

NEWS FOCUS

# THE GREAT REINVENTION



## SPECIAL REPORT

Bill Barber examines the transformation of the Jockey Club from racing's rulers to a powerful commercial enterprise



British star Jess Glynnne will be one of the acts performing this summer at racecourses as part of the Jockey Club Live commercial arm

THE Jockey Club may no longer govern British racing but, having lost one empire, it has built another, having undergone a fundamental transformation before going on to re-establish itself as a leading force in the sport.

Indeed, in many ways the Jockey Club is as powerful and integral to developments within racing as it has always been.

In 1993 the Jockey Club ceded much of its responsibility over governance to the newly formed BHB – while retaining its hold on regulatory and disciplinary matters.

But when the BHB and Horseracing Regulatory Authority merged to form the BHA in 2007 it really was the start of a new era for the Jockey Club.

Fast forward to 2016 and the image of the Jockey Club has been transformed. It is the biggest commercial organisation in the sport in Britain, operating 15 racecourses but with interests expanding outside that power base, with a mission “to act for the long-term good of British racing in everything it does”.

The Jockey Club is once again a major force in British racing. But just how powerful? And is that power always wielded for the greater good?

### Commercial success vital

Simon Bazalgette became group chief executive of the Jockey Club in 2008, an appointment former Cheltenham managing director Edward Gillespie says “utterly changed the way the Jockey Club approached the concept of monetising its involvement with the sport”.

Bazalgette is well aware of the history of the Jockey Club and its motto “For The Good Of British Racing” – but also how vital commercial success is for the organisation.

He said: “We still see ourselves very much as people responsible for the guardianship of the sport but having quite

rightly devolved governing issues to an independent body our focus is on the commercial and stakeholder side.

“Our view is that if you want British racing to be at the centre of British life and give due importance to its heritage you need to be commercially successful. That’s the best route to sustainability over the next ten, 20, 50 years.

“Equally by being as commercial as we can we drive not only the sustainability and success of the sport but it also gives us more money to reinvest in the sport whether it’s through prize-money or facilities or whatever it might be.

“One can argue about the relative importance of governance and commercial aspects but I would say in the long run it is commercial that gives you the most robust future.”

But might what is best for the Jockey Club necessarily be best for others within the sport?

Bazalgette said: “We take a holistic view so we look at what’s good for racing. If that involves the Jockey Club sharing or reducing its commercial power then I think we’d want to know that by doing that the sport would be clearly better off.

“On the whole my view is that because we are such a big part of the sport we are always better off helping the sport grow and being part of that than worrying too much about how much we get out of it compared to other people in the sport.

“That leads you down the track of people fighting about market share when your overall business might be getting smaller.”

Bazalgette sees the Jockey Club as a central powerbroker in the British racing industry.

“Do we see ourselves as leaders? Yes. Do we see ourselves as the leader? No,” he said.

“We want to be a leader in the sport. We want to help the sport be led properly

and we are happy to support other people, particularly those who have the mandate to represent us either through the BHA or the members’ agreement.

“It is not all about us but what we are not afraid to do is stick our head above the parapet when we think there is something important for the sport and brave decisions have to be made when perhaps others find that slightly harder.”

### Diversification the byword

According to Edward Gillespie, who spent 32 years at Cheltenham before his departure in 2012, the Jockey Club has transformed itself over the last two decades.

“The way it behaves commercially now is totally different to 20 years ago,” he said.

“Effectively the Jockey Club was an empire built on land. It has developed a new empire based on intellectual property, on media, new media, catering – all those aspects. So it has reinvented itself.

“They lost their influence over racing by running the rules and they have built

‘Do we see ourselves as leaders? Yes. Do we see ourselves as the leader? No’

Simon Bazalgette, chief executive of the Jockey Club



exhibitions and provided 12 per cent of JCR’s turnover in 2014.

In 2009 the Jockey Club Catering brand was created through a joint venture between JCR and Compass Group, while at the start of 2014 the Jockey Club launched another joint venture Jockey Club Live, which it claims in terms of attendances is the sixth largest music promoter in Britain.

More evidence of the Jockey Club’s diversification came in the autumn of 2014 with the launch of Jockey Club Services, a venture created to provide other British sports with business services in areas such as ticketing and live music booking and consultancy including areas like turf management and catering.

Deals have been done with the Football League and several first-class county cricket clubs, while the Jockey Club’s ticketing system dealt with the 72,000 tickets sold for the first 2015 Ashes Test in three days.

One of the areas Jockey Club Services offers consultancy services for is that of retail bonds, another example in the huge shift in attitudes within the Jockey Club.

According to Gillespie, for many a year the Jockey Club took great pride in the fact that it “never borrowed a penny off the market”.

Yet in 2013 it launched the first retail bond in British sport, raising almost £25m but it raced past that to become the second largest unlisted UK bond issue at that time, behind John Lewis.

Investors’ trust reflected the strength of the Jockey Club name but it also highlighted the economic power of the body which was able to raise money more cost effectively than any other group in the sport.

Some have voiced suspicion about the level of influence the Jockey Club has, being housed in the same London offices as the BHA. Others speak of the club as a “benign force”.

Pat Masterson, managing director of Newton Abbot, which is ten miles from the Jockey Club’s Exeter, said: “If you ask me about the Jockey Club I have always maintained it has been good for racing in the years I have been in the sport.”

So while the steering group that was involved in the decision to agree a four-year deal with ITV for racing’s free-to-air television rights from next year included representatives from Arena Racing Company – the other major racecourse group in Britain – and Great British Racing as well as the large independent courses, it was led by FitzGerald.

While those rights are hugely important to the sport, it is arguable that the most important rights that any racecourse or group possesses are those for betting shop pictures, given they now represent the major flow of income from bookmakers to the sport.

The RMG courses have been responsible for one tectonic shift in the area through the launch of TurfTV in

2008 as a rival betting shop pictures provider to SIS, creating the competitive environment which drove the inflation in the rights value.

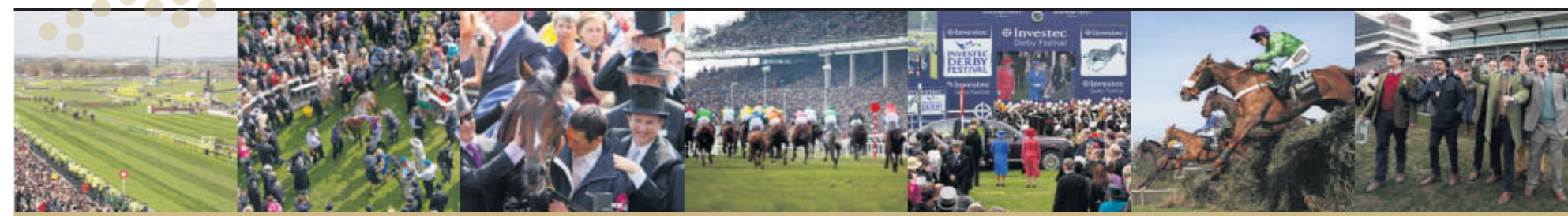
## THE JOCKEY CLUB EMPIRE

**JOCKEY CLUB RACECOURSES**

- 1 Aintree
- 2 Carlisle
- 3 Cheltenham
- 4 Epsom Downs
- 5 Exeter
- 6 Haydock Park
- 7 Huntingdon
- 8 Kempton Park
- 9 Market Rasen
- 10 Newmarket (Rowley Mile and July course)
- 11 Nottingham
- 12 Sandown Park
- 13 Warwick
- 14 Wincanton

**JOCKEY CLUB ESTATES**

- a Newmarket
- b Lambourn
- c Epsom Downs
- ◆ The National Stud



RMG, especially as it is responsible for three of the ‘crown jewels’ of British racing in the Cheltenham Festival, Crabbie’s Grand National and Investec Derby.

That clout manifested itself last week with Racing UK’s intervention in the authorised betting partner row and is also clear in crucial areas such as television and betting shop rights.

As Gillespie said: “Because cash is king in terms of power so it was of no use controlling racing through what the Jockey Club used to control – licensing and so on.

“It is now influencing racing through its own commercial destiny and its commercial alliances and partnerships through enterprises like Racing UK and RMG.”

Bazalgette joined the Jockey Club in 2008 from RMG where he was executive chairman of RUK. He had also helped found TurfTV – half-owned by the RMG courses – which revolutionised the betting shop picture rights market. He was succeeded at RMG by Richard FitzGerald, with whom he is very closely linked.

So while the steering group that was involved in the decision to agree a four-year deal with ITV for racing’s free-to-air television rights from next year included representatives from Arena Racing Company – the other major racecourse group in Britain – and Great British Racing as well as the large independent courses, it was led by FitzGerald.

While those rights are hugely important to the sport, it is arguable that the most important rights that any racecourse or group possesses are those for betting shop pictures, given they now represent the major flow of income from bookmakers to the sport.

The RMG courses have been responsible for one tectonic shift in the area through the launch of TurfTV in

2008 as a rival betting shop pictures provider to SIS, creating the competitive environment which drove the inflation in the rights value.

Last year RMG might well have been responsible for another seismic shift in the sector by agreeing a deal with TurfTV’s rivals SIS from 2018 which promises another boost in income for the courses involved, and could result in TurfTV’s demise and presents Arc and the smaller independents with challenges of their own.

The next area that the Jockey Club might influence significant change to the sport’s landscape through RMG is the future of pool betting once Betfred’s exclusive licence runs out in 2018.

The group has been examining ways of launching its own Tote. “The removal of exclusivity in 2018 provides a number of different options for all racecourses, including the chance to acquire their own non-exclusive pool licence and create a new pool betting business,” RMG said last month.

However, this is an area where not all the RMG courses might be so keen to go in the same direction as the Jockey Club. Chester, which no longer has the Tote on course as it runs its own in-house betting operation, is understood to be resisting overtures while some of the larger independents within RMG are believed to be investigating a number of options for themselves.

‘It has developed a new empire based on intellectual property, media, new media and catering’ Edward Gillespie, former managing director of Cheltenham, a Jockey Club Racecourses-owned track



Limitations to influence

The Jockey Club is at the heart of everything that happens in the sport, although there are constraints to how and where it can wield its influence.

Under the structures created under the members’ agreement which was signed last year to help decision-making in British racing, the Jockey Club has a place on the members’ committee – taken by senior steward Roger Weatherby – which is tasked with making high-level strategic decisions.

However, it is Racecourse Association chief executive Stephen Atkin who represents racecourses on the executive committee which implements strategy.

The members’ agreement had a long and troubled gestation since the Jockey Club in 2014 called for a new stakeholder structure to provide industry consensus on key policies, a call prompted by its unhappiness with the 2015 fixture process.

While the BHA and Horsemen’s Group threw their weight behind the proposal, Britain’s racecourses took several months to finally agree to the idea and only after Arc had concerns over issues surrounding interference in its commercial interests dealt with.

As one observer put it: “They [the Jockey Club] always supported it but I am not sure that the members’ agreement would have happened without a [BHA]

chairman who wanted a members’ agreement.

“The Jockey Club on its own could not get the racecourses to sign up until you had Arc willing to.”

Another area where the Jockey Club’s influence has not been able to bring others with it is the issue of the authorised betting partner policy.

Bazalgette has been one of racing’s main negotiators in talks with the betting industry in recent years, although he is said to have deferred to BHA chief executive Nick Rust in the recent funding talks over online betting.

The Jockey Club, along with Arc, has thrown its weight behind the strategy which precludes the agreement of new commercial agreements with bookmakers who do not pay the requisite amount to racing from their profits on remote gambling on racing.

As a result, Betfred’s sponsorship of the Cheltenham Gold Cup ended in acrimonious circumstances – technology company Timico taking over – while Ladbrokes’ association with the World Hurdle has gone the same way, with Ryanair becoming the new sponsors to complement their backing of the Ryanair Chase on the same day.

Yet other major racecourses such as Ascot, Goodwood, Newbury and York have either failed to follow suit or have given the ABP policy just lukewarm backing.

That is despite, for example, all the trustees of Ascot being Jockey Club members, former senior steward Nicholas Wrigley being on the York Race Committee and Jockey Club members Dominic Burke, Harry Herbert, Lady Lloyd-Webber and Erik Penser being on the board at Newbury.

As an observer said: “Jockey Club members are very well represented on the boards at Newbury, Ascot and York and the fact that none of those courses

### RACING WELFARE

Charity for racing’s people in need



### JOCKEY CLUB CATERING

Partnership between Jockey Club Racecourses and the UK arm of leading caterer Compass Group



### JOCKEY CLUB LIVE

Live music promotion joint-venture partnership with a team of music industry professionals

### JOCKEY CLUB SERVICES

Offers a range of business services such as ticketing to organisations in UK sport

### MAJOR SHAREHOLDINGS IN



have signed up to ABP indicates that it doesn’t follow that if the Jockey Club adopts a certain policy its members will automatically go along with it.”

### Power-sharing in new politics

The Jockey Club is recognised as a robust force within and outside the industry.

BHA director of corporate affairs Will Lambe said: “If you look at the political agenda in the sport and getting our act together there, the Jockey Club has been absolutely integral to that by utilising its own networks for the good of the sport as a whole and ensuring that we have a joined-up approach.

“If you go back to before the 2010 election it was the case that all the different organisations in the sport had different lobbyists. Simon [Bazalgette] has been a team player in that sense from the outset, recognising the previous barriers to racing ‘punching its weight’.”

However, having been given a clear run at times, the Jockey Club now has to contend with a changing political landscape.

Nick Rust has been an increasingly assertive chief executive of the BHA while Arc has stepped into the political arena much more under the leadership of Martin Cruddace than previously when it ploughed its own furrow.

Cruddace, Arc’s chief executive, said: “The Jockey Club achieves incredibly positive things for racing. The leadership it has shown with ABPs is a prime example.

“We enjoy working with them but are equally determined that Arc has a voice on all industry issues commensurate with an organisation running the greatest number of fixtures in British racing.”

The Jockey Club perhaps faces more checks and balances than in recent times. But after a remarkable reinvention it remains a powerful and assertive voice within the sport.