry provides.

Figure 5: Regional breakdown of those interested in horse-related activities

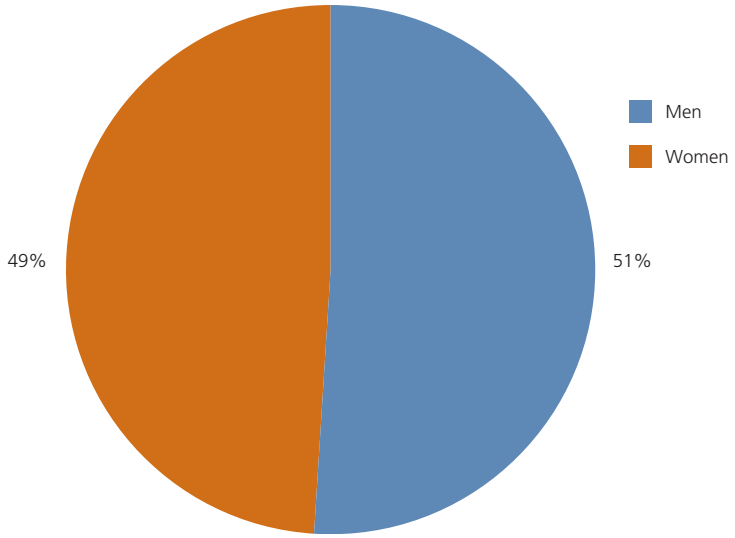


Source: BMRB Target Group Index 2003

9. When attempting to gain insight into a group of consumers, it is important to build up a profile of these people. At a basic level, this means looking at their gender, age and income group. It is then easier to think about what these consumers want from the industry, and how their needs may change in the future.

10. The chart below shows that interest in horse-related activities is more or less balanced between the sexes. However, the overall picture hides the great divergence between different sectors. Individuals with an interest in racing are 60% male, but this drops to only 17% for those who regularly go horse riding. This is significant when we consider some of the wider trends in the economy and the leisure sector (see Chapter 4).

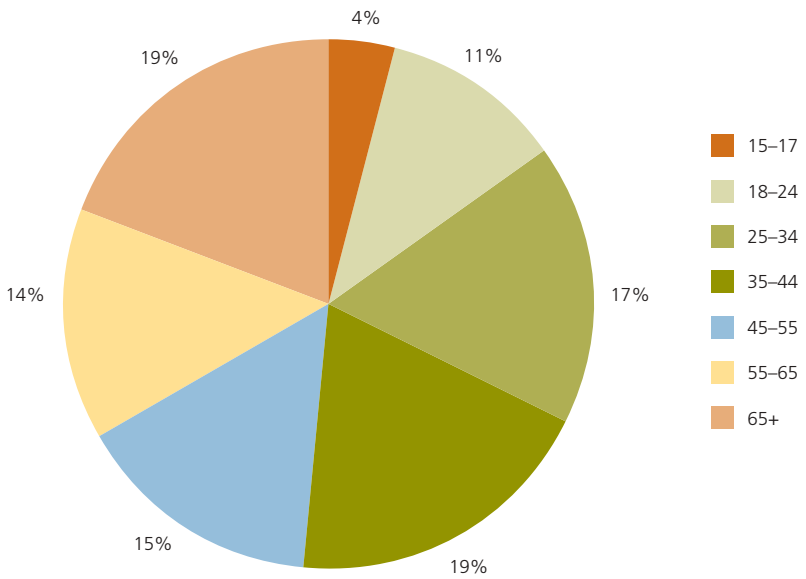
Figure 6: Gender profile of those interested in horse-related activities



Source: BMRB Target Group Index 2003

11. The age breakdown shows that interest is also spread across ages. The figures in brackets denote the proportion of each group with an interest in the activities.

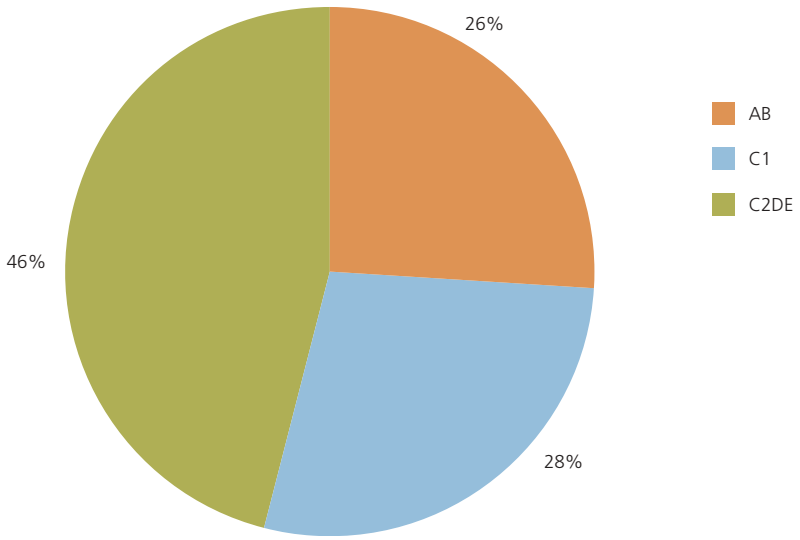
Figure 7: Age profile of those interested in horse-related activities



Source: BMRB Target Group Index 2003

12. The social grade profile is much the same as for the general population. This is true across many sectors, although interest in riding specifically is biased towards the higher social grades: 34% of those interested in horse riding are AB, compared with 26% of those interested in horse-related activities overall, as shown in Figure 8 below.

Figure 8: Social grade profile of those interested in horse-related activities



Source: BMRB Target Group Index 2003

13. TGI shows us that the stereotype of people interested in horses as being solely young, wealthy women does not hold when the horse industry definition is broadened to include racing. Consumers are spread across all segments of society, and any strategic implementation should take this into account.

4.4 Horses in Great Britain

1. Establishing the actual number of horses from the available data is no easy task. There is much disagreement between current data sources, which, in this case, cannot be put down to differing definitions alone. The BETA[29] and ILPH[30] studies agree on just under a million, whereas Suggett[31] feels that they are both rather overoptimistic. Other estimates range from 500,000[32] to over a million[33].

[29] British Equestrian Trade Association, *National Equestrian Survey* (Produce Studies Research, 1999).

[30] International League for the Protection of Horses, E.J. Leckie: *The Equine population of the UK* (2001).

[31] R H Graham Suggett: *How important are equines to the Rural Economy of the United Kingdom* (1998, updated 2002).

[32] House & Hound Survey, 1992.

[33] For example, Taylor Nelson, 1979.

2. Again, as with consumers, caution must be used when summing the number of horses across different industry components. It is extremely difficult to find data that can be robustly aggregated to an industry level seeing as horses may be used for more than one activity, and/or registered with more than one society.

3. The figures below are meant to give an indication of who owns British horses and the purposes for which they are used. They cannot be summed directly, as a privately owned horse will be used for unaffiliated competition, etc. Therefore the figures given for the total population have been taken directly from the relevant sources.

4. It should be noted that the introduction of Equine Passports should allow for an accurate sizing of the British horse population. (Current predictions are that the database will be available in the spring of 2005.)

Table 9: Horses in Great Britain

Owner type or primary activity	Best estimate of number of horses	Source
Domestic horses	900,000	NES[34]
Horses exported each year (agricultural horses and thoroughbreds only)	7,872	FAOSTAT Agricultural database and Weatherby's
Horses imported each year (agricultural horses and thoroughbreds only)	5,519	FAOSTAT Agricultural database and Weatherby's
Horses owned by riding stables, livery yards and trekking centres	30,000	NES
Affiliated sports: competitions and shows	34,400	ILPH[35]: BEF registered horses
Unaffiliated sports: competitions and shows	77,300	ILPH: Polo, Horseball, Mounted Games, Hunting and Showing horses
Racehorses	40,000	Weatherby's
Current best estimates of total horse population	600,000 – 975,000	Suggett[36] and ILPH.

[34] British Equestrian Trade Association, *National Equestrian Survey* (Produce Studies Research, 1999).

[35] International League for the Protection of Horses, E.J. Leckie: *The Equine population of the UK* (2001).

[36] R H Graham Suggett: How important are equines to the Rural Economy of the United Kingdom (1998, updated 2002).

5. A ten-year strategy and the wider context of change

1. Due to the lack of solid data on the horse industry, and in particular, time series data, it is not possible to be sure in which 'direction' the industry is presently going. It seems likely that overall participation, especially in terms of leisure riders, is growing; at the same time, however, our research with the small business sector suggests that riding stables are in decline. In recent years, more people have visited racetracks; yet equestrian sports do not receive the same media coverage as they did thirty years ago. The anecdotal evidence suggests that there are more horse-owning leisure riders than ever before in Britain – it also suggests that there are many more livery yards. Conversely, riding stables report that most of their riders 'lose interest' in their late teens.

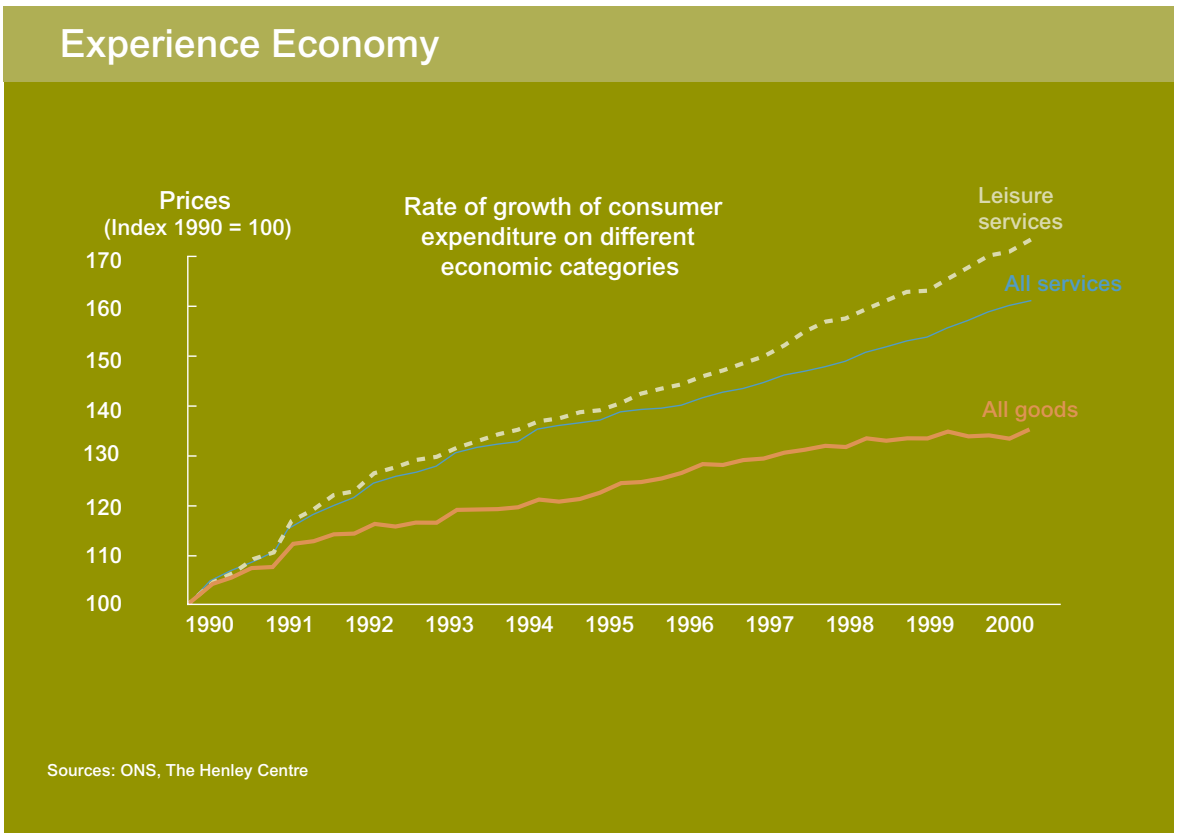
2. The successful implementation of long term strategy requires an understanding of the wider context of change – the social and economic drivers that will drive the sector's 'market' into the longer term, or in the case of the development of the horse industry strategy, over the next ten years. The Henley Centre identifies these drivers from various methods of social and economic research, and most importantly, from understanding recent and contemporary drivers of change within the industry. Some of the key drivers of the future will already be here – the 'trick' is to work out which ones will intensify, which will diminish, and which are likely to stay constant. In addition, we need to consider new threats and opportunities on the horizon.

3. The horse industry in Britain, from a consumer point of view, is part of the leisure economy: it competes for a share of overall consumer spends on sport and leisure. The current and future drivers of the leisure industry describe a mass of contradictions, which work very well to explain the contradictions within the horse industry itself. Consumers have more money and a greater desire for experiences that boost their wellbeing, yet are increasingly time-pressured and thus are looking for time-efficient ways to enjoy their leisure time. Our notion of 'risk' has changed: whilst there has been significant growth in 'extreme' sports, there has also been significant growth more generally in litigation and the idea that when something goes wrong, someone is to blame. Demographic shifts within society mean that there are significantly less children about; but at the same time, affluent parents spend more than ever on their kids. The feminisation of the workforce means that adult women have higher disposable incomes and thus, more money to indulge their passions. Below we explore some of these basic drivers that we believe will continue to drive the horse industry during the period of the proposed strategy and explore how they are currently manifesting themselves within the sector.

4. Whilst the 'contradictions' will continue, we are clear that trends are very much in the right direction. The leisure economy will continue to grow and with it, the potential market for the horse industry.

5. Affluence and the experience economy

Figure 9: Consumer expenditure on experiences



6. Since the early 1980s, British consumers have seen an enormous increase in their disposable incomes. On average, we are approximately twice as well off as we were in the mid 1980s. With rising affluence we have seen a shift in the proportion of spending from goods to services and finally, experiences. Estimates show that the average British household now spends £3,500 a year on "experiences" (e.g. music lessons and holidays) versus £2,210 on material goods[37].

7. Society has moved away from basic needs and now looks to lifestyle choices and leisure experiences to feel more fulfilled. Although income has grown, satisfaction levels have not, explaining why consumers are increasingly willing to spend money on things that enhance well-being. The Henley Centre forecasts that in 2010 nearly three quarters of expenditure will be on lifestyle and fun, compared to 65% in 1995. We are moving towards the "Experience Economy".

8. Work dissatisfaction is encouraging us to look for a better work-life balance, leading people to invest more time and money in leisure. There is an increased awareness of diet and exercise in society. More people want to change their weight and also the amount of exercise they do (37% and 34% of UK adults respectively[38]) than ever before, and gym memberships

[37] The Future Foundation.

[38] The Henley Centre, Planning for Consumer Change 2002.

Figure 10: Wellbeing in the experience economy



have increased by more than 50% over the last 6 years, reflecting this increased desire being translated into action. The appetite for alternative therapies and "fuzzier" forms of wellbeing has decreased slightly since the late 90s, and consumers are concentrating on more physical approaches: there is room for physical activities to fill this space.

9. Yet experiences are not just about fun or about getting fit. We increasingly use our leisure pursuits rather than our possessions to define our identity and project this identity to the outside world. 85% of Europeans say the way they spend their time is very important to them as a source of pride[39]. Furthermore, 'communities of interest' have overtaken those based around geographical areas: people feel on the whole that they have more in common with others who share the same hobbies and interests, rather than, for example, other people their own age, neighbours and colleagues[40]. This is just as true for riders and horse enthusiasts as any other group: belonging to a riding club/riding at a particular school or even being a 'happy hacker' may represent a significant part of riders' identity.

10. Rising affluence and increasing emphasis upon leisure provide continuing growth in opportunity for the horse industry. But a note of caution: affluence has raised expectations

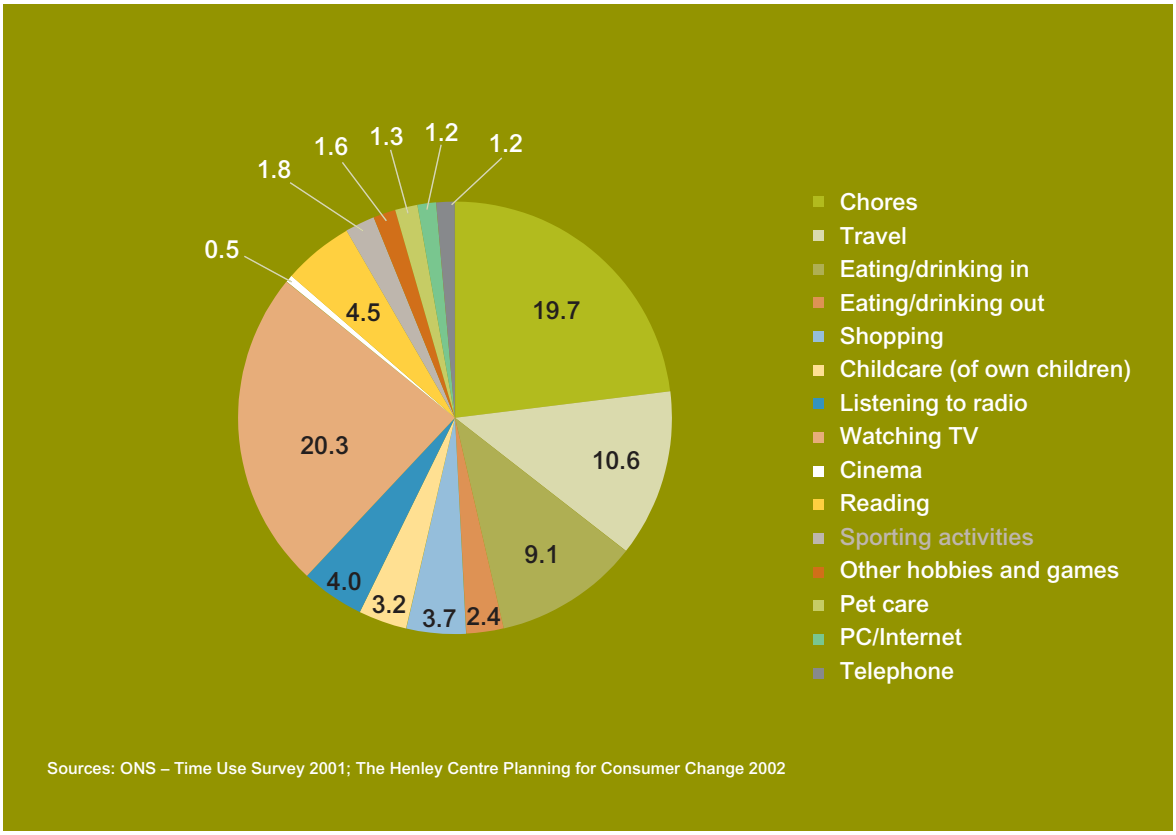
[39] The Henley Centre, Planning for Consumer Change in Europe 2001.

[40] The Henley Centre, Planning for Consumer Change 2001.

as well as expenditure. Many leisure venues such as gyms and nightclubs are working hard to improve their offers to get consumers through their doors, meaning that consumers' perceptions of what is high-quality are rising all the time. Anecdotal evidence suggests that riding stables, for instance, have failed to 'ride' this trend: indeed, the buildings and facilities of the sector as a whole are recognised as being in decline. Compared to other leisure venues, these facilities look substandard and out of date in comparison. Other leisure facilities offer coffee bars or meeting areas for clients; as one interviewee reported, you're lucky if you can find a toilet roll in a riding stable!

11. Time squeeze

Figure 11: Hours of non-work time per week spent on activities

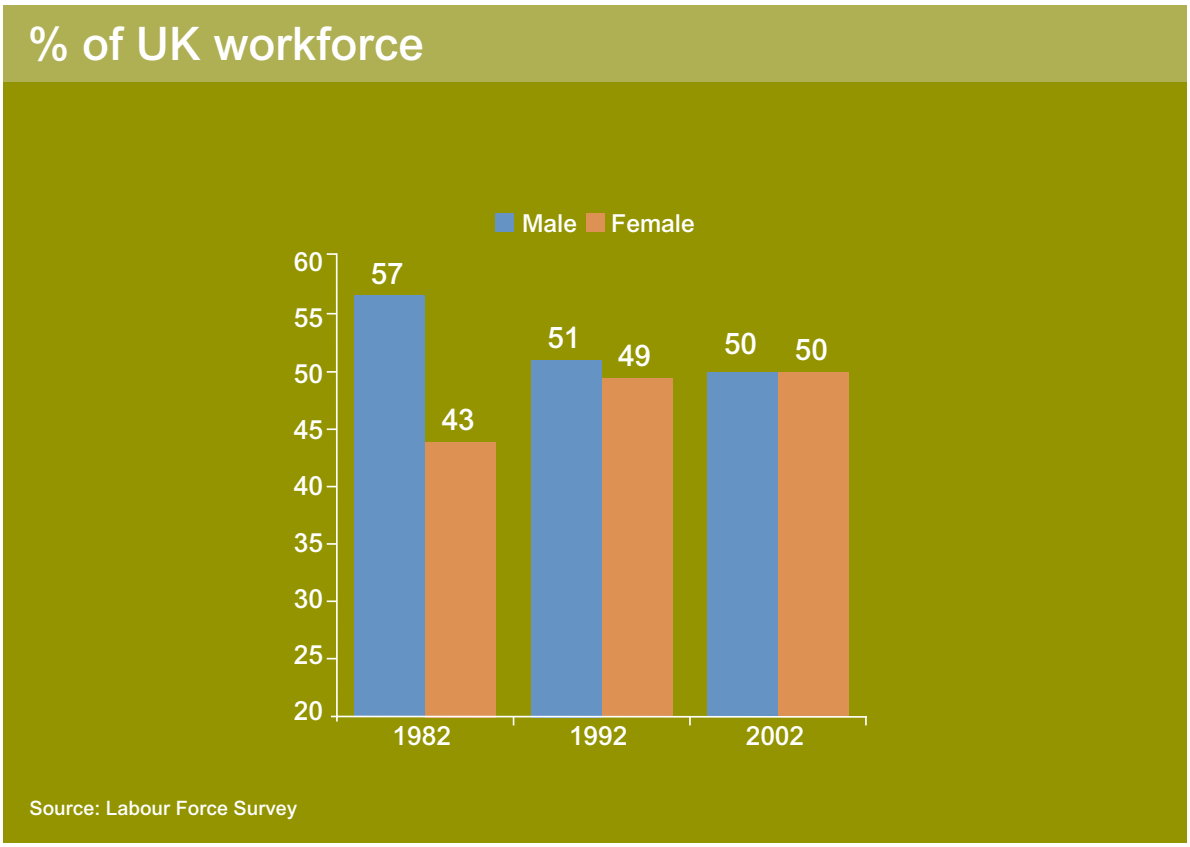


12. The converse of more money is less time. 'Time squeeze' is a constant factor of modern life, driven by multiple social, economic and technological drivers. Lack of time and energy limit our opportunity to engage in leisure pursuits: 45% of Britons agree "I am so tired in the evenings don't have time to do much".

13. Leisure activities need to reduce time pressure rather than increase it. If riding activity for children, for example, is designed to fit around the lives of busy parents, it is more likely that the children will participate; at the same time, busy working women, with the money to indulge their horse interest (see below), look for ways to limit the 'time investment' where they can. The dual trends of more money and less time mean that they are increasingly able and willing to spend money on livery, fuelling the growth of this sector.

14. The feminisation of the workforce

Figure 12: Women in the workforce



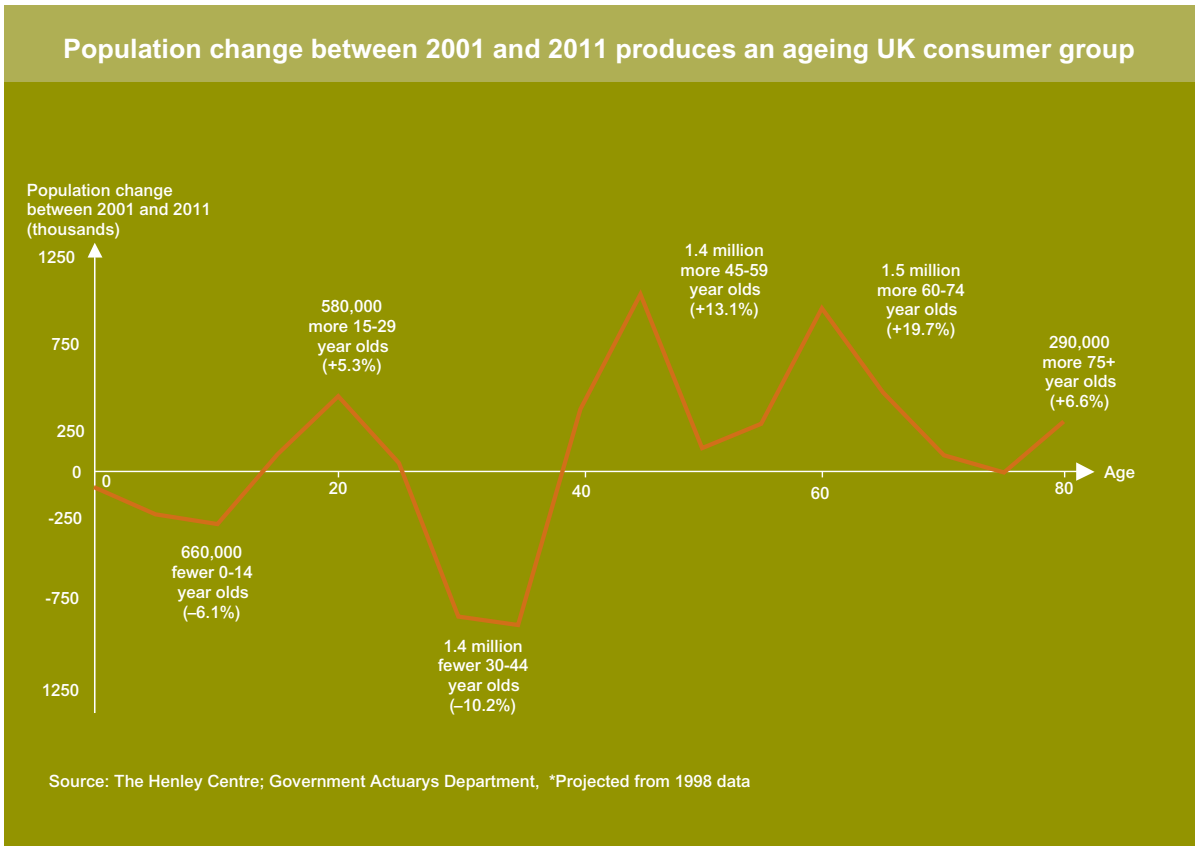
15. The UK workforce now has almost equal share of men and women. Nationally, women's earning potential has grown from around 61% of a man's hourly rate in 1970 to 83% today. This feminisation of the workforce affects many sectors, as more women have their own source of income, but less free time. They are therefore prepared to pay more for leisure activities to maintain a work-life balance, but these activities must not be too time-consuming.

16. This trend is especially significant to the horse industry, as 83% of regular riders are female[41]. As all markets must recognise the changing needs of their largest consumer segments, the horse industry can use this trend as an opportunity by offering premium riding services that fit into women's busy lifestyles. Anecdotally, adult women riders are spending more on their passion than ever before; buying 'better' horses and hiring personal trainers. Moreover, one in five of the women born in 1970 are predicted to not have children – providing reinforcement to this trend.

[41] BMRB Target Group Index 2003.

17. The demographic shift

Figure 13: The demographic shift



18. The 'demographic' shift in British society (and across the 'developed' world) is a well known social phenomenon. Over the next ten years, we will see its impacts intensify. As mentioned above, we are having fewer children than ever before, and the proportion of society aged under 16 will fall to the point when it impacts upon market potential for many leisure sectors. At the same time, we are aging 'differently' and the over 50s are now the main spenders in the leisure economy. The horse industry needs to grab opportunity from this trend. There are fewer children but they are having more money spent on them and their hobbies. Moreover, there is an affluent, 'time rich' group of over 50s increasingly open to new challenge and leisure opportunity. The horse industry needs to re-orientate its services to target this lucrative market.

19. Older persons are becoming increasingly affluent – over 50s account for 40% of consumer expenditure[42] – and also beginning to follow traditionally 'young' pursuits. One in five over 60s go on three or more holidays a year, twice the proportion of 1990[43]. Currently less than 1% of over 50s participate in riding activities[44], but this is higher than in recent years. The horse industry has the potential to connect with a market that is ever more wealthy and willing to spend this wealth on active pursuits and experiences.

[42] Family Spending: A report on the 2001/03 Expenditure and Food Survey.

[43] BMRB Target Group Index 1990 and 2003.

[44] BMRB Target Group Index 2003.

20. The rise of short breaks

Figure 14: The rise of short breaks



21. The affluent time-pressured consumer looking for experiences to improve wellbeing will be willing to spend money on 'quick-fix' happiness boosters. This accounts for the rise in the popularity of short-breaks. Over 10 million people took two or more holidays in 2003[45]; but demands on time mean these are more often than not four days or less. The horse industry has a significant opportunity to tap into the short break market, by providing riding package weekends.

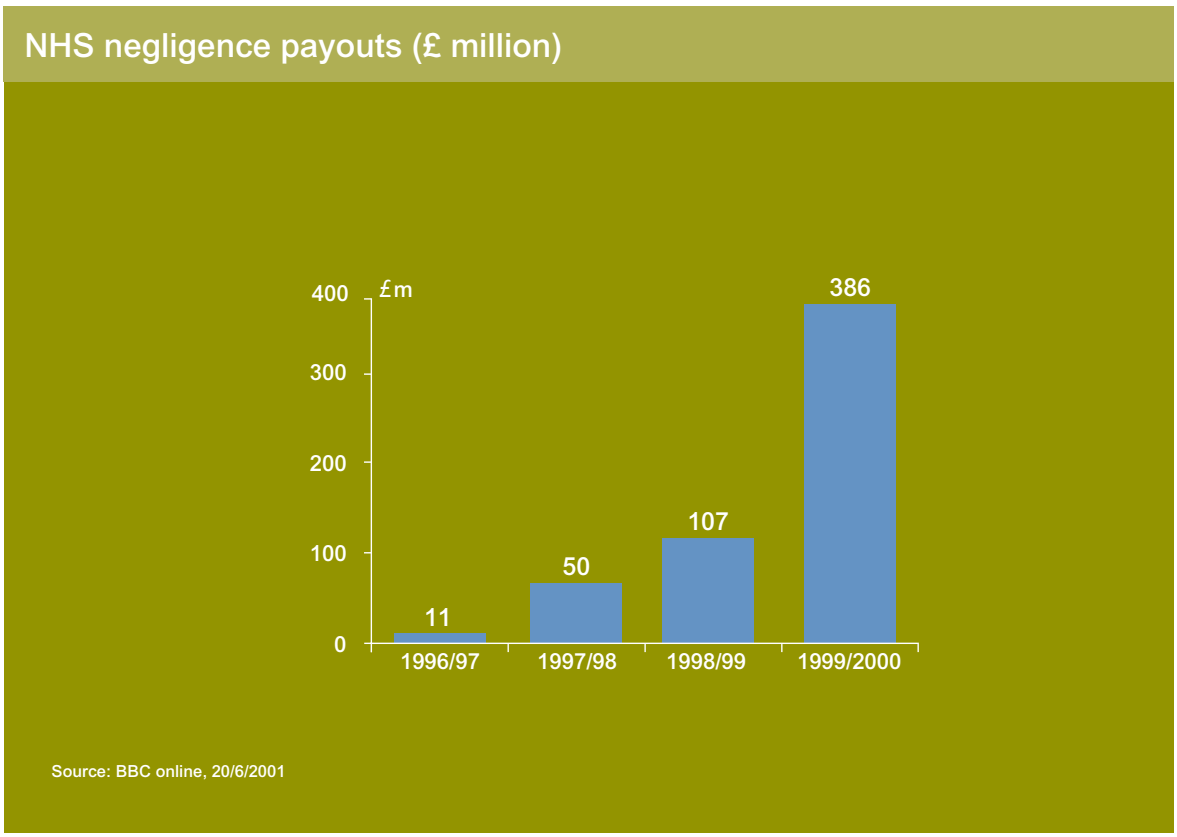
22. There are additionally a rising number of Britons taking regional holidays – 21% of the population took a holiday within Great Britain[46] – but competition from overseas destinations is fierce in terms of value. Internet companies frequently offer breaks in France for less than the price of a weekend in rural Britain. The British countryside is a strong strategic asset for tourism, and regional differences can provide opportunities for differentiation and increased appeal. However, strategic collaboration between regions is required to ensure that fragmentation and poor infrastructure do not remain barriers to growth.

[45] BMRB Target Group Index 2003.

[46] BMRB Target Group Index 2003.

23. The rise of the litigious society

Figure 15: The rise of the litigious society



24. One driver that the horse industry is not going to be able to avoid is the rise of litigation in British society. Compensation claims now cost Britain £6.8billion a year in pay-outs and legal fees. This has an obvious, significant impact on providers of any activities that may be considered hazardous, and riding schools in particular are suffering. Meeting these demands and conforming to increasing stringent health and safety requirements diverts valuable resources into insurance and red tape. Current industry initiatives to manage this situation will need to be reinforced.

5.1 The challenge and opportunity ahead

1. Societal drivers often operate in contradictory ways and those described above offer both opportunity and threat to the horse industry. But overall, the trends are good and the industry has much to be positive about. The challenge ahead is to create a virtuous circle of growth. The trends will grow the potential and shape of the leisure market, but the industry itself must rise to the challenge and match the changing consumer need. In the next chapter, we outline our proposals for how the ten year strategy can contribute to this.

6. Strategic issues facing the horse industry

1. In addition to the conceptual mapping of the horse industry and evaluation of the available economic data, The Henley Centre was commissioned to identify the strategic issues facing the industry. Here, insight has been gathered from the series of expert interviews (both industry body representatives, small and medium business operators, and a variety of industry 'consumers'), from a strategic workshop which brought together around forty stakeholders, and from desk research.

2. During the course of this research, it quickly became clear that there was wide agreement as to the main 'strategic' issues that the industry believes its ten year strategy should address. However, there was disagreement as to how they should be addressed, and a paucity of insight as to how they should be implemented.

3. The Henley Centre was commissioned to identify the key issues for the strategy. We have taken the liberty during this Stage One of the research to go a little further than invited and make recommendations as to what we believe the strategy should, and should not, wrestle with. Below, we also take the liberty of identifying some structural and cultural issues that we have identified that we believe may seriously undermine successful implementation of strategic intent.

4. The Henley Centre has attempted to organise these issues and to add structure to the strategic planning process. The structure necessarily presents a simplification of the issues at hand; many of them in reality both overlap and reinforce each other. In order to encourage our interviewees to speak openly, we committed to report back without reference to individuals or the organisations they represent. Thus we do not acknowledge sources in this chapter.

6.1 Maximising and realising the industry potential

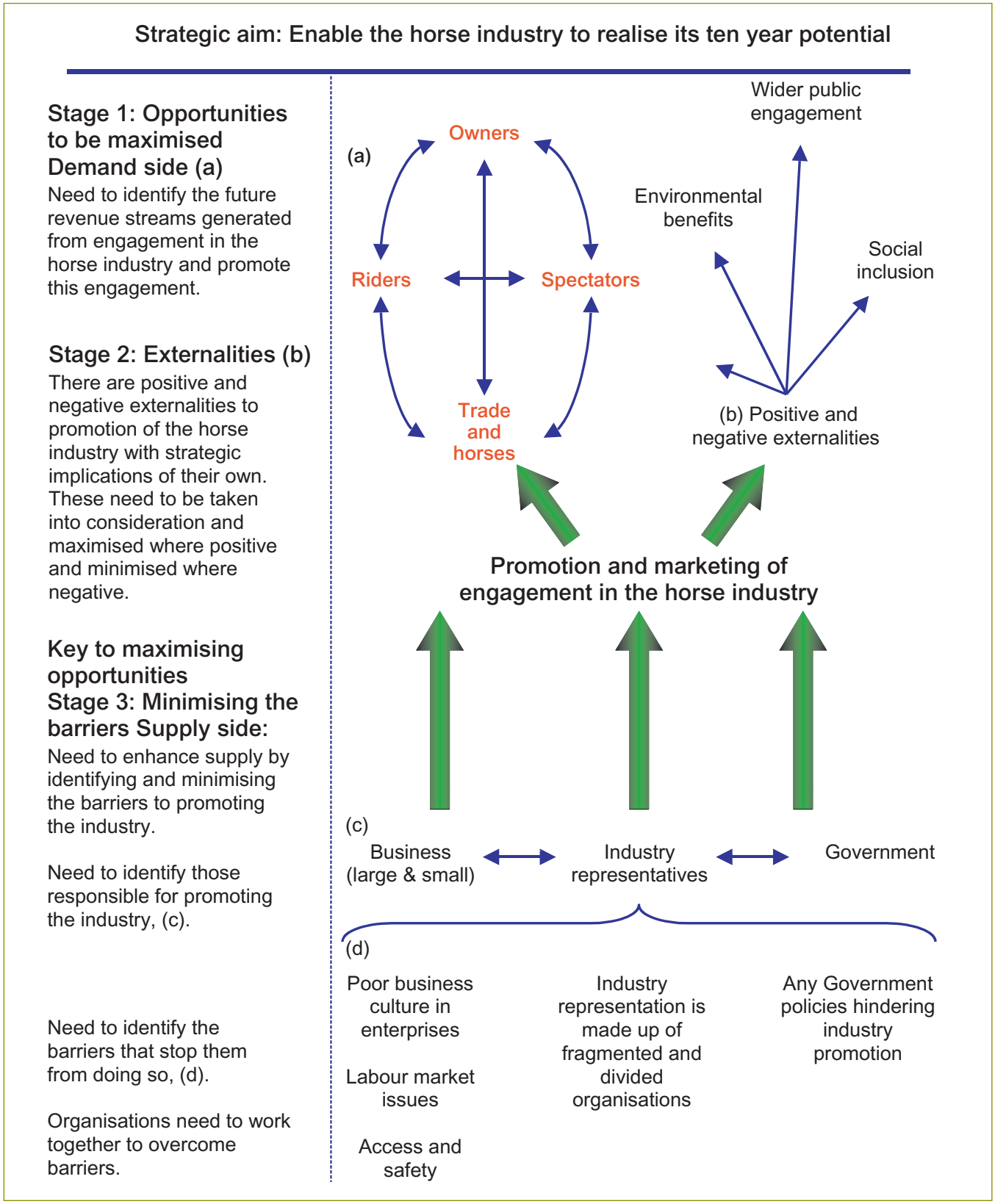
1. The long-term strategy for the horse industry will set out a vision of where the horse industry would like to be in ten years, and how the Government can support it in following this path. The strategy will cover the industry's capacity for making a still greater economic contribution in rural areas, within a framework of sustainable development[47]. Though the specificities of this strategic aim need to be clarified in Stage Two of the project, we can be clear that the purpose of the strategy is to enable the horse industry to maximise and realises its ten year potential. Implicit to this are the wider aims of social inclusion and rural (and urban) development.

2. In order to realise its full potential the horse industry strategy must, broadly speaking, do three things;

    a) Identify and maximise the opportunities to increase the level of engagement in the industry from the general public and hence to increase revenue coming into the industry. This means both bringing new participants in, and increasing the participation levels of those currently involved in the equestrian world;

[47] Research on the Horse Industry in Great Britain: Specification (July 2003), Defra.

Figure 16: Strategic planning structure



b) Identify the specific strategic issues that are key to unlocking potential, maximising positive externalities and minimising negative ones; and

c) Identify the means for strategic implementation.

6.2 A note on some key characteristics of the industry

1. In the previous chapter we identified the social and economic drivers of change that will impact on the industry into the future. To anticipate *how* they will impact, it is important to understand the key characteristics of the industry itself as it currently operates. The overview below draws on the strongest themes that emerged from consultation with our stakeholders.

2. The nature of public engagement

'Consumers' of the horse industry come from across the socio-economic spectrum, yet the horse industry is seen as very elitist. It is also seen as predominantly rural, despite the fact that organised leisure riding was the product of urban society in Britain. In very recent times the hunting ban protest has exacerbated the notion of the 'rural toff'; concurrently, leisure riders report increasing levels of animosity from car drivers.

3. The nature of the small and medium business community

British riding stables are viewed as not having 'moved with the times' and to be presenting the same type of service as those offered in the 1970s. They are technologically backward and have failed to access the support mechanisms available to small businesses. They are often family run. They are being 'hit' by rising insurance rates and fear of litigation; they are also 'losing' ground to livery yards. The growth in the latter has benefited from a very high degree of economic 'informality' with commentators estimating that more than 50% are not VAT registered (and not therefore subject to business rates in the way that riding stable are). A proportion of these yards are also offering 'informal' instruction. Small business generally within the horse industry, including the trade sector, are viewed as being inward looking and traditional, with an poor track record of locating sources of financial and advisory assistance.

4. As previously noted, small businesses (especially riding stables) depend on a high degree of voluntary labour and payment in kind. There is a lack of skilled staff at certain levels, and across the industry (generally viewed as very low paid), problems with recruitment and retention. A qualification structure exists and has developed significantly in recent years. Many businesses, however, are sceptical of the value of the qualifications and place a lot of emphasis on experience and natural ability. Anecdotal evidence also suggests a mismatch between qualifications, demand and wages.

5. The gulf between the sporting and leisure community

There is a significant divide within the British horse industry between the 'leisure' riders and the 'competitive' riders. The needs of the 'happy hackers' are viewed as being widely different from those seeking sporting excellence; there is a notion that they have no more in common than a weekend jogger and a professional athlete.

6. The structure of the industry and its 'representation'

Across many of the constituent parts of the horse industry, as defined in the conceptual map defined in Chapter One, there is a feeling of a lack of 'true' representation. This is reinforced by the apparent distrust between the industry bodies themselves, and a real antipathy between certain parts of the riding community (defined as being rural based and pro-hunting) and Defra.

6.3 Key strategic issues

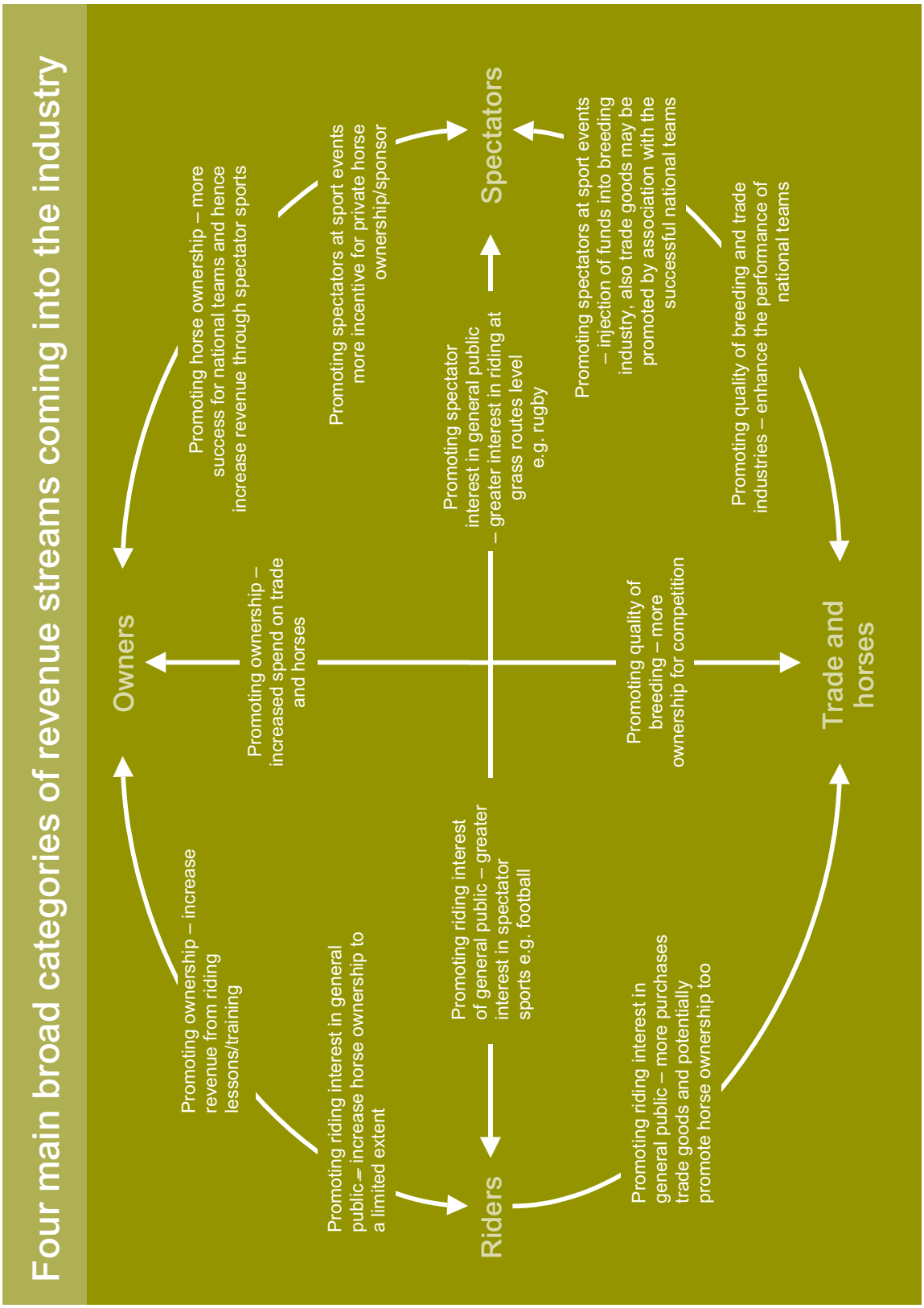
1. Strategic issue number one: The wider promotion of the British horse industry

This is multifaceted and the most important strategic issue. (Indeed, it is very much an 'umbrella' that improves the possibility of the successful implementation of the other strategic aims, listed below.) The horse industry needs to be promoted nationally to increase engagement; to challenge the perceptions amongst the non-participating public that make riding on the roads increasingly dangerous and fuel a cultural urban/rural divide; and to grow horse tourism (see below); and to enable the industry to contribute to the wider agendas of social inclusion, social and environmental sustainability and the prospects of remote rural regions. In addition, the horse industry needs to be promoted internationally, to leverage and refresh its reputation, grow exports (of both thoroughbreds and sport horses), and grow horse-related tourism.

2. Four broad main revenue streams into the horse industry have been identified and are illustrated in the Figure below. These revenue streams are built from the expenditure flow map of the horse industry: the revenue streams relate to four broad categories of expenditure – expenditure on riding, expenditure from owning, expenditure on spectator sports, and expenditure on trade products and horses themselves. Research has shown that there is considerable grounds for co-operation and mutual gain if each of the sectors catering to the different kinds of spend work together (BETA have set a great example to the wider industry here, being the only national trade body promoting equestrian products overseas).

3. Promoting interest in any of the avenues of revenue will have knock-on effects for the other revenue streams; for example if effort is put into getting more people interested in riding lessons, then arguably this should increase interest in the affiliated sports and so bring in more sponsors. (For example, the popularity of football is fuelled by the very easy access that spectators have to participating in it themselves. The recent success of England's rugby team in the world cup also illustrates how the promotion of national success will, by inspiring people, promote engagement in the sport at the grass-roots levels. More possible links are illustrated in more detail in Figure 17).

Figure 17: Virtuous circle of reinforcing engagement



4. Despite the 'gulf' between the leisure and professional sectors within the horse industry, and the lack of unified representation and interest, Figure 17 demonstrates why there is real incentive for the different sectors of the horse industry to work together. Virtuous circles of growth will, other things being equal, have advantageous impacts for whole industry as well as its constituent sectors.

5. It is important to identify the opportunities to increase revenue into the industry from all four avenues and to plan strategically to maximise these revenues. The impact of doing so is captured in the overall strategic planning structure diagram.

6. It is important to emphasise that national engagement and promotion must be concerned with urban as well as rural areas. This horse industry has the potential to strengthen relationships between town and country rather than divide; urban riding stables provide a market for rural equestrian businesses; urban riders are potential rural equestrian tourists; and a better educated urban and rural dweller should improve road safety for riders everywhere.

7. We recommend that the first action point for the horse industry strategy should be the development of marketing and communications programme for the British horse industry and the identification of a central body which will lead in its communication. Stage Two of the strategy work could consider the inclusion of attitudinal research to assist in this process.

8. Strategic issue number two: The promotion of British thoroughbreds and the development of a British sports horse

Britain holds a prominent position in the thoroughbred breeding industry based on centuries of achievement and heritage. However, it is important for this to be revitalised in the face of international competition, and the promotion of British thoroughbreds internationally is strategically important for the horse industry as a whole. However, the industry as a whole would incur benefit if this was to sit within the wider context of the overall promotion of British bred horses, and in particular, its status as a breeder of Sports horses, where its reputation is rather patchier. Home-grown event horses do indeed have an excellent international reputation, benefiting from the thoroughbred influence and also from an ideal environment in which to produce young eventers: a plethora of novice- to elite-level competitions which utilise the facilities of country estates; the hunting field; and a Pony Club heritage which turns out skilful event riders. Consequently, Britain has an international sporting record to match its breeding success in the area of Eventing, consistently bringing home medals at championship level and thereby maintaining its position as the foremost Eventing nation in the world.

9. Unfortunately, the link between breeding and competition success also holds true in other equestrian sports, to more negative effect. The gap in prowess between Britain and leading dressage nations such as Germany, and the fading of our previously-illustrious show jumping teams, are mainly attributed to our lack of horsepower – a problem which can best be remedied in the long-term by breeding our own top-level performance horses of 'warmblood' type.

10. As well as relatively poor competition records in the warmblood-dominated sports, there are other indicators of problems in this breeding sector:

a) Many breeders of British warmblood horses have apparently been finding it difficult to attract a reasonable number of mares to their stallions, especially as AI techniques (which allow easier access to the top stallions standing at European studs) become more widespread. Breeders have also reported difficulties in selling their homebred youngstock, complaining that buyers still often prefer to shop abroad even when there are British-bred horses of comparable quality available. Attempts to showcase the best young British horses in 'high performance' auctions have also so far failed to capture imagination and custom to the same extent as their European counterparts.

b) Breeding horses as a business is regarded as an expensive and risky proposition. The structure of the industry tends to favour either the biggest outfits that can maximise economies of scale, or very small-scale breeders operating at the margins; the middle-ground has become less sustainable.

11. An added impetus for improving Sports horse breeding is that the industry may be less able to rest on its Eventing laurels in future. Compared with dressage and particularly Show Jumping, Eventing is more of a niche sport on the international stage, and could come under further pressure due to the cost and welfare issues entailed in running elite-level (especially Olympic) events. Recent changes to the format of the Olympic three-day-event are already likely to favour the greater use of the warmblood horse in this discipline too. Greater competition also comes in the form of Irish, French and Australasian bred eventers, which can boast a similarly good Eventing record.

12. To some extent, the readiness of British competitors to buy abroad can be explained in terms of fashion. Even as far away as the US and Australia, dressage-oriented buyers regard it as some sort of status symbol to have journeyed to Germany to import a horse. These fashions frequently change, identifying the 'next big thing' – for example, Danish dressage horses, French show jumpers or New Zealand event horses. However, these kinds of trends are usually linked to a nation's competitive success story, e.g. Germany's seemingly unassailable primacy in dressage, which creates flagships out of its equine superstars. Underlying the most visible aspects of a breed's success are issues to do with the whole management of the horse industry: relating to differing levels of professionalism, systematic organisation, cohesion and communication within the horse industries of some European countries as compared with Britain.

13. On the Sports horse breeding front, Germany is generally held up as an example of best practice, having developed long term programmes which incorporate rigorous licensing and grading of breeding horses, detailed record-keeping, and an organisational framework which links breeding operations with government (national and state-level) as well as with equestrian competition structures. This enables the breeding of Sports horses to be a) geared towards continual improvement of type, whilst also being responsive to the current and future needs of competition riders, and b) sufficiently funded and subsidised.

14. Healthy competition between the different studbooks in Germany (e.g. Hanoverian, Holsteiner, Oldenburg, Trakehner) helps to raise overall standards, whilst the keen involvement of these organisations and other national studbooks from Holland, France, Belgium, and Denmark in the World Breeding Federation for Sport Horses is a further means of building best practice.

15. Good marketing (relating to Point One, above) of continental warmblood horses is necessary to capitalise on good breeding. Touring displays such as the Stallions of Westphalia promote wider awareness of a studbook. A form of marketing brand is also created through the consistent naming of horses to reflect their bloodlines or their birthplace, which assists buyers to navigate through the complexities of Sports horse breeding. Examples are the different 'lines' of Hanoverians which have evolved (e.g. A/E, G, F/W and D) which are denoted in the initial letter of a horse's name, and the 'Z' emblem which is placed after the names of horses from Zangersheide Stud in Belgium. As the final part of the process, agency businesses have been developed to smooth the logistics of viewing, buying and transporting a horse from the continent or even from New Zealand.

16. Whereas in Germany, ownership is decreed by the holder of a horse's papers rather than the horse itself, British horse owners are reputedly less interested in the paperwork. Consequently, breeding records are lost and performance records cannot be tracked so easily. There is a suspicion of bureaucracy and officialdom which can be recognised in other aspects of British society, and which serves as an obstacle against developing a more professional, systematic Sports horse breeding infrastructure. Similarly, people's expectations must be raised in terms of the minimum standard for breeding Sports horses. In Germany, for example, it is illegal to breed from an unlicensed stallion, and this attitude should arguably be fostered in Britain too. This necessitates a big effort on the part of industry bodies to educate its members about the benefits of introducing new systems and to make it easy as possible for people to comply with any new requirements.

17. We draw attention to the current work being done by *British Breeding* under the auspices of the British Equestrian Federation, through which, over the last two years, considerable progress has been made to progress the development and promotion of the British Sport Horse. Activities to date include a stream of work alongside Defra to ensure the future Equine Database will be of use to breeders; a Breeders Quality Mark Scheme is being piloted; and research is being undertaken on the establishment of Breeding Indices.

18. Whilst healthy competition amongst breed societies is to be encouraged, there is no advantage in divisive fragmentation and mutual antipathy. Despite the *British Breeding* initiative, it appears that there is little communication between the various Sports horse breeding societies in Britain, even where their interests and remits significantly overlap. A further complication is that some breed societies ally themselves more closely with the parent society in another country due to the higher standards that are maintained there. Whilst this is a worthy objective, it can lead to an effective detachment from common British interests and, in addition, a barrier to the development of a first-rate 'British' Sports horse.

19. As well as breeding the right horses, the overall context in which they are produced and competed is vitally important in order to market them effectively. This means that the best horses should be matched with experienced trainers, with riders who can do them justice in competition, and these horses should be produced through appropriate competitions (regarding format, type of jumping course or dressage test) in order to fulfil their potential. Attention therefore needs to be paid to all these different elements of the horse industry. Furthermore, the best British-bred horses ideally should be kept in the country with British riders; at least until they have made a name for themselves, since it is easier for a horse to be promoted while it resides within its country of origin. British-bred horses that do make the grade in the competitive field should of course be properly promoted as such in the national and international breeding spheres.

20. We recommend that the horse industry's strategy should lead and promote a greater level of organisation in the Sports horse breeding sector, and market its reputation overseas. We recommend that the industry seek agreement on the role of a lead agency and encourage national coordination between sub groups.

21. In addition, we do not wish to overlook the unique British heritage of nine breeds of indigenous ponies. Their promotion could be of benefit both to the reputation of Britain's overall breeding programme, and importantly, to horse related tourism (see below).

22. Strategic issue number three: The development of 'joined-up' thinking and best practice in the promotion of leisure riding and sporting excellence

In Europe, and particularly Germany and the Netherlands, people ride horses at their local riding clubs. This system has developed for a variety of reasons, to do with funding, the weather (in Sweden much riding in the winter will need to be done in floodlit arenas for instance), the availability of facilities, and culture. The European riding club is a community asset and a centre for socialising, and riders keep their horses at them as well as ride there. This is entirely different to the UK situation where the riding clubs that do exist tend not to own their own facilities. The focal point here for 'community' riding is the local riding school for non-horse owners and the Pony Club for junior owners and riders. There are also multiple associations that riders and owners can join, none of which 'join up' very well. The local riding school is not generally viewed by the local community as an 'asset' in the same way as a sports club or leisure centre is. Its potential ability to contribute to social cohesion, wellbeing and environmental and economic sustainability is rarely explicitly acknowledged within the local planning structure.

23. On the continent, 'talent' in both horse and rider will be spotted at the riding club level and fostered upwards towards sporting excellence. No such system exists in the UK. The British Equestrian Federation has great international prestige but remains remote to the grass-roots level within Britain itself. The real contact that the vast majority of riders have is with riding schools; yet the riding schools are sidelined within the industry. A rider has to have 'reached' the Olympic disciplines before being 'picked up' and supported. There is a gap between the grass-roots and the promotion of sporting excellence – implying a serious cost both in terms of social inclusion but also in terms of the promotion of British sporting excellence. There are few signposts along the potential pathway between leisure enjoyment and sporting excellence.

24. We recommend that the horse industry strategy should seek to 'join up' the 'grass roots' and 'top tier' of the horse industry and improve the linkage between riding schools, the affiliated associations and the BEF.

25. We draw attention to the potential of the modern riding school to be seen in its locality as a riding academy and a centre not just for lessons for beginners, but for wider interaction with the local equestrian community. The riding academy has the potential to be the focus for local competition events, on-going tuition and coaching of experienced riders and horse owners, and a centre for education in horse related matters and the promotion of equine welfare.

26. We recommend the promotion of British riding schools as community assets. We recommend that a process of information dissemination to the riding school community be established, whereby the opportunities and threats inherent in the social, economic and leisure trends outlined in the previous chapter are explored.

27. Strategic issue number four: The promotion of horse tourism within the UK

This issue is a sub-issue of the promotion of the horse industry as a whole. We consider that there is potential for horse tourism to contribute to multiple social, economic, health and environmental agendas within Britain. However, we suggest that it should be prioritised in its own right and be promoted as a sector with significant potential to contribute to the British economy. In this regard we refer to tourism for riders both in rural and urban areas, and similarly for non riders; and to domestic and international tourism. (We also believe it reinforces the accessibility issues described in Point Five, below.)

28. The French have promoted their equestrian tourism through the promotion of grass-roots and the use of government support (the promotion of Le Trek being notable). This industry attracts significant domestic tourism but is also competitive on the international scene. In the United States, similarly, equestrian tourism has been a domestic and international success, using the historical image of the horse to promote the tourist industry (as opposed to using tradition as a reason as to why the industry should not change and grow).

29. Britain has much to trade on in this arena: both its rural and urban heritage and multiple potential linkages. Equestrian tourism can link into multiple sectors within the horse industry. Pioneering local level work in the South East of England, for instance, has identified that a day at the races, carriage driving or watching a polo game represent a potentially lucrative opportunity to the operator; whilst the wide open spaces of our national parks and Areas of Outstanding Natural Beauty present a different kind of offer. It is surprising that as yet there is no provision for 'tourist support' for riding the 106 miles of the South Downs, for instance, and trail riding as a whole is underdeveloped. The tourism potential, if tapped, could be lucrative across the industry: for individual riding stables, the organisers of competition events, the managers of heritage sites, as well as the national parks. It has the potential to contribute to economic regeneration and social cohesion of the remote rural regions as well as the urban fringe and centres, and to farm diversification and small businesses from the tourism and catering sectors. An (unsourced) recent survey of interest in activity holidays found that horse riding came third out of seven listed sports, accounting for 54% of the UK population. Only water sports (61%) and golf (59%) were more popular.

30. Work already taking place in this area, supported by some local authorities and national parks (for instance Exmoor) and by bodies such as the British Horse Society, throws light on the particular challenges of the promotion of riding tourism. Work has to be done to ensure unbroken riding routes and this often requires negotiation with landowners. Accommodation along the route needs to be organised for both the rider and the horse, and small businesses encouraged to seize the potential opportunity. Conversely, the promotion of non-riding horse tourism, such as increasing the numbers of spectators at horse competition events, requires consideration to transport and hospitality and requires experienced personnel for its management.

31. We recommend that the horse industry strategy promote a national framework for horse tourism, identify best practice nationally and identify a governing body to promote it. We suggest that Stage Two of the preparation for the horse industry strategy could include research to provide insight into the current and future potential of the market.

32. Strategic issue number five: The continued improvement of 'off-road' riding facilities

This issue has also been well rehearsed and at present there are a variety of different initiatives, both national and local, working to improve off-road riding in Britain. The emphasis here is not solely rural; indeed the need for the promotion of greater accessibility in urban fringe areas is just as key. The improvement of off-road riding opportunity would have multiple benefits: to safety and thus the growth of the sector, to wellbeing and to the sustainable use of the countryside and land management, and critically, to equestrian tourism. This issue is likely to become even more important following a ban on hunting when riders will be looking for more diversification of riding spaces, at the same time as farmers may no longer be willing to allow horses on their land.

33. The challenges vary geographically and it is at the local level where access can be negotiated and improved. However, there is a need for joined up national planning. The Countryside Agency has been leading some work; meanwhile highways authorities will produce Rights of Way improvement plans in 2007. There will be no statutory obligation to implement these plans. The British Horse Society has also been working to promote the maintenance and creation of bridleways.

34. We recommend that the horse industry consolidate its efforts behind a lead organisation to promote its needs, and articulate these nationally and locally. We recommend partnership where possible and appropriate with other user groups, such as cyclists.

35. We recommend that best practice at the local level is established and promoted. We suggest that Stage Two of the research considers local need across Britain with regard to access issues and rights of way.

6.4 Additional Strategic Issues

1. In addition, we draw attention to three parallel work streams that, whilst not central to the horse industry strategy, are seen by some industry stakeholders as being of key importance.

2. An industry wider review on the status of the horse

Some stakeholders consider that agricultural classification would be beneficial on the grounds that it could lead to the financial and business benefits afforded to farmers being granted to the horse industry However, some stakeholders believe that other potential consequences (the requirement to record animal movements, amongst others) would be damaging to the industry's competitiveness. At this stage the industry itself does not have a cohesive view.

3. We recommend that the industry itself, through proper consultation and dissemination of information, should reach a common position on whether the classification of the horse is a substantive and significant issue for it, and if so deliver its own reasoned view on the preferred status of the horse and its implications for the horse industry strategy.

4. The promotion of equine welfare

The promotion of equine welfare was considered by a significant constituency of stakeholders to be an essential aim of the strategy and therefore we recommend its inclusion. Some stakeholders believe this to be a divisive issue that reinforces the boundaries between the 'Happy Hackers' and the professional sports riders, and between the wider 'consumers 'of the horse industry, who may not even ride themselves, and some of its constituent sectors. Some stakeholders consider their to be welfare issues around racing and eventing; others consider there to be welfare implications around the proliferation of livery yards and the apparent growth in horse ownership in general. Other related issues include the breeding of inferior stock, 'rogue' dealers and of course, current concerns about changes in the law with regard to horse disposal.

5. We draw attention to the outline Animal Health and Welfare Strategy that proposes sector-specific sub-strategies, and support the current work being done by Defra and the horse industry as a whole to consider equine welfare issues under this umbrella.

6. The impact of EU legislation on the British horse industry

The impact of EU legislation on the horse industry has been raised (infrequently) in the stakeholder interviews. Passport legislation and Veterinary Medicines legislation are currently top of mind. We recommend that specific pieces of EU legislation *are not* considered during Stage Two for inclusion for the strategy. Rather, the horse industry should continue to work with Defra to identify and list forthcoming EU legislation; Defra should consult the industry widely on it; and Defra should take the industry into account in negotiations.

7. A note on best practice in implementation

7.1 The need to build trust

1. The industry wide consultation revealed that the major 'strategic' issue for the industry as a whole was the lack of trust and cooperation within it. Indeed, the workshop identified the promotion of trust and the development of a cooperative manner of working as the absolute priority for the strategy itself. Yet the promotion of trust and cooperation can not be a strategic *aim*; rather, it is the essential underpinning of any industry strategy and without it, successful strategic implementation is impossible.

2. We believe the central aim of Stage Two of the development of the strategy should be the establishment of a *strategy development and implementation team*, who are fully committed to both the principles of cooperative working and are willing to take individual responsibility for overseeing implementation and the delivery of output. Without such a team in place the strategy will fail and the value of further (costly) research in Stage Two be diminished.

3. Five steps to strategic implementation

a) Establish an implementation team of high calibre individuals from across the industry who are signed up to the principles of the strategy, the notion of cooperative working, and who are genuinely committed to long term strategic development and growth within the horse industry.

b) Develop a national strategy and a blueprint for local level implementation, which will then need to be 'localised' according to geographical specificities.

c) Establish *who* will be doing *what* and *when*. Identify how success will be judged. Remember that few organisations can manage to implement more than five strategic goals at any one time.

d) Identify short term 'wins' and longer term goals and time lines for implementation.

e) Undertake to identify and promote best practice at the local level, thus encouraging continual engagement with the 'grass-roots'

Appendices

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Food and Rural Affairs

Appendix A: Methods of economic evaluation[48]

1. What follows is a summary of the processes and systems used by the UK Economic Accounts to estimate the value of economic activity generated within the UK, to provide a more in-depth account of the methods touched on in Chapter 2. As far as is possible, The Henley Centre has attempted to use and adapt the methodology used by the National Accounts in order to arrive at an estimate for the size of the horse industry and for its contribution to GDP.

2. Introduction to economic activity and sizing

Government data defines economic activity as production carried out using inputs of labour, capital and goods and services to produce outputs of goods or services. This production must be overseen by an institutional unit that assumes responsibility for the production process and owns the goods produced as outputs or is entitled to be paid for them. The system used by the economic accounts identifies two kinds of institutional units: consuming units – mostly households – and production units, mainly corporations and non-profit institutions (NPIs) or government units.

3. All institutional units of the economy can be categorised into one of five sectors: households, central government, non-financial corporations, financial corporations and non-profit institutions serving households (NPISH). Accounts are prepared for each sector and the complete set of accounts at the level of the five main sectors is shown in the annual Blue Book[49].

4. The value of economic activity can be viewed in three ways: as a sum of incomes derived from economic activity, which can be broadly divided between income from employment and incomes from profits; as a sum of expenditure, being that between consumption and adding to wealth (investment); or as a sum of the products of various industries of the nation.

5. Key definitions

Before proceeding to the methodological detail of sizing the economy a clear understanding of some basic concepts is required.

6. Final consumption

Final consumption expenditure is expenditure on goods and services used for the direct satisfaction of individual or collective needs and wants. By definition the bulk (but not all) of expenditure on goods and services must be by households. These expenditures are final because the goods are no longer part of the economic flow or being traded in the market place. Corporations, therefore, do not have final consumption expenditures. Their purchases of consumption-type goods are either for further processing (intermediate consumption) or passed on to employees as compensation in kind.

[48] Office for National Statistics: *UK National Accounts Concepts, sources and methods*, (London, The Stationery Office, 1998).

[49] Office for National Statistics: *UK National Accounts – The Blue Book*, (London, The Stationery Office).

7. Intermediate consumption and value added

Typically the production process of any product which reaches its final destination as, say, personal consumption has gone through various stages of production from its beginnings as raw material. It is the nature of the process of production that it consumes certain goods and services, either by using them up completely (e.g. electricity) or transforming them into something else (e.g. from grain to flour). The value of these inputs is called intermediate consumption. So, intermediate consumption is the consumption expenditure on goods which are used or consumed in the production process. It includes inputs of ancillary services (e.g. marketing, accounting, transportation, maintenance and security). Thus a car will at various stages in its production exist as iron ore and rubber, as steel ingots, pistons and electronic components and as a new car sitting in a factory car park. At each point value will be added to take it on to the next stage.

8. The output of any institutional unit in the chain will be the value of the product sold on to the next stage. Its *value added* will consist of the value of output *less* the value of the goods bought in from the previous stage. The output of any unit can be divided into sales to final use and to intermediate consumption of some other unit.

9. Certain items are excluded from intermediate consumption: these include investment-type expenditure which is treated as capital formation, social security contributions, use of government services by market or own account producers, goods and service produced and consumed within the same accounting period and the same local unit of production, payments for government licences and fees. Most importantly, intermediate consumption *does not* include wages and salaries in kind.

A.1 The economic accounts

1. Gross Domestic Product (GDP) of the UK economy is estimated by using three different methods. These approaches, as far as possible, use independent sources of information and hence are away of validating the final figures – a process of triangulation – which enables us to be more confident of the overall estimation process.

2. Production accounts

The production account is at the heart of economic accounts as it records the activity of producing goods and services. The output approach to the estimation of GDP looks at the contribution to production of each economic unit; that is the value (at basic prices) of their total output less the value of the inputs used up in the production process. Therefore, GDP is essentially the sum of gross value added of the institutional sectors of the industries.

3. By way of an example, consider an industry with a supply chain consisting of three stages of production; X, being the initial stage; Y, the secondary stage; and Z the final stage of production, as described in the table below. A very simplified application of this example to the horse industry is also given below.

Appendix A

Table 10: Simplified example of the production approach to economic sizing

Production Stage	Description of stage of Production	Horse industry example
X	This is the first stage of production where raw materials are harvested and turned into useable inputs to production	The processing of leather.
Y	This is the second stage where the inputs of production attained from the first stage are developed further	The manufacture of saddles from leather.
Z	This is the final stage where manufactured inputs into production are transformed into, delivered as, or used as part of some saleable product for final consumption by households	This could take on a multitude of forms, for instance, the producer at stage Z could be a retail unit which sells the product onto riders who purchase saddles to ride for their own leisure (i.e. as a final consumption unit), or stage Z could be a riding school, where the saddle is used in riding lessons. Here the final consumption unit is the riding lesson itself. (Any saddles which are sold direct from the saddle manufacturer at stage Y to the final consumer are regarded as final consumption of the output of stage Y and not intermediate consumption).

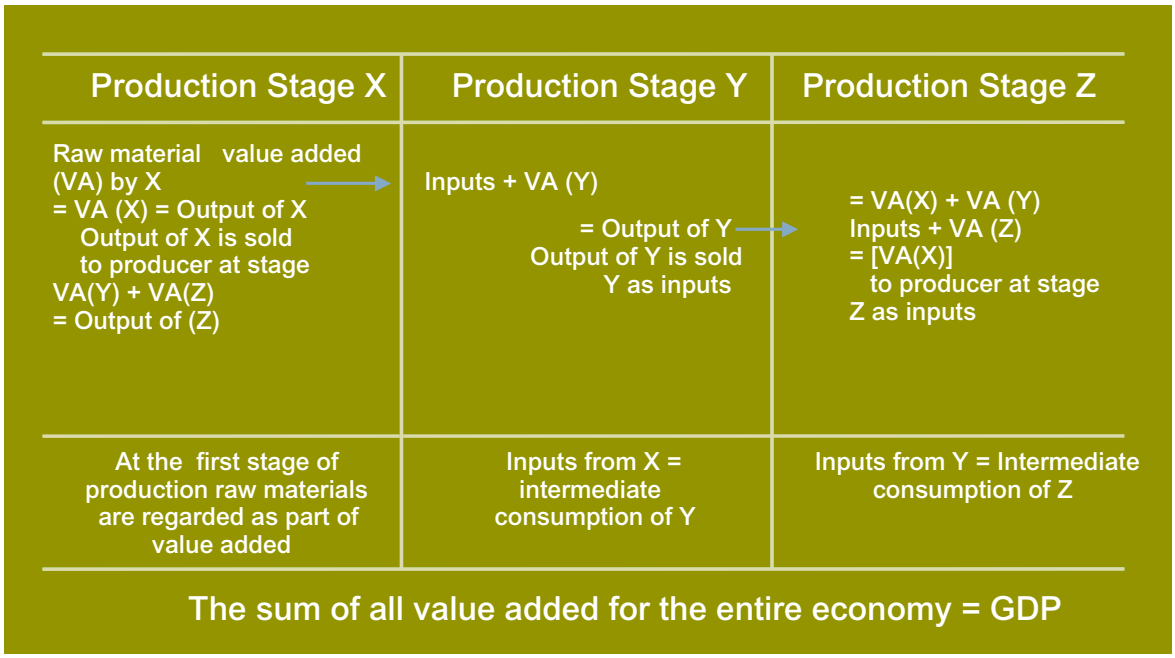
4. The diagram below uses this example to provide a very simplified explanation of the Production Accounts. In stage X, for instance, leather is produced out of a combination of raw materials and labour. The activity of converting raw materials into outputs is of economic value, therefore the value added, (VA), by production stage X, (VA(X)), is equal to value of its output. The value of the leather produced by X equals (VA(X)).

5. The outputs from stage X (costing VA(X)) are then sold to production stage Y and are consumed as inputs into this next stage of production – the inputs can therefore be referred to as intermediate consumption. The value added by stage Y is the transformation of leather into saddles. The value of total output at this stage is equal to the value of inputs from stage X plus the value added at stage Y (equal to VA(X) +VA(Y)).

6. The outputs from stage Y (costing VA(X)+VA(Y)) are then sold to production stage Z and are again consumed as inputs into this next, and final, stage of production. If the institutional unit at production stage Z were a riding school, for example, then this input, i.e. the saddle, can be referred to as intermediate consumption. The value added at stage Z equals the revenue received from ridding lessons less the cost of the leather saddle and other inputs. The total output of stage Z is equal to the value of inputs from stage Y plus the value added at stage Z (equal to VA(X) +VA(Y) +VA (Z)).

7. When taking the economy as a whole, the sum of all value added, Gross Value Added provides an estimate of Gross Domestic Product (GDP). The sum of all value added within an industry therefore provides an estimation of that industry's contribution to GDP (though allowances should be made for distortions caused by taxes and subsidies on products).

Figure 18: Simplified example of the production account[50]



Note: In the above diagram VA = abbreviation for value added, VA(X) = abbreviation for value added by a particular stage of production, in this case production stage 'X'.

8. Value-added from the production accounts measures the contribution of GDP made by individual producers, industries or sectors. Gross value added is measured by the value of output less intermediate consumption. As a simplification, gross value added is the source from which incomes are generated and it is carried forward into the income accounts. In theory, the value added or revenue from the production of goods and services is paid to households as either direct factor payment (wages) or indirectly as profits. Again, in theory, if we were to simply count up the payments made to households as income and profits we would get the same measure of GDP. As a crude conceptual summary, the production and income accounts of the UK economy would correspond.

9. Income accounts

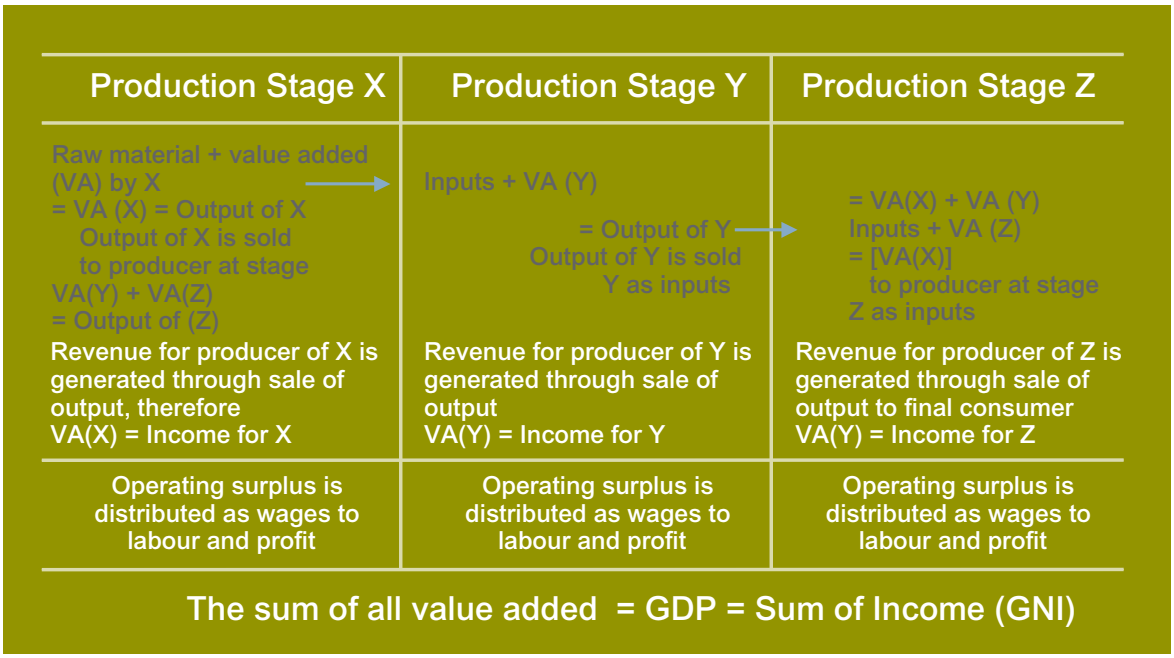
The income approach adds up all income earned by UK resident individuals or corporations in the production of goods and services. In the UK, the income measure of GDP is obtained by summing together: gross operating surplus, mixed income, compensation to employees (wages and salaries and employers' social contributions), taxes on production and imports, *less* subsidies on production.

[50] Source: The Henley Centre; Office for National Statistics: *UK National Accounts Concepts, sources and methods,* (London, The Stationery Office, 1998).

Appendix A

10. A greater understanding of the income account can be gained by further development of our previous example. Consider the diagram below, which outlines the same production process as above, but adds further detail by allowing for the generation of income from the production process.

Figure 19: Simplified example of the Income account



11. At each stage of production the income that is earned from the sale of output, is equivalent to the value added at that stage of production. As a simplification, at the level of the whole economy, this value approximates Gross National Income (GNI). Numerically, Gross National Income is equal to the sum of net income from abroad and gross domestic product (GDP). As most of these incomes are subject to tax, the figures are usually obtained from data collected for tax purposes by the Inland Revenue.

12. As stated previously, the income generated through economic activity can be broadly divided between income from employment and income from profit. To arrive at disposable income, i.e. that income which is available for final consumption expenditure, allowance has to be made for the receipt and payment of current transfers. Transfers are defined as transactions in which one institutional unit provides a good, service or asset to another unit without receiving anything in return, for example, taxes on income and wealth are regarded as a compulsory transfer, as the government provides nothing in return to the individual unit making the payment. In the cases of income tax, therefore, the transfer must be deducted from the primary income figures to give disposable income.

13. Final consumption expenditure approach

Disposable income is the balance carried forward from the income accounts outlined above. Disposable income is viewed as a 'resource'; final consumption expenditure is recorded as its 'uses'.

14. The expenditure approach to GDP measures total expenditure on finished or final goods and services produced in the domestic economy.

15. The sum is obtained from the sum of final consumption expenditure by households, government and non profit institutions serving households on goods and services, gross capital formation, and net exports of goods and services. This approach can be represented by the following equation:

    GDP = C + G + I + X – M

    Where C = final consumption expenditure by households and NPISH sectors, G = Government consumption expenditure, I = Investment or gross capital formation, X = exports and M = imports.

16. These categories are estimated from a wide variety of sources including expenditure surveys, the government's internal accounting system, surveys of traders and the administrative documents used in the importing and exporting of some goods.

17. Again, to avoid double-counting in this approach it is important to classify consumption expenditure as either final or intermediate.

18. Conceptually the sum of GVA for all the UK producers (derived from the production accounts by the 'production approach') should equal GDP as given, quite independently, by the 'expenditure approach'.

19. In summary of the National Accounts, therefore, the three methods of the production, income and expenditure approaches should, in theory, provide exactly equivalent estimates of GDP. Likewise, when the boundaries of economic activity are narrowed to define just one industry, the production carried out by institutional units of that industry, the income generated by the factors of production employed in the industry, and the expenditure spent by consumers on the industry's goods and services should be equivalent to one another.

20. The approach that has been selected for application to the horse industry is the expenditure approach. This is partly due to the nature of the industry itself and partly due to the nature of available horse industry data.

A.2 Issues pertinent to sizing the horse industry

1. There are some specific accounting issues of particular relevance to the sizing of the horse industry.

2. Accounting for employee consumption during the production process

Certain goods and services used by enterprises do not enter directly into the process of production itself but are consumed by employees working on that process. It is immaterial to the employer whether these are treated as intermediate consumption or as employee compensation (in kind) since the choice does not affect the net operating surplus, but it *does* affect value added and hence GDP.

3. In such cases it is necessary to decide whether the goods and services are intermediate consumption or, alternatively, remuneration in kind to employees. In general, when the goods or services are used by employees in their own time and at their own discretion for the direct satisfaction of their needs or wants they constitute remuneration in kind. These goods include such items as regular meals, tied houses, company cars and travel to work. However, when employees are obliged to use the goods or service in order to enable them to carry out their work they constitute intermediate consumption.

4. Accounting for this consumption matters to GDP since if it is classified as intermediate consumption, then its value must be deducted from the value added of production at that stage and hence from overall GDP. If, however the consumption is viewed as payment in kind then, as wages and profits are not defined as intermediate consumption, its value is not deducted from GDP. Instead this activity is accounted for as a two transactions occurring simultaneously – payment in kind for labour and payment for final consumption.

5. Examples of this kind of activity abound in the horse industry. The wages of many employees are supplemented by payment in kind, for instance stabling for the employees' own horse or 'free' riding lessons. In some cases an employee's wage may consist entirely of payment in kind.

6. Accounting for payment in kind can be relatively straight forward in some circumstances, for instance, the cost of providing a company car for employees or the cost associated with provision of housing. In other cases however identifying this kind of consumption and hence accounting for it can be very problematical.

7. In cases of payment in kind, the contribution of these workers to the value of the whole industry can be captured, in overall industry totals. As a simplification, the costs involved with payment in kind will have to be covered by the prices charged to consumers. In the riding school example, for instance, if an employee is paid in kind with 'free' riding lessons, the costs associated with providing these riding lessons (for instance, wear and tear or the forgone revenue from a paid for riding lesson) must be absorbed by that business and so, covered by revenue from final consumption expenditure.

8. For reasons explained above around the difficulty of identifying payment in kind it is not possible to identify a specific value for the contribution of these employees alone to the industry.

9. Accounting for the contribution of voluntary workers

The work of voluntary labour is defined as unpaid work; that is the volunteer does not receive any form of employee compensation, be that payment in kind or as wages and salaries.

10. Compensation of employees is defined as the total remuneration payable by enterprises in cash or in kind and principally comprises wages and salaries. It is recorded on an accrual basis; that is in respect of entitlement arising out of work done during the accounting period whether paid in advance, simultaneously, or in arrears. It does not cover unpaid work.

11. Consequently, the activity of unpaid work (pure voluntary work) may not be captured by sizing an industry. Though the services are productive, there is no cost of production associated with them; they cannot be classified as intermediate consumption or as compensation to employees. As a simplified application to the expenditure approach, since there is no cost of production associated with the services their impact will not be reflected in the price charged for goods and services and hence will not be reflected in the total expenditure on the goods and services of that industry.

12. Working in exchange for training

Students are generally regarded as consumers (of education services) rather than employees unless they have a formal commitment to provide labour, for example, as apprentices, articles clerks or research assistants, in which case they are treated as employees even if they received no remuneration at all in cash.

13. In cases like the apprentice example, where students do have a commitment to provide labour, their training can be regarded as payment in kind. As such, their contribution is not recorded as intermediate consumption but as a form of employee compensation. The value of these employees is treated along the lines of general payment in kind (explained above).

14. Hidden production and the underground/informal economy

Certain activities may be both productive in an economic sense and also, in themselves, quite legal (provided certain standards or regulations are complied with) but deliberately and possibly illegally concealed from public authorities for the following kinds of reason:

a) To avoid the payment of income tax, VAT or other taxes;

b) To avoid the payment of social security contributions;

c) To avoid having to meet certain legal standards such as minimum wages, maximum hours, safety or health standards, etc; and

d) To avoid complying with certain administrative procedures.

15. Such activities fall within the definition of economic activity. Production of this type is referred to as the ‘underground economy’. The underground economy can be more common in certain industries, for instance, the horse industry or the construction industry.

Appendix A

16. The economic accounts do not provide an explicit measurement of the hidden economy, but this does not mean that producers are able to conceal their activities from economic accounts entirely. The accounts contain a range of adjustments to *allow* for the under-recording of activity arising from concealment from the surveys and official sources used. For instance, the accounts can be selective with what information they choose to use. What is hidden from the tax authorities, for example, is often not hidden from the national accounts. Furthermore, when administrative data is used there is often a good reason for data to be 'hidden' from the collecting authority; for example, data on income from tax returns will be affected by people not declaring all their income, whereas there should be no reason not to declare activity to a confidential household survey or business survey.

17. Most importantly, at the national level the UK system of GDP measurement, based on three different concepts, makes it possible to estimate the hidden economy by comparing imbalances e.g. the expenditure from money earned from concealed activity will inflate final consumption figures over and above the total indicated by the income accounts.

18. On the industry level, the costs associated with hidden labour will have to be absorbed by the producer. Again, as a simplification, producers will have to generate enough revenue to cover the costs of hidden labour and so this cost will be reflected in actual monies spent on the goods and services produced. The expenditure approach does capture the value of this contribution though no explicit measure for the size and impact of the underground economy can be given.

Appendix B: Audit of the data

1. Breadth and coverage of the data

It is inevitable in an industry so broad and fragmented as the horse industry, that data will either be too narrow or conversely, too broad. Both extremes create their own issues.

2. The breadth and fragmentation of the industry make it more feasible for research to be conducted on a smaller scale, that is, for research to be directed towards specific issues and/or for highly specialised sectors. In such cases the resulting insight is, typically, too narrow to be utilised in an industry scoping exercise such as this. Consider, for example, the Racing Industry Statistical Bureau Statistics Publication which provides a very detailed and excellent overview of activities in the horse industry. Many data points within this publication are too specialised to help with an overall industry view. Furthermore, when so much data is gathered at a specific level, it tends to be gathered with the primary purpose of being comparable across time periods, rather than across sectors. The methods employed by different industry sectors and different interest groups are thus phenomenally diverse.

3. 'Old' data

Unfortunately, most of existing data available is very dated. To gather as complete a picture of the industry as possible, The Henley Centre has been collecting data as far back as 1985. For some sectors, it is only by including such estimates that we are able to generate any kind of numerical understanding of them. (The majority of data that we have used in the evaluation of the industry, however, was generated in the late 1990s to early 2000s.)

With regard to time series data, The Henley Centre must conclude that there is no adequate time series data available to the industry. (Adequate time series data, for clarification, would broadly involve the application of consistent research methodology over a number of time periods).

4. Quality and robustness of the data

Broadly speaking, there are problems around quality and robustness that have been discussed above. This is partly due to the general lack of transparency around adopted research methods. In some cases, for example, multipliers used to extrapolate survey data to approximate nationwide industry totals are not generally given, though these could have substantial impacts on the final figures when the sample size is small, which is often the case. One should note however, that the larger studies are usually undertaken by professional research agencies, and the methods used should therefore comply with industry standards.

5. Triangulation

The lack of methodological clarity and transparency can be bypassed to some extent by applying a process of triangulation. The process involves the comparison of values with the view that if data points agree then in general they can be said to be more reliable. In this instance, as Suggett has already noted, there is a wide variance in the picture given by various sources.

6. A noteworthy exception however, is the BETA[51] estimate of the horse population at 975,000 and the ILPH[52] figure of 965,000. See below for an individual assessment of these sources.

7. Geographical insight

There is a lack of regional disaggregation with the available data. Except for some small data series such as the number of approved farriers, there is no 'postcode' data. A small minority of sources break data down into standard geographical regions, or slightly bigger regions (North England, Midlands, South etc) or counties within the UK, but the vast majority describe the United Kingdom or Great Britain as a whole.

8. Importantly, sources often fail to differentiate between the UK and GB; for example the Leckie study is titled 'Equine population of the UK', yet many sources cited cover Great Britain only, such as certain British Associations. The UK/GB issue is further complicated by the fact that riders in Northern Ireland can choose to be members of bodies in either Great Britain or The Republic of Ireland; the region is therefore a somewhat grey area in terms of accurate data.

9. None of the identified data sources differentiate between urban and rural areas. This is obviously an issue which will need to be addressed when identifying recommendations for further research.

B.1 Assessment of key data sources

1. British Horseracing Board: The economic value of the British horseracing and breeding industry (KPMG, 1996)

This report, although dated, is still the most comprehensive analysis into the complicated racing and breeding sector. The direct employment figures given are invaluable in sizing the importance of the sector. The indirect employment figures may also be of use, provided it is acknowledged that some of these support just the racing sector, e.g. racecourse suppliers, whereas others support the horse industry in general, e.g. farriers. The economic value of the racing sector is undoubtedly extremely difficult to determine, given the non-linear flows of income through the industry. It is presumably for this reason that the KPMG study, despite in-depth analysis into the components of the sector, declines to commit to a definitive overall value.

2. Thoroughbred Breeders' Association: Report into British thoroughbred breeding (NERA, 1997)

This report which looks at the breeding sector is thorough and detailed. Many of the figures given are useful despite being dated. Once again however, the researchers have not provided an overall employment and expenditure figure for the industry, due to 'the level of data available'.

[51] British Equestrian Trade Association: *National Equestrian Survey* (Produce Studies Research, 1999). Overview Report, p. 25.

[52] International League for the Protection of Horses, E.J. Leckie: *The Equine population of the UK* (2001).

3. British Equestrian Trade Association: National equestrian survey (Produce Studies Research, 1999)

This is an impressive survey: it is thorough, wide in scope, full of detail, and essential in gaining a picture of the horse industry as defined in this research. The initial sample of 3,000 households, which is used to establish the proportion of households in Great Britain engaged in the horse industry, is sizeable relative to many surveys used for market research purposes.

4. Though a considerable amount of methodological information is provided by BETA, there is a lack of transparency around the multipliers used to arrive at the aggregate figures for Great Britain. It should be noted, however, that the survey was conducted by trained researchers, regulated by the Market Research Authority, and should therefore be statistically sound.

5. It is notable that, like many studies, The National Equestrian Survey is likely to be more useful when looking at very specific items, such as 'expenditure on accommodation for the horse by private horse owners'. The reason for this is that specific areas suffer nothing like the problems of definition compared to 'the horse industry'. The £2.5 billion estimate for overall value is probably the most accurate relative to value figures stated by other sources; however, this does not cover some very valuable areas of income generated by the horse industry. The study highlights this point quite clearly.

6. A further note of caution on the £2.5 billion figure for overall value is that it does constitute some double-counting, if the figure is to be regarded as Gross Output (at market prices). Final expenditure by consumers is included, for example expenditure on riding lessons. Intermediate expenditure by businesses, such as riding stables' costs, is added to this figure, when the value of this expenditure would have been covered at least some extent by the revenue from consumers. Only *final* expenditure i.e. that which does not count as an input to production should have been included. (Note that if Gross Value Added were to be calculated, this intermediate consumption should actually be *subtracted*).

7. Furthermore, the study's definition of equestrianism is relatively limited: for instance, by concentrating on the horse owning population of Great Britain, the study does not account for value generated from the non-owning public or, indeed, the non-riding public which nevertheless engages with the horse industry.

8. DJ Mellor et al, Demographic characteristics of the equine population of northern Britain (The Veterinary Record, 1999)

The Mellor study is interesting in that it takes a different approach to other studies, by surveying veterinary practices and then specifically questioning horse owners. The methods used are rigorous, giving robust data around the size, distribution and profile of the horse population in Scotland and Northern England. Needless to say, its limiting factor, from the point of view of this research, is its geographical constraint.

Appendix B

9. International League for the Protection of Horses: Report on the equine population of the UK (EJ Leckie, 2001)

The study includes very detailed research into horses in the UK: by looking at sources such as breed registrations and sport associations, she is able to determine not only how many horses there are but also the activities for which they are used. The study is likely to paint a far more accurate picture of the latter than the former. The methods used to get to the final total figure of 975,000 are highly questionable. This figure is likely to be exaggerated because of the probable double-counting involved in simply summing all of the horses registered with associations. The author does acknowledge these problems. Furthermore, even by looking at horses from all available sources, the sum comes to less than 600,000. The extra 375,000 are added without detailed explanation; the final estimate possibly reflecting the influence of the BETA survey.

10. Graham Suggett, How important are equines to the rural economy of the United Kingdom? (1998, updated 2002)

Suggett, unlike some previous authors, does not conduct any surveys or create new data. Rather, he reviews the existing literature and data estimates, no small task in itself. As noted above, he points out the wide divergences between sources, and the difficulties involved in using literature which is dated, ill-defined and with alternative perspectives on the horse industry. However, the study does go further than this in that he puts forward his own figures for employment, economic value and number of horses, derived from "careful consideration" of the literature. The figures established by Suggett are literature-based rather than survey-based. They, consequently, suffer from the common problems of small sample sizes or unrealistic multipliers, to the extent that the sources he is using suffer from these problems.

11. Although originally written in 1998, the study was updated in 2002 to incorporate a review of the aforementioned BETA and ILPH studies; yet the industry figures remain unchanged.

12. British Horse Society, Some equestrian statistics (access leaflet 24), NFU documents

There are many documents which quote horse statistics, but the vast majority of these statistics, unless they relate to a very specific part of the industry, are from the aforementioned sources.

Appendix C: Insight gaps and research suggestions for Stage two

C.1 The need for quantitative primary research

1. As demonstrated by the economic sizing and additional insight data sections of this report there is much that is not known about the horse industry. The geographical distribution of participation with Britain i.e. the spread of the market is not known. Neither do we have an accurate understanding of the relative importance of sub-sectors and thus, an empirically proven view of the sectors of greatest potential for the industry. Primarily, developing a suitably quantified baseline of the horse industry will give the strategy the ability to track and monitor progress made over the near future, to spot trends in their early stages and hence to plan for them and optimise the opportunities they may present. The development of a comprehensive and robust baseline for the horse industry would therefore be very beneficial.

2. The main gaps in the data:

3. ***Lack of robust and up to date figures***
   As our comments in Appendix B imply, questions over the robustness and transparency of many of the data sources prevent us using these sources for economic sizing or for generating reliable insight.

4. ***Lack of consistent or complete industry coverage***
   Much of the existing research has been carried out for very specific reasons and so the completeness of industry coverage is poor.

5. ***Geographical insight***
   The geographical understanding of both the horse industry's consumer and business bases is poor. The research has suggested that the horse industry is of particular importance for rural areas, and has an important part to play in terms of regional regeneration and social inclusion. Local level knowledge of the horse industry consumer and business bases is needed for effective local level strategic implementation.

6. ***Data on intermediate consumption***
   Stage One research has shown that there is very little data on the intermediate consumption of businesses. If the aim of Stage Two is to establish a figure of GVA for the industry it is essential that a robust estimate for intermediate consumption is reached.

C.2 Moving forward

1. A variety of options are open to the Horse Strategy as it moves forward into Stage Two. What follows is a list of recommendations but forward by The Henley Centre that aim to address the insight shortages prevalent in the industry as things currently stand.

2. The Henley Centre believes that the main shortages of quantitative information can be succinctly addressed by two work streams.

Work stream 1: A general consumer expenditure survey

Work stream 2: A business-based costs and revenue survey

3. Both of the above work streams are addressed and developed further in what follows. Options 1 and 2 refer specifically to the two work streams above, whilst options 3 to 5 suggests ways in which the work steams can be streamlined and thus cheaper, and/or supplemented with additional research options.

4. Where possible the merits and limitations of each option are highlighted, though it should be noted that the outcome of Stage Two will depend on issues of funding and time. The discussion that follows is of a hypothetical nature.

5. Option 1: The economic baseline and gross output

6. This report has established a methodology for sizing the horse industry as accurately as possible. The current available data however only allows us to go as far as the Gross Output measure of an industry (i.e. we are not able to take account of intermediate consumption).

7. One option open to the horse industry is to move forward with this measure of the horse industry's economic value. It should be noted however that the current figure established within this report is not adequate to meet this end. Due to the limitations of the data new transparent primary research of a statistically and methodologically sound nature is needed.

8. ***Primary objective of option 1: Developing a baseline***
The objective is to develop a statistically robust estimate of the economic baseline of the horse industry. The economic baseline being defined as the 'economic value' of the horse industry as opposed to the industry's 'economic contribution' to the national economy. The aim of this research is to obtain more robust data on all expenditure categories in the expenditure flow diagram of Figure 3 of the main report. This information is needed for the purposes of economic sizing.

9. As will be seen in the methodology section below, The Henley Centre recommends the use of a consumer expenditure survey for this purpose. This piece of work can also be used to address some other key insight shortages, as described below.

10. ***Additional objectives of option 1: A market survey***
The consumer expenditure survey also offers the industry the opportunity to gather more information about its market and to understand the nature of demand in the horse industry. Greater insight around the types of consumers engaging through different products and services can be generated; the overlap between the consumers of different products/services explored, thereby estimating the degree of common ground between the different sectors of the industry; and a greater understanding of the geographical breakdown of the market can be ascertained. This survey will allow the industry to get a better understanding of its consumer base which is vital for industry promotion and marketing, and to assess the key areas of potential for the industry.

11. ***Methodology:***
    The Henley Centre's recommendation for Stage Two is that a large primary research initiative be conducted which follows similar structures and has similar content to the BETA survey. The previous BETA survey should be targeted at general consumers, supplemented with specific sections dedicated to questions on final consumption expenditure, and extended to cover all sectors within the horse industry, including horse racing.

12. In regard to the final consumption expenditure element, questions should be based around the categories listed in Figure 3 of the report. Section A of the diagram on the following page, which provides an example survey structure, illustrates this approach by questioning respondents about the nature of engagement in the industry. The survey structure diagram is explained more fully in what follows.

13. ***Level A***
    The first level relates to the general sample of all consumers. Respondents should be asked about their interest in the horse industry in the context of the expenditure categories. This question can also be used as a filter for the remaining sections.

14. ***Level B***
    Once the respondents are associated with certain activities and types of engagement more detailed questions about the specific sector issues can be addressed. Though this information is not required for economic sizing, this level of questioning does offer the industry the opportunity to generate more valuable insight, some of which can be focused specifically on the key strategic issues.

15. ***Level C***
    Once the respondents who are engaged in the horse industry are identified more detailed questions about the engagement in the horse industry in general can be addressed. Questions on the values of final consumption expenditure could be asked at this level.

Survey structure

Question 1: nature of engagement with industry

A

- Buy horse related magazines/books
- Go and watch horse events/shows regularly
- Watch horse sports (e.g. show jumping or racing) on TV regularly
- Horse owner for business purposes
- Horse owner for personal leisure riding
- Non owning leisure rider
- Non owning professional rider
- Other types of engagement
- Non – does not participate in the horse industry

B

These respondents are asked to follow questionnaire on the basis of their secondary activity in the horse industry.

This will enable us to gain some insight into the overlap between professional and leisure engagement.

If there is no secondary activity and it is for business reasons alone. Respondents should be transferred onto the business survey.

Questions on horse ownership for personal leisure riding:

About the owner as a rider – nature of riding for horse owners

Questions about nature of ownership of horses

Questions on horses owned

Questions on owning and on non owning leisure rider:

Questions around nature of riding

Accessibility of riding

Questions on non owning professional rider:

Questions around nature of riding

Professional competitions

Income

C

Expenditure questions: Grid

The purpose of this question is to gather up to date, robust economic sizing data on the final consumption units of the industry. The categories selected should be based on the expenditure flow diagram in the final report (figure 3).

Expenditure by horse owners for leisure purposes: Grid

Expenditure by horse owners is more complicated than the basic categories listed in Figure 3. As a result a detailed expenditure grid relating to horse ownership will also be needed.

Questions on watching horse sports (e.g. show jumping or racing) on TV

Gaining further insight on the kinds of horse sports that people are engaging with at home. What interests them about it?

Questions on going to watch horse events/shows

Gaining further insight around this kind of participation – why they go? How do they hear about them? – extent of promotion.

D

Attitude statements on the horse in general

Gain insight on public attitudes to the horse in general (riders and non riders)

Profile questions – other sporting activities, wider attitudes, media habits and interest

Further insight around the 'types' of people that ride and those that don't
Media questions will enable the strategy to identify the best avenues for promotion of the industry

Demographic questions

Demographic insight around who is riding and who is not
Geographical gaps in knowledge can be addressed here

16. ***Expenditure questions: Grid***
The following table provides an example of the kind of questions that can be used to ascertain the extent of participation in the horse industry and the level of consumption expenditure generated by each consumption category.

QX: Estimate your average spend for the following categories per month

Final consumption product	Freq. Scale	Spend
Horse riding in general		
Paid for leisure riding (trekking, hacking)		
Horse riding holidays in the UK		
Horse riding holidays abroad		
Non riding horse based tourism		
Unaffiliated/affiliated competition/sports shows* (List all required options e.g. showjumping, hunting, eventing etc)		
Paid for riding lessons		
Paid for horse racing events		
Horse magazines/books		
Expenditure on rider supplies		
Membership fees for horse bodies		

Frequency scale = Frequency of participating in activity – from Daily 'on weekends', '1 a fortnight', '1 a month' ... through to 'Never'

* could provide a breakdown of the affiliated and unaffiliated competitive sports – including hunting if required

17. ***Expenditure questions by horse owners for leisure purposes: Grid***
A further examination on the nature of expenditure on horse ownership for leisure riding would also be needed to complete the picture of expenditure on final consumption within the horse industry. An example of the kind of question that can be used to gather this information is provided below.

Appendix C

QX: Estimate your average monthly spend for the following categories

Example expenditure categories	Spend
Horses	
Paid for Livery	
Expenditure on horse supplies (feed, bedding, healthcare, farriery, saddlery and other tack etc ...)	
Para professional/professional (saddlers/farriery/vets)	
Insurance	
Hire help for horse care (not including livery)	
Maintenance/rent of land for keeping horses on	
Horse training	

18. Please note, the categories listed above are not exhaustive. The more disaggregated the expenditure categories are, the greater the insight generated. The level of detail required will also depend on the industry definition used. For instance, the inclusion of farriery will mean that an independent expenditure category for this product is required, rather than the use of the all encompassing heading of 'expenditure of horse supplies.'

19. When filtering down from general consumers to those consumers that own horses for leisure purposes, additional insight around the nature of horse ownership in Britain can also be gathered, as illustrated below.

The nature of horse ownership for leisure purposes

QX **For which of the following purposes is each horse used?**

(example answers: Personal riding/hacking, Personal riding lessons, Dressage, Show jumping, Showing, Hunting, Eventing, Breeding, etc ...)

QX **How are the horses kept?**

(example answers: Full livery, Part livery, Stabled all year etc ...)

QX **Demographics of the horse**

Horse owners

QX How long have you been owning horses for

QX Membership to any organisations

20. ***Level D***
All consumers should be asked for basic demographic information, they should be profiled by using specific profiling questions and all respondents should be asked for information on their basic attitudes towards the horse industry.

Example question: Attitudes towards horse and the horse industry

QX **To what extent do you agree with the following statements?**

- Horses and horse riders should be kept off the roads
- Horses aren't for people like me
- I am worried about the safety of riding because a lot of the time you have to ride on the roads
- Horse riding is too expensive
- I do not have the time to go horse riding
- I do not like horses

21. A survey of general consumers constructed in this way will allow the industry to capture a wealth of useful information that addresses the requirements of the industry baseline as well as providing additional insight around the nature of demand within the horse industry, the types of people that engage with horses, the types of engagement that offer the industry the most potential, and the geographical breakdown of engagement. All of the above is important for spotting trends and hence opportunities, and for the monitoring progress made by the strategy.

22. ***Preliminary sampling: Omnibus survey***
In reference to the survey structure diagram, The Henley Centre suggests that an omnibus survey of the general consuming population running through section A of the Figure be carried out before the in-depth levels of questioning (level B and C) are attempted. The aim is to establish the size of the consuming population of the horse industry and to establish quotas for the samples required for the specific consumer product groups and more in depth questioning.

23. ***Limitations of this approach***
Though the Gross Output approach would resolve the issue of an industry baseline relatively simply there are some considerable disadvantages to moving forward with this approach. It is theoretically incorrect to refer to the Gross Output of an industry as the industry's economic contribution and it is furthermore incorrect to draw comparisons between industries on the basis of an industry's Gross Output figure.

24. To ascertain the contribution of the horse industry to the national economy the industry must develop a measure for intermediate consumption and hence arrive at an estimate for the industry's Gross Value Added (GVA).

25. It should be recognised however, that drawing comparisons between the horse industry and other industries on the basis of a new GVA figure is still not entirely valid as the GVA figure of other industries, as currently defined, will include some production that should be attributed to the horse industry. (For discussion see section 3.2 page 18, paragraphs 12 to16).

26. Furthermore, by limiting the analysis to a consumer expenditure survey alone, the information gathered will only be able to shed light on the demand side issues facing the industry. Valuable information on supply side issues, such as labour, training, and business rates will not be captured. A consumer expenditure survey can only provide half of the picture of the overall industry. To gather adequate information on the other half a survey of industry suppliers and producers is necessary. This approach is developed further in what follows and constitutes the next option (Option 2) open to the industry.

27. Option 2: Moving on to gross value added

28. This option for Stage Two refers to the data deficiencies raised in the main body of the report under section 3.3, page 23.

29. ***Primary objective of option 2: Intermediate consumption***
Completing the economic evaluation of the horse industry as set out by this report would required the estimation of the horse industry's Gross Value Added (GVA), which is the industry's contribution to the national economy. Option 2, therefore is aimed at generating statistically robust and sufficiently detailed data on the value of intermediate consumption within the industry.

30. As will be seen in the methodology section below, The Henley Centre recommends the use of a producer expenditure survey for this purpose. This piece of work can also be used to address some of the other key insight shortages on the supply side of the industry that were alluded to in the previous section. As a consequence, additional objectives can be addressed by this work, these are outlined below.

31. ***Additional objectives of option 2: A market survey***
The producer expenditure survey also offers the industry the opportunity to gather more information about the supply side of the industry. Greater insight around the make up of organisations within the industry can be gathered, information on the kinds of people that are servicing the industry, and the geographical makeup of the industry, as well as the rural and urban split, can be examined. The overlap between industry suppliers can also be explored, thereby estimating the degree of common ground between the different sectors of the industry. A survey of this nature also offers the industry the opportunity to gather insight around the key strategic issues from the perspective of those operating within the industry. This insight could prove particularly valuable for topics such as the nature and type of labour and training or on the nature of entrepreneurship and the uptake of modern business practices.

32. ***Methodology:***
To access this kind of business based data Stage Two of the research initiative will have to conduct an equine based business survey. Before addressing the specificities of this approach however, it is important to again raise a key issue that will need to be overcome if an estimate of GVA is to be attained. As explored in section 3.2, page 18 (paragraphs 1 to 5), a clear definition of the industry is vital for the estimation of GVA as intermediate consumption (i.e. the value of inputs brought into the industry and therefore attributable to other sectors of the economy) must be identified. Once this definition has been agreed upon and established a survey of producers within the horse industry can then be created.

33. Stage Two will need to compile a database of equine businesses from which to base the survey sample. Possible sources include the numerous databases of information available within the equine industry (such as BETA), third party directories which contain information on equine business, such as the Thompson directory, the Yellow Pages directory and the Dun and Bradstreet business directory (which can also provide total revenue data and employment data for a large sample of businesses. In most cases however, the directories use SIC codes to classify the businesses by activity. This research has found that these codes fall short of being able to distinguish equine businesses from many other enterprises. Some directories however, are able to perform word searches on business activity which can be used to establish a sample of equine businesses). The anticipation is that a variety of sources will have to be

combined to generate an adequate sample of equine businesses. Once the sample has been established a preliminary survey of the whole sample should be carried out in order to establish the quotas for the more in depth and specific business surveys.

34. The following diagram, which outlines a suggested survey structure for the business focused survey, is constructed on a similar basis to the structure diagram for the consumer survey above, and outlines a few key steps. Clearly, as a first step, it is important to establish the nature of the business that is being survey and secondly, the types of activity they are engaged with (to account for the overlaps in production that are so prevalent in the horse industry).

35. For the purposes of economic sizing and arriving at an estimate for GVA, detailed questioning around the cost structure of organisations will need to be conducted. The structure diagram below provides some simplified examples of the kinds of cost categories that will need to be referred to.

36. Once a decision has been reached on the specific definition of the industry and hence around the types of products and services that are specific to the horse industry as opposed to those that should be excluded from the horse industry, aggregation of the figures should yield an estimate for intermediate consumption of the industry as a whole. This figure can then be deducted from the estimates of Gross Output to yield a closer approximation to Gross Value Added.

37. As highlighted earlier, a survey of this nature offers the industry the opportunity to generate insight on other supply side topics of interest. A number of examples of the different areas that could be addressed are given in the lower half of the structure diagram on the following page.

38. Option 3: The BETA Study and taking it forward

39. The illustration of economic sizing in this report has relied on many BETA figures which touch upon most of the relevant categories of spend and some of the categories of intermediate consumption. The questionnaire structure and content of the BETA survey is excellent. The survey is broad enough to provide a useful overview of the industry and yet also drills down on the areas that are key to the horse industry. As our comments on the BETA study show (see Appendix B) the limitations of the study are not negligible, these are listed below. Unfortunately, without correcting for the issues listed it is not recommend that the actual figures from the research be used for economic sizing or for strategic planning.

    a) Inadequate sample sizes

    b) Lack of transparency over the manipulation of sample data to the national level

    c) Questionable methodology for aggregating the economic value of different sectors of the industry to form an industry total

    d) Incomplete coverage of all industry sectors, for instance horse racing.

    e) The surveys are now dated

    f) Lack of robust geographical disaggregated data

Survey structure

Question 1: organisation type (example categories)

- Riding schools, Riding & trekking centres
- Horse racing organisations
- Affiliated sector
- Private & corporate racehorse owners
- Farms
- Media
- Equipment shops
- Abattoirs
- Livery yards
- Breeders
- Associations
- Event management services
- Para professional services (list)
- Training of horses
- Employment, training and education

Question: activity cateogories catering for (example categories)

- Magazines/ books
- Paid for Livery
- Paid for leisure riding (trekiking, hacking, riding tourism
- Non riding horse based tourism
- Unaffiliated competition/ sports shows
- Affiliated competition/ sports shows
- Paid for riding lessons
- Horse racing events
- Horse trade
- Sale/export of horse meat
- horse and rider supplies
- Membership fees

Cost structure questions and intermediate consumption

The aim is to capture information on the costs of inputs into the different business.
Information on a number of categories will need to be capture, for example:

Indirect costs and overheads – (Utilities e.g. electricity, Building maintenance/rental, wages/salaries (include, Principles), etc...)
Horse care – (Specialist equine vet fees, Horse dental technicians fees, Livery yard fees, Horse training fees, Horse feed/bedding supplies, etc...)
Horse & rider equipment – (Saddlery, other tack, farriery, Horse transport, Riding clothing etc...)
Horse trade – (Dealing yard fees, Horses – Thoroughbreds, sports horses etc...)
Financial services – (Specialist equine insurance, other insurance)

Other/Background questions

Horse ownership – Number of horses owned by business, purpose for owning, demographics of horse, way in w hich the horse is kept
Nature of production – Principal, secondary and other activity categories, main source of revenue from the different categories (this will provide data which can be used to sense check the expenditure figures generated by the consumer survey).
Employment questions – Number employed, purpose of employment, demographics of employees, type of employment, wage bill

Attitude statements on the horse in general

Gain insight on attitudes to the horse in general

Profile questions – Demographic questions, other sporting activities, wider attitudes, media habits and interest
Further insight around the 'types' of people that are servicing the industry
Geographical gaps in knowledge can be addressed here.

Appendix C

40. The Henley Centre's recommendation for Stage Two is that the work of the BETA study be built upon by designing the two large primary research initiatives to follow similar structures and contain similar content to the BETA survey. We would still recommend that two *separate* surveys be carried out; the first being a survey of general consumers and the second a survey of equine businesses. The previous BETA survey should be supplemented with specific sections dedicated to questions on final consumption expenditure, and the business survey supplemented with very detailed sections on intermediate consumption. The surveys should be extended to incorporate a wider definition of the horse industry be based upon the conceptual maps defined by this research.

41. Option 4: The National Equine Database

42. The National Equine Database offers the industry the prospect of gathering census information on the domestic equine population, as well as the population of horse owners in Great Britain.

43. At a very basic level the numbers for horses and owners in Britain reached by the National Equine Database can be used to triangulate with figures generated from the surveys, and/or form part of the multipliers applied to the surveys. In Stage Two the industry should also explore the possibility of reaping additional insight from the database. Many of the questions highlighted in the two surveys above could be appended to the National Equine Database. Valuable information on the demographics of horse owners and around the nature and use of horses in Britain could be ascertained.

44. Discussions have taken place through the course of this research with the relevant parties about the possible value that the National Equine Database can add over and above population estimates. This very real opportunity for the horse industry should be explored further.

45. It should be recognised however that this database may not be the best vehicle for conducting in depth research around the spending habits of industry participants and businesses. The database does not, therefore, negate the need for detailed expenditure surveys if the industry is to arrive at a robust estimate of the overall industry baseline. Ideally data generated by the National Equine Database would supplement and be used together with information gathered by more in depth projects.

46. Option 5: Addressing key strategic issues

47. As stated in the report much of the data that is available on the horse industry has been focused on specific issues and this had resulted in a patchy inconsistent picture of the industry when trying to accumulate this information into a baseline. This kind of research however, is valuable for much of the more targeted work that the strategy will need to address. The quality of existing work of this nature varies; see Appendix B for more detail. Consistent good quality data on the key strategic issues where appropriate would be welcomed. More work of this nature could be very useful going forward if the strategy is to be well targeted.

48. In section 6.3 of the report, The Henley Centre has highlighted the main strategic issues that face the horse industry. Suggestions on research initiatives that could be taken forward in Stage Two to address insight gaps on specific issues have also been put forward. What follows is a little more detail on the suggestions made in section 6.3.

49. ***Strategic issue number one: The wider promotion of the horse industry***
The Henley Centre has stressed the importance of identifying and making the most of opportunities to promote the industry. In order to promote equine activity the industry firstly needs to develop a greater understanding of its current and potential market. A good starting point would be some detailed attitudinal research that should help to develop a well targeted marketing and communications programme.

50. The consumer expenditure survey outlined above would be an ideal vehicle for this kind of research. A variety of marketing and communications specific questions together with some attitudinal questions could supplement this survey and generate the required insight, around attitudes of current participants as well as potential participants to understand more about why people aren't engaging and what can be done to change this.

51. ***Strategic issue number two: The promotion of the British thoroughbred and the Improved breeding and the development of a British Sports horse***
There are a number of initiatives that are being brought into being by the industry at the moment, including The National Equine Database, passports, and the Breeders' Quality Mark Scheme that will go along way to address the data requirements around breeding in the British horse industry. There are also intentions towards greater promotion of British breeding sector. The Henley Centre commends the efforts made in this area and recommends that the profile of these initiatives be raised and encouraged in Stage Two.

52. In section 6.3 of the report, The Henley Centre highlights the prowess of the breeding systems of other nations relative to some elements of the British arrangement. A country by country analysis of the different systems and techniques employed by different nations could be conducted to gain a greater understanding of why such discrepancies emerge and to harvest best practice approaches that can be adopted within British breeding circles. Clearly, the cost of such research will depend on many factors including the availability of expertise and information as well as the depth to which the analysis is taken.

53. ***Strategic issue number four: The promotion of horse tourism within Britain***
The promotion of equestrian tourism within Britain is heavily related to the promotion of the industry as a whole, in fact tourism is one of the major opportunities currently presenting itself to the industry. The Henley Centre recommends that every effort is made by the industry to maximise the returns presented by these opportunities. Again, the consumer based expenditure survey offers the industry a vehicle with which to generate the necessary insight. Broader questions around domestic tourism and specific questions on equine tourism could easily supplement such a survey. The business based survey will give the industry a greater understanding of the constraints facing organisations that cater to this demand and to understand what has prevented British equine businesses from exploiting the prevalent trends in tourism

54. ***Strategic issue number six: The continued improvement of off road riding***
The Henley Centre recognises that there are already initiatives in place to address the accessibility issues. These include the Rights of Way Improvement Plans, the highway authorities and the Discovering Lost Ways Project. The profile of these initiatives should be raised in Stage Two and their efforts, supported. Again specific questions on both the consumer and producer surveys will help the industry gain a broader perspective on this issue. Consumers, quite simply, can be asked about where they ride locally and the access problems that they have. If the survey is nationally representative, it will automatically provide an overview of geographical difference with regard to need.

C.3 A note on the research initiatives

1. The Henley Centre's overall recommendation to the industry is to move forward with the two surveys detailed above.

2. It must be noted however, that efforts in Stage Two must strive to attain an adequately large sample for this research to be of value. The samples must be robust enough at the regionally disaggregated level, as the lack of geographically insight is a key limitation for the horse industry. Any manipulation of the sample data must be made entirely transparent. We would recommend that any subsequent reports published on the basis of this data provide both the raw sample data and the weighted equivalent figures side by side, for purposes of transparency. We would recommend that those responsible for the generation and updating of primary research retain electronic copies of the raw data in a format compatible with standard statistical analysis packages, such as SPSS.

3. This kind of primary research can be very complex and hence costly. Given that the comparison of GVA for the horse industry to the GVA of other industries will be slightly dubious (as the current standard industry classifications allocate the value added by the horse industry elsewhere) a decision will have to be made as to whether it is worthwhile investing in this process. Furthermore the most cost effective approach will have to be identified, for instance working with BETA and by developing the work already in place, rather than repeating the whole research process may be advantageous.

4. Undertaking these detailed surveys could provide a very robust and detailed representation of the value and status of the Horse Industry. With regards to the economic sizing, however, some gaps would remain, these are addressed below.

5. Horse racing

The very valuable contribution to the horse industry by the racing sector should not be overlooked. The complexities of the income flows and value of income within this sector make it necessary for an independent in depth research component. This view is corroborated by the 1996 KPMG study. A simple expenditure/revenue model and survey of members of the public and equine businesses would be inadequate cover for this sector.

6. A large amount of the income into racing comes from betting revenues, via The Horseracing Betting Levy Board (HBLB), and is distributed among many different parties – owners, racecourses etc. The Henley Centre proposes that a study be undertaken along similar lines to the work done by KPMG, to fully take into account the significant contribution of this sector. A methodology compatible with the sizing of the rest of the industry should be adopted and efforts made to establish an estimate for this sector's economic contribution.

7. Exports and imports

When sizing the economic impact of an industry it is necessary to add the value of exports. This will account for the fact that some equine businesses (breeders, trade etc.) will receive revenue for their products that is not covered by expenditure by British residents. Similarly, the value of imports should be subtracted, to cover the incidence of expenditure by British residents that contributes to horse industries outside Great Britain. Net export values of agricultural horses and agricultural produce such as horse meat can be obtained from the Food and Agriculture Organisation's statistical database (FAOSTAT), but the values of other horses and of trade products are harder to pin down.

8. The Department of Trade and Industry (DTI) provides statistics on import and export values, but these follow the Standard Industrial Classification (SIC codes), which do not go down to the level of detail required to separate horse products from others. Assuming that a reclassification of national statistics is not liable to happen in the near future, The Henley Centre recommends that the most effective way for the net value of exports to be captured is for the constituent bodies to undertake individual surveys and/or investigations into trade within their respective sectors, as follows:

   a) Net export value of Thoroughbreds: Thoroughbred Breeders Association (TBA).

   b) Net export value of Warmbloods: Sport Horse Breeding of GB, British Warmblood Society, British Bavarian Warmblood Association or British Hanoverian Horse Society.

   c) Net export value of trade products: British Equestrian Trade Association (BETA).

9. It is understood that BETA is already conducting a survey of members so as to ascertain export values; the output of this survey would be beneficial in feeding into the economic sizing in Stage Two.

10. Application of new data

The above initiatives should provide strategists with a wealth of information which can further understanding of the horse industry and hence improve the process of strategic planning and implementation.

11. Regular updates (recommended on an annual basis) of these surveys will enable the industry to track its growth in economic value, understand the industry's own trends and nature of change and put the progress made, or the hurdles faced by the horse industry, into the context of wider economic, social and environmental changes.

Appendix C

12. When using the data to size the economic contribution of the horse industry to the national economy, care must be taken to follow the methodologies set out in the report. This should minimise any double counting or over-inflating of figures.

13. A note on Marketing Research Society Standards[53]

Clearly, any survey work that is conducted in Stage Two upon the recommendations of this report should adhere to the standards set out by the MRS Code of Conduct. The MRS Code of Conduct is designed to support all those engaged in marketing or social research in maintaining professional standards.

[53] For further information on this issue please refer to the following source http://www.mrs.org.uk/code.htm

Appendix D: Strategic planning tool

1. When working with clients on strategic processes The Henley Centre frequently combines insight generated from research with the formation of strategic planning tools. The process of creating such a tool is extensive. In most cases these are sophisticated constructions that may contain historic times series data, together with econometric models and forecasts for key target variables as identified by the client – for instance, the value of an industry. Whilst they contain complicated information, they are designed to be very easy to use in the strategic planning process.

2. The planning tools can be constructed with the capability of applying different future scenarios to key variables. For example, to quantitatively assess the impact of a change in government policy on the value of an industry. These tools are of immense value when assessing the impact of possible strategic choices on an industry and on its component sectors.

3. At this point it is fair to conclude that the horse industry has substantial ground to cover before there is adequate data to fully test and support strategic decisions in this way. It is prudent however, to start thinking in terms of the end aim at this early stage. The Henley Centre has therefore, provided the horse industry with a skeleton of a strategic planning tool.

4. Currently, all the data points that have emerged from the research have been recorded in the planning tool. Each data point has been categorised according the level of the industry to which they relate (industry aggregate data, professional sector data, leisure data, suppliers etc.) and the sub-sectors to which they are most relevant (riding schools, affiliated sports, the trade etc.). Detailed source and definition information for each data point has also been recorded where possible, as has detail around any manipulation of current figures that The Henley Centre has had to make in order to generate sizing values. The planning tool therefore also aids transparency of this research.

5. The planning tool has been tailored for the horse industry and also contains summary tables of data. The aim of new quantitative research on the horse industry would, ideally take into consideration completing these tables with robust and high quality data. The planning tool succinctly allows the user to evaluate the gaps that are left to be filled by research in stage two.

6. The Henley Centre believes that once these tables are more complete, the horse industry will be in an excellent position with regard to its strategic thinking. Clearly, to generate the planning tools of the standard The Henley Centre normally creates would require a vast amount of work. At this stage, the planning tool takes the current data as far as it will go and will be completed to the extent that the data allows.

Appendix E: A note on the international perspective

1. In addition to the work carried out on the British horse industry, The Henley Centre was also requested, to compare, where possible, issues affecting the current state and future development of the horse industry in the United Kingdom, the Republic of Ireland and some other countries (such as France, Germany, the Netherlands, Scandinavia and the United States), so as to identify promising models for transferring good industry practice and successful Government policies; and use the overseas comparisons, to inform recommendations on the key issues the industry and the Government need to address in preparing the strategy.

2. The Henley Centre has made every effort to gather insight and to develop an international perspective of the horse industry. The Henley Centre has searched for published data and reports on the industries of other countries and spoken to people within the British industry, as well as those based in the countries in question. Interviewing has covered the perspective of different horse industries and probed for comparisons between industries.

3. Unfortunately there is little concrete evidence readily available to the public on the structure of other horse industries, or on the way in which these industries work with Government. The information that has been gathered is primarily anecdotal in nature, often passed on by third parties, and positioned as an overall impression of issues rather than concrete knowledge. It was common for interviewees to be unable to offer more substantial background information on their comments and to be reluctant for their comments to be taken forward as representative views. Furthermore, in some cases the opinions could be quite contradictory. For instance, the view of some domestic stakeholders is that the progress made in other countries on certain aspects of the horse industry is far in advance of that within Britain. Industry participants in other nations however, cite Britain as leading the field in many of these aspects.

4. There has been a degree of success in this area however, and, where appropriate findings have been incorporated into the main body of this report. For instance, a picture of the international context, as painted by available quantitative information, has already been pieced together in the main report. (Please see Section 3.5, page 34). Similarly, a number of countries have already been highlighted as success stories in the context of breeding. Please refer to Section 6.3 (pages 59-62, paragraphs 9-22), where this is explored in more detail.

5. In addition, we highlight that the horse industry in the Republic of Ireland is operating on a different financial footing. The horse has agricultural status, government are providing €23M of financial support in the National Development Plan from 2000-2006 and earned income from stallions is tax-free.

6. If the industry wishes to pursue this matter The Henley Centre recommends that a full comparative study be carried out. The study should ideally include in depth research initiatives targeted at each of the individual countries which are similar in scale to the strategic element of this study. This initiative should include numerous interviews with a wide variety of industry experts indigenous to the countries in questions. Only by scoping an adequate sample of opinions can the industry begin to formulate a picture of different horse industries and to draw worthwhile comparisons between them. Analysis to the extent required is beyond the scope of this project.

Appendix F: Organisations contacted and sources used

Consultation list

Through the course of this project The Henley Centre contacted, or was contacted, by a large variety of equine representative bodies, stakeholders and participants. Information was largely gathered by way of an informal interview process or through workshop participation.

Table 11: Documents and datasets

Alison F. Corbally , B.Ed., M. Equine St., *The Contribution of the Sport Horse Industry to the Irish Economy*, 1996
American Horse Council: *National Economic Study of the Horse Industry*, 1996
Annual Business Inquiry report: activities of racehorse owners, 1998-2001
Audit Bureau of Circulations data on magazine circulations, 1993-2003
Barr, C et al: Landscape Changes in Britain, The Institute of Terrestrial Ecology, 1984
BETA National Equestrian Survey, 1996/1999
BHS: Some Equestrian statistics (Access leaflet 24)
BHS: Guide to the Cost of Keeping a Horse or Pony, January 2003
Bond, N: Directory of courses in land-based industries, 1997 (referenced by Suggett 1998)
Bowles Green Report: Review of gaps in the data on horse riding, 2003
British horse industry Confederation, Development of a Strategy for the Horse, Oct 2002
Broadcasters' Audience Research Board (BARB) data on viewing figures, 2003
Cobham Research Consultants: Countryside Sports, Their Economic and conservation significance, 1992 and 1997 (referenced by Suggett 1998)
Countryside Commission: National countryside recreation survey, 1985 (referenced by Suggett 1998)
Countryside agency and SWRDA: Study of regeneration effects of South West Coast Path, Sep 2003
Cross, P: Horse business management reference handbook, 1992 (referenced in Writtle College 2001)
Defra/ MAFF: Agricultural Census data
Defra: Animal Health and Welfare Strategy for Great Britain 2003
Defra: Online Horse Gateway
Defra: Social Exclusion in Rural areas, a review of the literature, Sep 2003
Defra: Thomas, S: Rural Strategy team report on the State of Rural Economies, The horse industry and Hunting, July 2002
Directory of the Turf 2003 (Tomorrow's Guides)
Equestrian Directory (referenced by Suggett 1998)
Equestrian Management consultants: Study of the horse and Pony populations in the UK, 1986 (referenced by Suggett 1998)
Equine project: A new heart for Newmarket
ESC: Employment in the horse racing industry, 1992 (referenced by Suggett 1998)
EU Equus 2001: The horse industry in the European Union

Table 11: Documents and datasets *(continued)*

Gallop! Horse riding survey of GB 1997 (referenced by Suggett 1998)

General Household Survey, 1996

Harris, P: Review of Equine feeding and stable management practises in the UK, Jan 1999

Hogg, S: Horse Tourism, A European Lesson, April 1992

Horse and Hound Equestrian survey, 1992

Horse and Pony Taxation Committee, Feb 2000

Horse Business Management, BSP Professional Books, 1989

Horsedata.com

Horserace Betting Levy Board, Annual Reports 2000/1 and 2002/3

Houghton Brown, J and Powell-Smith, V: Horse Business Management, Blackwell's Scientific Publications Ltd 1989

KPMG: report for BHB into the economic value of the British Horseracing and Breeding industry, 1996

J. Gordon: a report for the RIRDC: *The Horse Industry contributing to the Australian economy*, 2001

Lantra: Skills Foresight Report, March 2001

Leckie, E: ILPH Report on the equine population of the UK, 2001

Leicestershire Bridleways Association Survey, June 1996

Leicestershire County Council: Equestrian Strategy and Action Plan, Feb 1999

Loughborough University: East Midlands development of the equestrian sector, questionnaire

Low Pay Unit 1980 (referenced by Suggett 1998)

MacKenzie Associates: Survey on employment and participation in hunting in GB, 1984 (referenced by Suggett 1998)

McQueen, BHS pers.comm. 1998

Mellor, Love, Gettinby & Reid: Demographic Characteristics of the equine population of northern Britain 1999

Middlesex university: Encouraging and supporting enterprise in rural areas, Feb 2002

Mintel/Consultants' estimates

Moore, J 1984 (referenced by Suggett 1998)

NERA: The British Thoroughbred Breeding Industry, report for the TBA 1998

NFU Wales Analysis of the Welsh Horse Economy Dec 2002

NFU: UK Equestrianism Oct 2002

NHETC: Industry Training needs analysis, 1997 (referenced by Suggett 1998)

Nicholl, J (University of Sheffield Medical School), 1992

Northern Ireland Council for Equestrianism: *The Northern Ireland Equine Industry*, April 1997

NSM Readership Surveys 1996 and 1997 (referenced by Suggett 1998)

OCP: The Future of the National Stud, Financial evaluation of options

OFT report: The British Horseracing Board and the Jockey Club: a summary of the OFT's case

ONS: Consumer Trends Q3 2003

Oxford Polytechnic Centre for Tourism and Leisure Studies, 1993

Appendix F

Table 11: Documents and datasets *(continued)*

Peat, Marwick McLintock: The economic contribution of the British Equine industry, 1988 (referenced in several documents)

Produce Studies: The economic contribution of hunting, 1997 (referenced by Suggett 1998)

Racing Industry Statistical Bureau Statistics, 2002

Rights of way Use and demand study, Entec/countryside agency, unpublished 2001

Roberts, S: Key Drivers of Economic Development and Inclusion in Rural Areas, report for Defra, May 2002

Rodrigues, J et al (DG Agri European Commission): The role of the Horse in Rural Policy

Scottish Equestrian Association, Survey 2003

Scottish Tourist Board document: Equestrian Tourism. Market Research and "Know your market profile." Jan 2001

South Pennine Packhorse Trails Trust: bid to the Heritage Lottery Fund 2001

Spedding, C: Fream's Agriculture, 1983 (referenced by Suggett 1998)

Suggett, G, Pegasus: Report for the Equine Studies Group, Nov 1999

Suggett, G: How important are Equines to the Rural Economy of the UK? 1998

Taylor Nelson: Horse Survey, 1979 (referenced by Suggett 1998)

TBA Annual Reviews 2001 and 2002

TBA Briefing paper for the Defra Horse Team visit to Newmarket, Oct 2003

TBA response to the Home Office paper (National Stud), May 2001

TGI/BMRB data on the profiles of those interested in horse-related activities

The Countryside Agency: The State of the Countryside, 2001

The Economic Contribution of the Equine industry 1988

The Economic Value of Equestrianism in the Southern Pennines (1992 version).

The Economic Value of Equestrianism in the Southern Pennines (revised in 2003).

The Equestrian Industry: A scoping study for High Weald Bridleways Group

The Jockey Club Annual Reviews 2002-2003 and 2001-2002

UCAS: website detailing equine courses available

UK Tourism Survey

Uzzell, D and Leach, R: Turning Horse manure from public waste to community profit, Oct 2003

VisitBritain and VisitEngland: websites and promotional materials

Wakeham, A: The British Horse World incorporating the British Equine Directory, 1997 (referenced by Suggett 1998)

Writtle College: Horse Pasture Management Study, 2001

Table 12: Additional organisations contacted

American Quarter Horse Association of the UK	Horse and Hound
Association of British Riding Schools	Hurlingham Polo Association
British Dressage Association	Injured Jockey's Fund
British Endurance Riding Association	Lantra
British Equestrian Federation	Mark Davies Injured Riders Fund
British Equestrian Trade Association	National Equine Welfare Council
British Equine Veterinary Association	National Federation of Bridleway Associations
British Eventing	National Land Information Service
British Hanoverian Horse Society	National Office of Animal Health
British Harness Racing Club of GB	National Trainers Federation
British Horse Driving Trials Association	Office for national Statistics
British Horse Society	Racehorse Owners Association
British Horseracing Board	Regional Police Forces
British Miniature Horse Society	Shire Horse Society
British Palomino Society	Suffolk Horse Society
British Reining Association	Surrey Equestrian
British Show Jumping Association	The Army
Dark Horse Consultants	The Jockey Club
Eriskay Pony Society	The Pony Club
Exmoor National Park	Thoroughbred Breeders Association
Exmoor Pony Society	UK sport
Farrier's Registration Council	Warwickshire College
Farriery Training Service	Wetherby's
Fell Pony Society	Your Horse
Herd Word	

Appendix G: Project specification

Research on the horse industry of Great Britain

Purpose of research

1. The British Horse Industry Confederation and the Department for Environment, Food and Rural Affairs, with the National Assembly for Wales and the Scottish Executive, wish to commission research on the horse industry in Great Britain. The industry makes a multi-billion pound contribution to the economy and attracts well over two million riders. It includes large-scale commercial activities such as racing and sport horses, and also the leisure and recreational use of horses, and ancillary activities like farriery, equine medicine, tack and feed supply (but not betting).

Horse industry strategy

2. The research will underpin the development of a long-term strategy for the horse industry. This will set out a vision of where the horse industry would like to be in ten years, and how the Government can support it in following this path. It will recognise the industry's existing important contribution to the national economy and especially the economies of rural areas, to the social fabric of rural communities in particular, to the environment and to land management. This will require a clear identification of the industry's current baseline, especially in economic terms (including turnover and employment) and in terms of the relationship between economic and other factors.

3. The strategy will cover the industry's capacity for making a still greater economic contribution in rural areas, within a framework of sustainable development. An economically vibrant industry makes possible all sorts of equine activities. The strategy will have regard to Defra's Public Service Agreement target "to reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006 …". It will indicate how the industry supported by the Government can help to promote economic vitality and development, and how we can overcome potential barriers to achieving the vision.

Research

4. The research will be tightly focused on addressing key data and questions for the development of the strategy. It will need to be independent, objective and critical. The project which is the subject of this specification ("stage I") will map the industry and its component sectors, address baseline data requirements, and identify key issues for the preparation of the strategy.

5. Subsequent research ("stage II") will complete definitive baseline data, propose future means of updating it, and if required undertake in-depth analysis of and/or consultation on specific issues. The contract for stage II will be let separately.

Further background

Geography

6. The research will need to have regard to the current and potential contribution of the horse industry and its component sectors:

   - in Great Britain as a whole;
   - in England, Scotland and Wales separately;
   - in rural areas, including different types of rural area (such as urban fringe, upland, arable, livestock);
   - in the less well performing rural areas in England (for which the least well performing quartile is an indicator);
   - between different areas of England, Scotland and Wales where the industry makes the biggest impact and has the greatest opportunities;
   - and its related contribution to urban economies and communities.

7. Where statistics are provided on a geographical basis, datasets should be postcoded where possible and presented at the smallest area level available. Regard should be had to aggregating and identifying datasets in order to aid coherence and comparison with other economic, social and farm-related statistics collated by Defra, its Agencies and others. Similar regard should be had to information relating to Scotland, Wales and Northern Ireland.

National equine database and Defra IT strategy

8. An important item of information for the establishment of a baseline for the equine population is that from January 2004 equines will require a 'passport'. This will identify each animal and show which passport-issuing organisation registered it. Consideration is being given to how to capture centrally the information on equines held by over 60 passport-issuing organisations. The stage I research will need to consider, in the light of the then situation and the timescale for preparation of the strategy, whether reliable output from the database would be available in time to meet some baseline information needs, and if so how it would be used (including conducting pilot studies if feasible). [For example, if information on a section of the equine population were to be available, it might be possible to devise a multiplier to calculate its economic impact.] The stage II research will need to take account of the development of the national equine database, for example in considering how baseline data are to be updated.

9. The research will also need to have regard to the development of a Defra IT strategy. Any data arrangements proposed should be compatible with it.

Scope of stage 1 research

10. The stage 1 research will have three components:

    - to map the horse industry;
    - to address requirements for baseline data on it; and
    - to identify the key issues to be considered in the preparation of the strategy for the industry.

Appendix G

11. The objectives of the project will be:

Mapping

(a) To define the horse industry and describe its constituent sectors.

Data

Having regard to the geographical requirements in paragraph 6 above:

(b) to summarise the extent and reliability of existing data on the current economic and other contribution of the industry and its component sectors, and the principal gaps in them; and

(c) to make and pilot proposals for filling these gaps, so as to enable a robust assessment of the industry's impact to be provided in stage II.

Issues

Having regard to the purpose of the intended strategy for the horse industry (paragraphs 2–3 above), including its primarily economic focus:

(d) to consult the horse industry by:

- seeking and analysing the views of a representative sample of industry organisations on key issues for its development over the next ten years, including major opportunities and threats, especially issues affecting the industry's economic vitality and an increase in its contribution to rural economies and communities (including socio-economic and land management drivers and constraints); and
- holding a seminar on barriers and inducements for the equine enterprises to flourish, focusing on aspects critical to the development of the industry;

(e) to compare issues affecting the current state and future development of the horse industry in the United Kingdom, the Republic of Ireland [with which the industry in Great Britain, as well as Northern Ireland, has especially close links] and some other countries (such as France, Germany, the Netherlands, Scandinavia and the United States), so as to identify promising models for transferring good industry practice and successful Government policies; and

(f) on the basis of available data, industry consultation, and overseas comparisons, to make reasoned recommendations identifying the key issues the industry and the Government need to address in preparing the strategy and how consideration of them might best be advanced.

Appendix H: Glossary of acronyms and abbreviations

BEF	British Equestrian Federation
BETA	British Equestrian Trade Association
BHB	British Horseracing Board
BHIC	British Horse Industry Confederation
BHS	British Horse Society
BMRB	British Market Research Bureau
FAOSTAT	Food and Agriculture Organisation Statistical Databases
GDP	Gross domestic product
GO	Gross output
GVA	Gross value added
HBLB	Horserace Betting Levy Board
ILPH	International League for the Protection of Horses
NES	National Equestrian Survey
NPI	Non-profit institution
NPISH	Non-profit institutions serving households
NVQ	National Vocational Qualification
ONS	Office for National Statistics
PR	Public relations
TGI	Target group index
VA	Value-added
VAT	Value added tax

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