

Eastlands Equestrian Enterprise
Statement by the Applicant

Following the refusal of Planning Application FG/26/15/OUT I write to address the concerns of the consultants which were raised in their report. As this matter is extremely long running (over 10 years) I feel it is necessary to explain in a chronological order so that a full understanding can be gained.

1. The running of Hangleton Farm was handed over to me in the 1970s when it was operating as a market garden enterprise. As the farm was struggling I decided to diversify into horses. Over the following 30 years the stables grew with a strong demand for its services as the local population grew with the large housing developments in the area. This expansion was only possible with Business Development Loans from HSBC to purchase adjoining land and build stables etc.
2. In 2005 an adjoining parcel of land came up for sale which amounted to 30 acres and is now known as Eastlands. I approached HSBC to borrow £200,000 to purchase the land which was agreed and a new loan was formed which amalgamated existing borrowing with the new loan and on 3rd August 2005 a loan for a total of £852,000 was set up (see attached letter from HSBC dated 17 June 2013 – appendix A). This loan on Hangleton Farm was made to me personally as I own the property personally, which is why it does not show up in the business accounts. At this time, an additional loan for £300,000 was agreed in principle with HSBC to develop a new building on the Eastlands site once planning permission had been obtained.
3. In 2006 the purchase of Eastlands was completed. A change of use planning application was submitted to put the land down to permanent pasture which was granted in 2007 (FG/31/07). Once this had been granted a planning application for equestrian buildings was prepared and submitted in 2008.
4. This application was for 4 buildings to contain stables, storage and ancillary facilities along with a mobile home to provide accommodation for staff to live on site (FG/68/08). This was refused. Following discussions with planning officers it was suggested that an application was more likely to succeed if there was just one building which contained all of the facilities under one roof and the mobile home was removed from the application. It was felt that a better approach would be to obtain permission for the stables and facilities and, once they were operational and ‘an existing use’ had been established, then apply for staff accommodation on site to service the essential need. A revised application was submitted in FG/84/09 which was granted approval in 2009.
5. The main problem with applying for planning permission for staff accommodation after the use of the stables had been established was to be able to provide the essential night time cover to ensure the health and safety of the horses and the premises during the time planning permission was being sought for accommodation. We decided that as a temporary measure the Eastlands site could be staffed from Hangleton Farm which, at that time, had 6 full time staff who were instructors and 6 part time staff who were working pupils. It was possible to operate a working pupil scheme because of the size and diversity of Hangleton Farm. Pupils would work in exchange for a small allowance, their accommodation, training and hands on experience in all aspects of the equestrian industry which included livery, riding school, residential holidays,

competition horses, running show jumping shows, dressage competitions etc. Hangleton Farm had long standing experience in this area as we were formally manning agents for the Manpower Services Commission and ran the Youth Training Scheme which then developed in other forms which we continued to run. This would have given us the ability to cover for an interim period (in the form of working pupils with the support of myself and my wife) the night time staffing needs of Eastlands at a financially viable cost. This would only have been possible using working pupils as a member of staff being paid (at the very least) £15.00 per hour for a 10 hour night shift would have equated to an annual staff cost in excess of £50,000 to cover nights alone. That is if staff could be found.

6. After making enquires with equestrian employment agencies it appeared to be impossible to find people who lived locally enough to travel in each night and who had the necessary experience (which comes with age) to cover a night shift. In general older people have lives and families which would prevent them from taking such employment at any price per hour. A further negative point would be to be alone in a countryside location which is an obvious target for criminals. It would be possible for myself and my wife to cover the nights as well as working the days if we lived on site and could take advantage of CCTV with audio to alert us to any problem. We would be able to make an immediate response by walking the 20 metres to the stables and catch up with time off during quiet periods in the day.
7. During this 5 year period (2005-2009) which it took from initial conception to planning approval a lot had changed with the financial crash and subsequent recession.
8. In 2009 we received a letter from HSBC requesting a meeting with our commercial manager to discuss a significant reduction in business borrowing and informing us that the in principle offer of £300,000 to develop Eastlands was no longer available. I do not have a copy of this letter and have contacted HSBC to request a copy from their files. I have been informed that during this time HSBC would have sent out literally thousands of these types of letters to both business and private bank customers and that copies were not kept (I do however have evidence to support the subsequent events). At the meetings with HSBC it was explained that the bank as a group had decided that they were overexposed in the agricultural / leisure market and Hangleton Farm was experiencing difficulties in servicing its loan. This was correct as the business had lost a considerable amount of income but expenses such as bank loan repayments, non domestic rates, insurance etc. had remained constant. Hangleton Farm's main client base was pleasure riders whether in the riding school or livery side. As riding or owning a horse is very much a luxury so many clients stopped riding in the school and livery clients sold their horses as the recession started to bite hard. These early indications proved to be correct as the business lost money from 2010 to 2014 (Hangleton Farm accounts attached – appendix B).
9. These were very difficult times and after spending our entire working life building a business the only option open was to sell Hangleton Farm. Advice was sought from many experts and other lenders approached without success. HSBC agreed to hold the matter in abeyance if the property was put up for sale. Estate Agents Monkhouse and Bannister were instructed (see attached letter from Monkhouse and Bannisters dated 27 October 2009 – appendix C) and Hangleton Farm offered for sale in late 2009 at £1.8 million. During 2010 a sale was not achieved and we were put under pressure by HSBC for some action. It was agreed that a

formal valuation was to be conducted by Savills Limited for HSBC to establish a market value (see attached letters from HBC dated 22 December 2010 – appendix D - and Savills dated 16 February 2011 – appendix E). As a result of this valuation, and to prevent HSBC from taking further action, the price was reduced to £1.6 million in 2011 (see extract from Savills' valuation – appendix F). The full Valuation Report can be provided if required but it is a very lengthy document.

10. During 2010 much consideration was given to our future with many options explored and a great deal of advice sought. The root cause of Hangleton Farm's financial difficulties was over expansion on borrowed money in a business that relied on clients having disposable income on an on-going basis. It was decided to produce a business model that would safeguard against a similar situation occurring again as our situation at that time was not only threatening to leave us without an income but also the family was facing being homeless. It was felt that our greatest asset was our reputation, expertise and experience in the equestrian industry which should be capitalised on in a situation that did not rely on large borrowing and income was assured.
11. Market research showed that the affluent horse owners were unaffected by the recession and they became our target clients. After much market research into this client base, a pattern emerged. Their main interests were high level competition horses and selective warmblood breeding. High amongst their requirements were a personal service by experienced people, a small community of like minded people and an exceptionally high standard of facilities for both themselves and their horses.
12. After marketing Hangleton Farm without success, Monkhouse and Bannister advised splitting the property into two separate lots. Each would have a house, two schools, one lot with 85 stables and 15 acres of land, the other with 55 stables and 25 acres of land. There was an imbalance in land to stables between the two lots which could not be overcome as both houses had legal agreements (see appendix M) in place which tied them to the adjoining land.
13. We looked at the possibility of selling one of the lots to re-pay HSBC and retain the other with a little borrowing. Having looked at this option in depth it did not fit the financial criteria or the new business model.
14. In formulating the model for a successful business, we established a balance between income and expenditure where the most cost effective number of horses to manage was around 20. Any less would not have provided enough income, any more and the profit would be swallowed up in costs until a very large number of horses were included. Large numbers of clients and horses did not fit the model. Also we did not want to put all our eggs in one basket so had split the ratio of horses to 10 competition liveries and 10 breeding mares. This ratio requires 30 acres of land as recommended by the British Horse Society and the Arun Planning Authority (draft local plan policy EQU DM1), as 10 competition horses with 10 mares and 10 foals at foot total 30. The recommendation is one horse to one acre.
15. Several problems were highlighted with retaining one of the lots. The main one being location. In planning application FG/84/09 much consideration was given to the location of the new stables. Originally the planning officers wanted them situated close to the main site but, due to

concerns over foals and the risk of post parturition disease and infection, along with the hustle and bustle of a very large equestrian centre not being conducive to mares giving birth, it was accepted by the council that Eastlands was the only appropriate place. The nature of the stables themselves at Hangleton Farm was also an issue as they were all of wooden construction with corrugated asbestos roofs and mostly around 30 years old which were overdue for replacement.

16. We looked at the possibility of selling the Eastlands land to finance the re-modelling of one of the lots at Hangleton Farm but, with the estimated cost of £300,000 it would not have been viable. Had the Eastlands land been sold, neither lot at Hangleton Farm would have had sufficient grazing for the business we were proposing. Also the layout of Hangleton Farm (as shown in the attached aerial photograph – appendix G) did not lend itself either to being split or remodelled as it was built as a whole. This aspect was also a problem to potential purchasers of the lot containing 85 stables with only 15 acres of land which proved the most difficult to sell. The other lot created far more interest as the stable to land ratio was more attractive and sold relatively quickly. The new owners have over the last year completely re-furbished most of the stables and have been granted planning permission to replace some of the timber buildings with steel framed storage facilities.
17. The remaining lot was eventually sold to an animal charity who wanted the house as offices and the footprint of the stables so they could be replaced with kennels, catteries and accommodation for small animals.
18. The sale of half of Hangleton Farm did not raise enough to pay off the outstanding loan and to re-develop the retained half to create a unit like Eastlands. The net receipts from the sales were approximately lot 1 £681,500 and lot 2 £686,500 (see advice of credits from HSBC dated 3 January 2014 and 15 January 2015 – appendix H). The sale price of each lot on its own fell short of re-paying the borrowing and, with £300,000 needed for the re-development, this was not an option. The land at Eastlands was purchased pre financial crash and its value in 2010 during the recession was, at best, the same as the purchase price (£200,000), at worst its value may have dropped. Consequently, the sale of the Eastlands land would not have covered the shortfall to enable the re-development of part of Hangleton Farm. Even if retaining half of Hangleton Farm had been possible financially we could not have overcome the problem of its proximity to the other part with the risks of disease and disturbance to mares and foals which is why the Eastlands site was selected and accepted by the council. Once split, neither lot of Hangleton Farm could have run a working pupil scheme as neither had sufficient accommodation or diversity of equestrian activities. This would have meant that night shifts in the new Eastlands foaling and livery unit could not have been covered by working pupils during the interim period, as originally envisaged in 2009, while planning permission was sought for accommodation at Eastlands.
19. Having explored all the possibilities and options it was clear that if we were to achieve a long term sustainable future we must proceed with our new business model. We accepted this would involve operating the business for modest financial reward but we would make a viable living and our futures would be secure in a role where we have proven success. A plan was put in place to develop Eastlands to an extremely high standard to attract our targeted clients. The

original estimated build cost for standard stables was around £300,000 back in 2005. It has actually cost over £600,000 to provide the stables and client facilities to the standard we identified.

20. In 2011/12 planning applications were submitted and approved to further enhance and expand on the facilities granted in FG/84/09. These applications were FG/43/11, FG/45/11NMA and FG/21/12.
21. The main enhancements were to client facilities and the standard of finish. Our target clients require the same type of facilities that can be found at golf clubs and high end gyms where they have the ability to ride, shower and change before going to work and to be able to check and send emails. To this end we have provided a kitchen area to make drinks and snacks, a toilet, shower facilities, a small office space with wi-fi and a warm comfortable area to sit. The stables have also been finished to the highest possible standard.
22. Now the building is nearly finished demand is exceptionally high for both competition livery and breeding livery with more interest shown than we have stables to accommodate. However the uncertainty over accommodation on site has led to many potential clients waiting until this is resolved before they commit to moving their horses in. Most potential clients are reluctant to use stables and foaling facilities without the certainty of 24 hour on-site presence. This matter is currently holding the business back.
23. The horses currently stabled are here on the proviso that my wife and I can live on site 24/7 to provide the expertise and experience needed to look after and deal with any situation that arises. If this does not happen they will move their horses to a stable that provides such cover (see attached letters and emails – appendix I). This is particularly important to breeding livery and it is clear that we will not achieve our target of 10 breeding mares unless site accommodation is provided.
24. Pregnant mares cannot be transported once heavily in foal as there is a high risk of them aborting the foal. In our current situation (with enforcement action possible to remove the mobile home) a situation could exist whereby mares are stabled at Eastlands due to give birth and no one lives on site. Due to this possibility some mares who were booked to come have cancelled and potential breeding livery clients will not commit until the on-site staffing is resolved.
25. Hence we find ourselves in our current situation. We have sold Hangleton Farm and built Eastlands without the need to borrow any money. The business model has proved an overwhelming success with an extremely high demand providing we have on site accommodation to ensure the health and safety of the horses and their equipment. We did not anticipate the difficulties we are now experiencing and it has come as something of a surprise that following approval of planning permission for a livery and foaling stables for 20 horses (30 with foals at foot) that 24 hour cover is not deemed essential, especially as from the outset the first application included accommodation.
26. We now face the real possibility of financial ruin having invested every penny we have in a stable building designed to cater for high end horses and their owners. The business model only

works if the stables can generate sufficient income, which is not possible without onsite staffing, as the type of clients who do not value this aspect are not prepared to pay the higher fees.

27. There are a few other points from the consultants' report that need addressing and clarification.
28. In the "Background" section point 7 refers to "Living Accommodation" on the first floor of the livery and foaling unit. I do not know how this conclusion was reached as it was not possible for the council's consultants to access this area as the stairs were still under construction. This first floor contains office space and an open space for clients and their guests to view the stables and the exercise area.
29. Point 8 of the consultants' report states that no planning permission could be found for the ménage. This was clearly identified on the original Planning Permission FG/84/09, referred to in the Design and Access Statement and the Planning Officers Report. It was not labelled 'ménage' but referred to as 'a sand covered, level exercise area' which was done so that non-horsey people, who may not be familiar with the term ménage, could fully understand its purpose.
30. In the "Essential Need" section it was questioned whether 24 hour care was necessary. It is fundamental for the well being of both competition livery and breeding mare livery. In the same way that a maternity unit at a general hospital needs to be operational 24 hours a day, 7 days a week, the same principle applies to a foaling unit. Although mares have due dates for giving birth, foals can be born either early or late. Constant monitoring and observation is paramount in preventing mares and new born foals from potentially life threatening problems. It is essential for staff to be in attendance during the birthing process as problems during labour can result in the death of both mare and foal. Newborn foals require regular care at intervals throughout the 24 hour period as normal practice. However mares, and more particularly new born foals, can require constant care and attention if there are complications. The modern selective breeding season for performance horses runs all the year round but once mares have given birth their care becomes routine. The foals however are similar to new born babies and young children in that they do become ill and their health can deteriorate extremely quickly. It is therefore essential for their welfare that they are constantly monitored for at least the first 12 months of their lives.
31. The competition liveries also have special needs which run alongside the routine daily care. They are in some cases (including some horses currently stabled at Eastlands) worth tens of thousands of pounds and, as with human elite athletes, need on going treatment and care beyond routine management. When travelling to competitions they often need to be ready to travel in the early hours of the morning to arrive at the event or show for 9.00am. To avoid digestive complications the horses must be fed at least one hour before leaving and be prepared for travelling with special protective equipment for their bodies and legs. On returning from competition they need washing down and drying and a full inspection for any injuries they may have picked up competing. If injuries are found they must be treated before returning to their stables and fed as even a small wound can sometimes cause big problems. They must be checked again one hour after feeding to check for any digestive problems which often occur due to the excitement and stress of competing. Most big shows such as Hickstead, South of England, Royal Windsor and every major Eventing competition (where a horse will compete in

each discipline of dressage, show jumping and cross country) are run over a number of consecutive days. During these shows the horses need sessions wearing physiotherapy equipment to keep muscles relaxed and both heat and ice cold application to their legs to retain tendon performance and avoid serious injury. All this can only be carried out at night as the horses are away all day. A very common condition known as 'colic' which, if left untreated, has the potential to be life threatening, is very common in competition horses. It is a digestive disorder often brought on by stress. This condition can in most cases be resolved by walking the horse in hand or gentle lunging which aids the digestive process and the condition passes. If left unattended the condition compounds itself and in many cases becomes so serious that emergency surgery is required. Failing this the horse will often die. Next to old age colic it is the single largest cause of death in horses and competition horses are particularly prone to the condition due to their lifestyle.

32. "Choke" is another condition often seen in competition horses. It is an obstruction of the oesophagus by food material and its main cause is eating hard food too quickly. After a long day out competing the horses return home hungry and some have a tendency to bolt their feed. Most cases are rarely critical but can require veterinary intervention to clear the obstruction.
33. During hot summer days when competition horses can become dehydrated they occasionally suffer from "recumbency" most commonly referred to as "collapse". The affected horse will lay down and is unable to get up, and the condition is hard to spot as horses do often lay down, simply to rest. Once identified as recumbency, no attempt should be made to move the horse. This condition is potentially very serious and debilitating and the vet is called immediately.
34. Even with the stables not being fully occupied and only operational for 4 months we have had to attend to horses overnight on 4 separate occasions. We have had 2 cases of colic, which needed checking every hour through the night, a horse return from a competition which had "tied up" ("azoturia" - a condition where after strenuous work acids build up in the muscles similar to a severe cramp) and required walking every 30 minutes for 4 hours and then every hour for 3 hours and a horse came in from the field with an eye injury that required drops to be administered every 3 hours.
35. A dwelling in close proximity to the stables is also essential for the protection of the horses from injury or from intruders. By the nature of its countryside location and the public footpaths and bridleways which run over the site, the horses and their equipment would be very vulnerable if left unattended particularly after dark (see attached articles - appendix J).
36. Given the above it is little wonder that both competition and breeding clients would not keep their horses at a stables where there are no experienced staff living on site.
37. In the "Financial Viability and Sustainability" section concerns were raised over several points. The projections submitted with the previous application were based partly on our experience in the previous enterprise at Hangleton Farm and were produced by Charlie Eve who has been our business accountant for over 10 years. In 2009 he moved from "Spofforths" to "Carpenter Box" and we moved with him (see letter from Carpenter Box – appendix K (to follow)). I must explain the context in which they were prepared.

38. The first horses were taken in at livery in January 2015. At this time the stables themselves were fully finished but the client facilities were far from completion which included the toilets. There was a need to start generating some income so fees were reduced to accommodate the lack of facilities and some clients were taken on a part serviced arrangement as my wife and I were still heavily involved in the building process. Also at the time the projections were produced we were not sure as to the level of interest from prospective clients. Not wishing to overstate the financial position estimates were made based on the situation at the time which included several part serviced clients who provided their own feed, bedding and hay. This explains the low estimates for feed, bedding and hay costs identified in the consultants' report. Due to the overwhelming interest now being shown from potential clients demand will out strip supply many times over and this fact will be reflected in far higher fees for livery. The cost of the services we are offering has little bearing to potential clients, it is the overall experience of visiting Eastlands and its ethos that is the overriding factor. We are very confident that Eastlands financial performance will far exceed the projected figures providing on site accommodation can be achieved. The situation that exists today (7 May 2015) is that there are 8 fully serviced liveries of which 3 are competition liveries and 7 part serviced liveries. We did have 4 breeding mare liveries booked to come but they have all now cancelled due to the uncertainty of 24 hour on site staffing as a result of the refusal of our previous application for a dwelling. The situation over liveries is very volatile at this time as no breeding mare livery will commit as is the case with most competition liveries. We are having to cater for liveries on a month to month basis and take anyone on whatever basis because of the uncertain situation. Whilst the business is still financially viable, obviously this makes it very difficult to provide accurate forecasts with regard to future income.
39. If the situation existed whereby we were able to provide 24 hour cover with myself and my wife living on site the projection (attached at appendix L) would be extremely accurate. No allowance has been made for return on capital because the funds invested have not been borrowed. We anticipate a return in form of the long term value of the business and its assets. However, the projected profit level could easily sustain a return on capital at least equal to the one or two percent our money would earn in the bank. The profits could, in due course, also cover repayments on the construction of a permanent dwelling.
40. The final concern was that labour costs appeared to be low. Again this must be taken in context. As with most new business the proprietors (in this case me and my wife) are prepared to work for a modest wage in the early stages to establish a business, and the labour requirements have been kept to a minimum in the design of the stable building. Work is kept to a minimum by everything being under one roof and easily accessible. The rubber matting in the stables requires little mucking out. Every stable has a self-fill drinker which eliminates the need for water buckets. Purpose built hay feeders eliminates the need for hay nets. There is little yard to sweep as all the horses share the same central walkway. The list goes on. It was also calculated that my wife and I would provide the overnight cover by living on site.

I hope now that I have provided a full understanding of the situation a positive outcome can be achieved.

Chris Ellis