



# Horserace Betting Levy Board

**National Horseracing College – Overview Of Racing**

**Tuesday 21<sup>st</sup> November 2023**

**Neil Perry, Racing and Betting Manager**

# HBLB history, status and function

**Off-Course cash betting legalised in 1961** Significant loss of income to racecourses

Act of Parliament established the **Horserace Betting Levy Board (HBLB)** to manage the **Levy** introduced to offset the losses to racing

**NDPB** – Non Departmental Public Body

**DCMS** – Sponsoring Government Department

Section 24(1) of the Betting, Gaming and Lotteries Act 1963 requires the HBLB to assess and collect monetary contributions from bookmakers and to apply them for purposes conducive to any one or more of:

**The improvement of breeds of horses;**

**The advancement or encouragement of veterinary science or veterinary education;**

**The improvement of horseracing**

# HBLB Purpose & Vision

## HBLB Purpose

Collect and allocate Levy funds effectively and transparently to sustain and improve British horseracing, breeding and veterinary research for the benefit of the sport.

## HBLB Vision

Trusted as a key contributor to British horseracing being the best in the world driving:

- Evidence-based decisions
- Efficient delivery
- Forward-thinking outcomes

# What does HBLB do?

Collect and assess the Levy

Grants & Loans

Capital Credits

Fixture List  
Analysis

Betting Analysis

Veterinary/Breeds

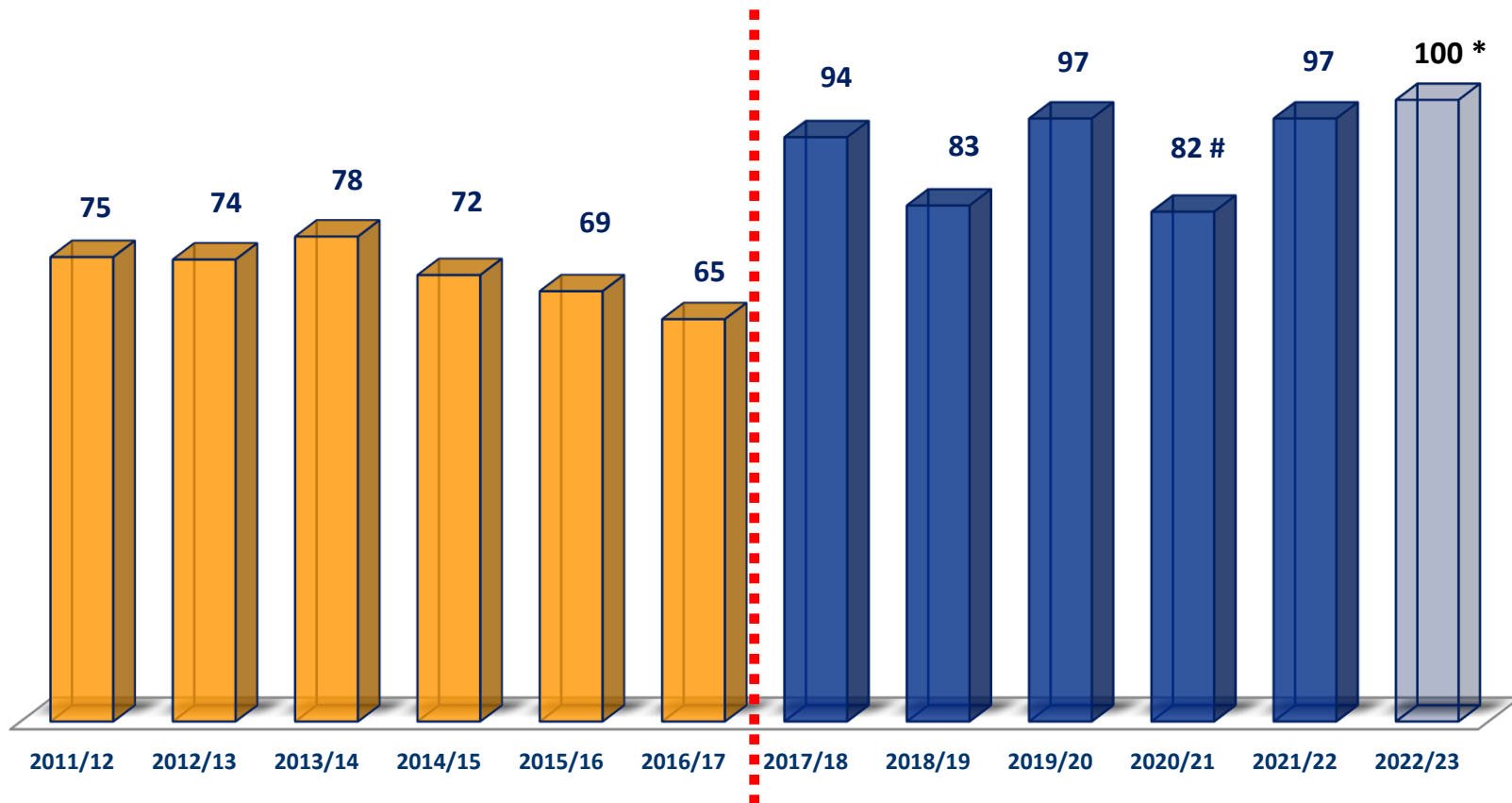
Industry Projects

**HBLB runs all of its operations with just 15 staff**

# Levy Collection

- **Since April 2017, Levy applies to bets placed in Britain on British horseracing (wherever operators are based)**
  - Prior to this only GB-based operators paid the Levy
- **Operators pay 10% of gross profit on British horseracing**
  - Fixed percentage, previously an annual negotiation.
  - Government formally reviewing rate and scope of the Levy for 2024
- **First £500,000 of gross profit is exempt from Levy**
  - Significantly reduced number of firms liable (c.50 firms pay) compared to pre-2017
  - Fixed fee for on-course bookmakers removed

# Levy Income: pre and post change to 2017 regulations (£m)



# Covid impact = 10-week Racing suspension

\* Not yet audited

# Levy Funding: Decision-making

- **New three-year Business Plan published this year**
- **4 Goals, 13 Racing Outcomes to guide funding decisions**

**Goal #1: Generate interest in Racing**  
*As demonstrated by an increase in:*

- 1** horserace betting turnover from UK reg bookmakers
- 2** crowd nos. at racecourses & TV viewing numbers
- 3** number of owners
- 4** number of horses in training

**Goal #2: Sustain valued employment in Racing**  
*As demonstrated by an increase in:*

- 5** number of British-bred foals
- 6** number of vacancies filled in Racing's key roles
- 7** Racing's diversity and inclusion
- 8** people wellbeing

**Goal #3: Drive high quality care & support for the horse in Racing**  
*As demonstrated by an increase in:*

- 9** horse welfare perception rating
- 10** impact of investment in research

**Goal #4: Continually enhance the reputation of Racing**  
*As demonstrated by an increase in:*

- 11** Racing's integrity perception rating
- 12** Racing's contribution to reduced env impacts
- 13** Racing's favourability perception rating

# Levy Funding: Business Plan Key Projects

## 26 Key Projects: 2022/23

### 1 VETERINARY ADVISORY COMMITTEE

Membership refreshed and expanded to include additional subject matter expertise.

### 2 CONCLUSION OF INDUSTRY RECRUITMENT, TRAINING & RETENTION REVIEW

Around £3m p.a. of funding to this area from HBLB, assisted by the Racing Foundation's willingness to provide this sum in 2021/22 and 2022/23 so as to maximise HBLB's funds available for other purposes. A review commissioned by both organisations in conjunction with the BHA recommended the development of a detailed people strategy covering skills, welfare, and workforce issues and an Independent Board and Chair to implement it.

### 3 TRANSPARENCY OF REGULATORY & INTEGRITY FUNDING

HBLB makes grants to racecourses of around £19m a year to assist with regulatory and integrity costs. These Raceday Services Grants are second only to prize money as the largest line of expenditure for HBLB and work is underway to ensure greater transparency of the costs, with the active collaboration of the BHA. In future, these costs will be the subject of their own grant application.

### 4 NEW THREE-YEAR FINANCE MODEL IMPLEMENTED

HBLB will seek, where possible, to make in principle funding decisions over a period of more than one year and has introduced a three-year financial model. The variable nature of HBLB's income, derived as it is from bookmakers' profits, involves assumptions being made about income.

### 5 TARGETED PRIZE MONEY

HBLB worked with the BHA Fixtures & Funding Group to agree optimum use of Levy funds on Saturdays, Bank Holidays and through the development of the race-by-race funding mechanism.

### 6 REVISED FIXTURE INCENTIVE FUND

Streamline the FIF and improve the targeting of funds.

### 7 OFFICE MOVE TO SAVE COST AND FURTHER EMBED FLEXIBLE WORKING

In response to learning during COVID and taking advantage of a lease break clause, HBLB will relocate to new (outside London TFL Zone 1) office space and equip all staff for fully flexible working with an expected annual saving of £100,000.

### 8 ORGANISATIONAL DESIGN (OD) REVIEW COMPLETED

Following the Government's decision in 2019 not to abolish HBLB, an OD review was undertaken to ensure HBLB had the resources needed for the future. Whilst COVID delayed the conclusion of the work, a limited number of new skills and roles were identified as being required in recognition of the increasing scale of HBLB's operation.

### 9 IMPLEMENT GOVERNMENT FUNCTIONAL STANDARDS (GFS) REVIEWS

Across government a new set of standards is being applied covering a range of business areas. HBLB will apply these standards as appropriate to keep pace with good governance and controls. (To complete in 2023/24). The GFS on Grants will be the first one to be addressed.

### 10 HBLB CONTRIBUTION TO RACING'S STRATEGIC REVIEW

HBLB will engage with and contribute to Racing's newly commissioned strategic review.

### 11 RELOCATE AND UPDATE CORE DIGITAL INFRASTRUCTURE

Further improve security and, to enable the transition to a new office environment, HBLB will relocate its core infrastructure into a third-party robust and resilient datacentre environment.



# Levy Funding: Business Plan Key Projects

## 26 Key Projects: 2023/24 & 2024/25

### 12 REVIEW OF PRIZE MONEY FUNDING MODEL AND OPTIMUM FIXTURE FUNDING

In partnership with Racing, review the Prize Money distribution funding model and the associated fixture and race slots.

### 13 REVIEW OF REGULATORY & INTEGRITY FUNDING MODEL

In consultation with the BHA a review will be carried out on whether the current funding model remains the best arrangement.

### 14 ADDRESS GAMBLING LEGISLATION REVIEW OUTCOME

HBLB will respond as appropriate once published.

### 15 COMPLETION OF LOANS TO WEIGHING ROOM MODERNISATION PROJECT

Current estimate is for HBLB to loan £12.5m alongside contributions from others. Annual interest will be charged at the prevailing Bank of England base rate as it stands at the time of the granting of a loan application (2.25% as at September 2022) with applicants choosing their repayment period of between 4 and 10 years.

### 16 STAKEHOLDER MANAGEMENT REVIEW FOR EACH OF BETTING AND RACING

A review of the relationships with Betting and Racing will be undertaken to learn key strengths and areas for improvement.

### 17 EXPAND AND MODERNISE WEB SERVICES

Increase the range of funding services that can be web accessed whilst also modernising services.

### 18 PREPARE FOR AND ADDRESS THE IMPACTS OF 2024 LEVY REVIEW

HBLB will prepare relevant and timely data, analysis and submissions to input to the review and then will respond as appropriate once published.

### 19 EQUINE DISEASE PROTECTION STRATEGY AGREED

Working with Racing and the HBLB Equine Infectious Disease Committee, a long-term strategy will be developed and agreed.

### 20 TRIENNIAL EXTERNAL BOARD

**EFFECTIVENESS REVIEW** It is best practice and a policy of Government that public bodies should undertake these externally every three years.

### 21 MAJORITY OF EXTERNAL PROCESSES PAPERLESS

Review external key process areas where the IT team will work to find opportunities to digitise and / or provide services digitally.

### 22 SECOND THREE-YEAR BUSINESS PLAN

Work on agreeing the second three-year Business Plan covering 2025/26 - 2027/28.

### 23 INTEGRATION OF SERVICES WITH RACING DIGITAL

Work closely with Racing Digital to find ways of integrating and aligning services.

### 24 REVIEW VIABILITY OF THREE-YEAR FUNDING ARRANGEMENTS

Using the three-year forward looking financial model and the reviews of all major funding areas, HBLB will look for opportunities to move to multi-year funding agreements where appropriate.

### 25 REVIEW OF STRATEGIC RISKS / HORIZON SCAN

HBLB will review the landscape within Government, Betting and Racing to identify and assess risks over the medium-term and agree its risk appetite in each area. Mitigation plans as required will be agreed.

### 26 LONG-TERM EQUINE INFECTIOUS DISEASE SERVICE IN PLACE

HBLB will work with Racing and subject matter experts, through the HBLB Equine Infectious Disease Committee, to put in place successor arrangements to the current contracts.

# Levy funding: During Covid

Reserves used through Covid (from £58m to £30m)

Government Loan of £21.5m taken in 2021

Immediate Support to  
Racecourses – Loans  
and Cash Drawdowns  
of Accrued Capital  
Credits

Non-Fixture Projects  
– Confined to  
“Necessary and  
essential” only

Racecourse  
Configuration and  
PPE grants for COVID  
regulation

Prize Money  
Recalculated Through  
a Per-Race Ratecard

Raceday Service and  
Fixture Incentives  
maintained

Appearance Money  
maintained

# Levy Funding: 2023/24

Prize Money  
£66m-£67m

Raceday Services  
£18m-£19m

Fixture Incentives  
£1.3m

Industry People and  
Development  
£3m

Veterinary Science  
£2.5m

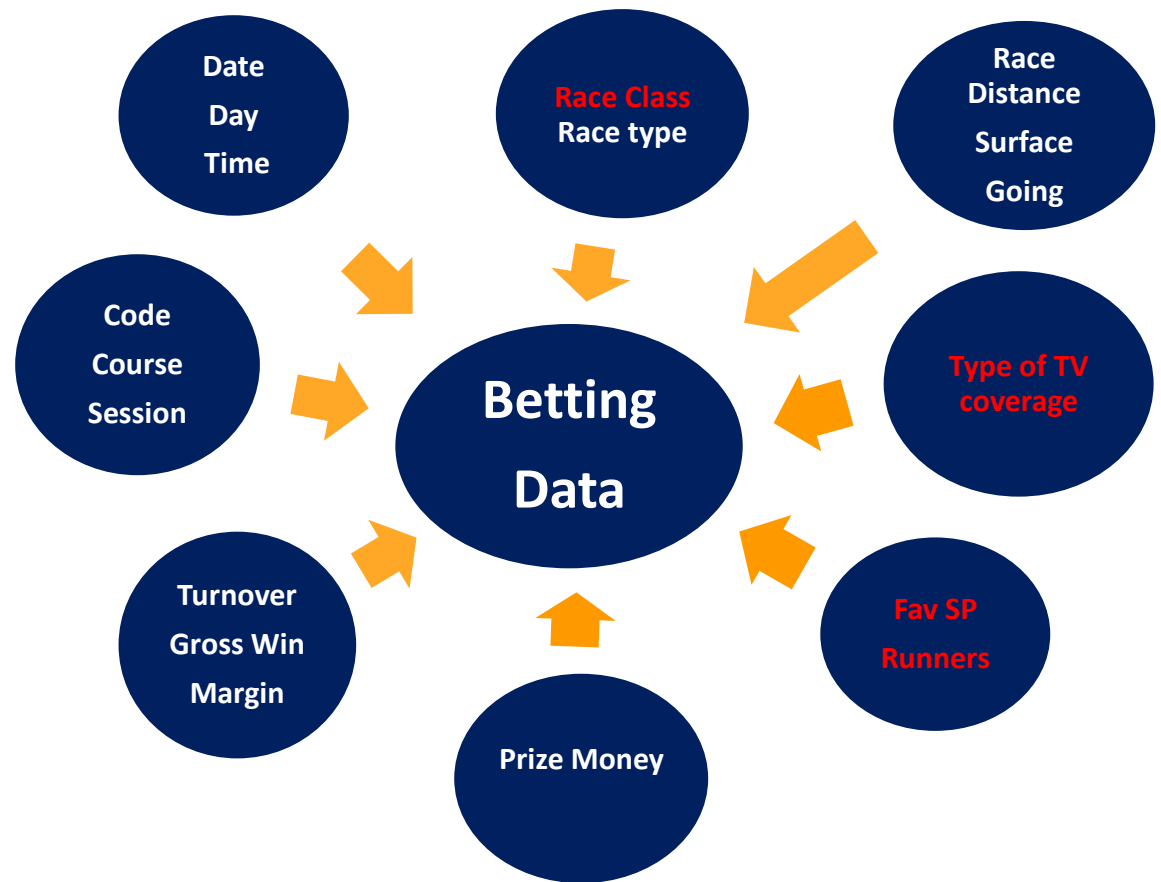
Other Non-Fixture Projects  
£2.1m

HBLB costs £2.1m  
(c.2% of the Levy)

Financing costs / Interest  
received  
£0.9m / £1.4m

# Betting Data

- Gross Win and Turnover numbers provided by 8 betting brands
- Used to influence race and fixture programming
- Provides data based evidence to Racing and betting operators



# Betting – Top Ten Races by Turnover 2022

Pos.n	Race Name	Code	Course	Month	Pattern	Average Field Size	Average Fav SP
1	The Randox Grand National Steeple Chase	Jump	Aintree	April	Grade 3	40	13/2
2	The Boodles Cheltenham Gold Cup Steeple Chase	Jump	Cheltenham	March	Grade 1	13	3/1
3	The Sky Bet Supreme Novices' Hurdle	Jump	Cheltenham	March	Grade 1	14	5/2
4	The JCB Triumph Hurdle	Jump	Cheltenham	March	Grade 1	12	13/8
5	The Ballymore Novices' Hurdle	Jump	Cheltenham	March	Grade 1	12	6/4
6	The McCoy Contractors County Hurdle	Jump	Cheltenham	March	Grade 3	25	5/1
7	The Cazoo Derby (In Memory of Lester Piggott)	Flat	Epsom	June	Group 1	15	9/4
8	The Pertemps Network Final Handicap Hurdle	Jump	Cheltenham	March	Grade 3	23	5/1
9	The Martin Pipe Conditional Jockeys' Hurdle	Jump	Cheltenham	March	Class 2	23	9/2
10	The Albert Bartlett Novices' Hurdle	Jump	Cheltenham	March	Grade 1	18	3/1

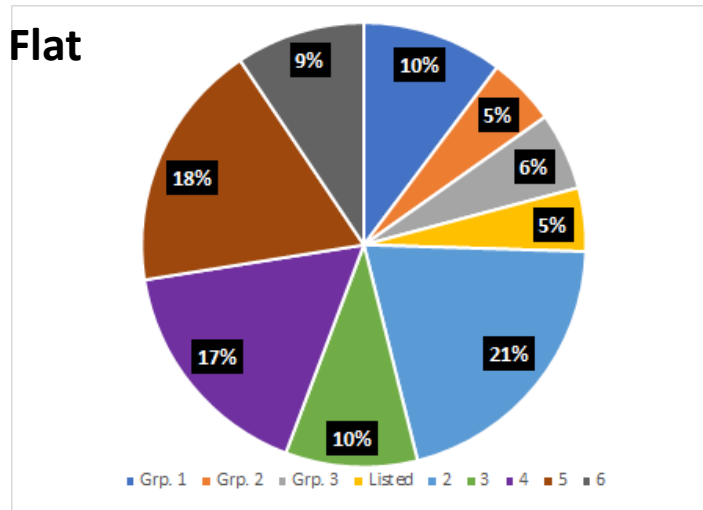
# Levy Distribution

## HBLB Prize Money budget 2023

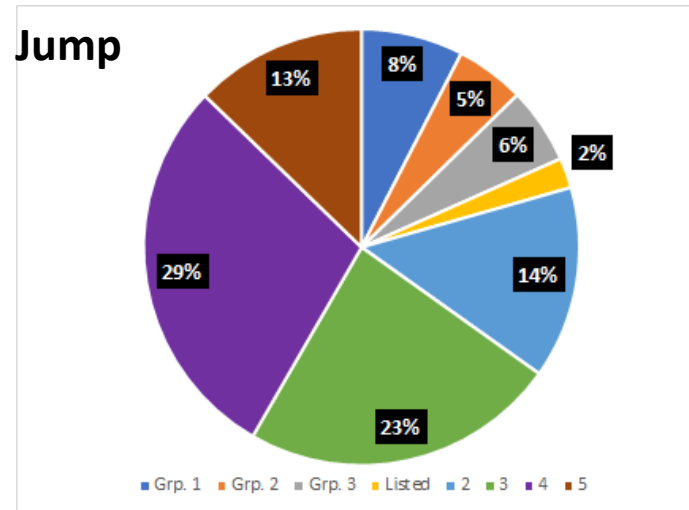
- **Ratecard Plus £53.8m + additional targeted class 2 & 3 and Pattern £3m**
  - Individual race payments based on code, class, age / status, handicap type
  - Racecourses incentivised to provide EC above minimum race values
- **Additional targeted IPM £4m & Sunday Appearance Scheme £0.9m**
  - Incentive to participants at lower class levels
  - To be replaced in 2023 but significant funding maintained at this level of racing
- **Great British Bonus £3.5m**
  - Incentivises owners to invest in British-bred fillies and ensure that more fillies are tested as racehorses, leading to selection for breeding based on ability
- **Divided Race Fund / Other £0.8m**
- **No betting element in the funding model**
  - This existed previously; to be reviewed before 2025

# Levy Distribution – Prize Money ratecard

## 2022 Ratecard spend by race class



Race class	Share of Flat races	Share of Flat ratecard payments
1	5%	25%
2	7%	21%
3	9%	10%
4	21%	17%
5	33%	18%
6	26%	9%



Race class	Share of Jump races	Share of Jump ratecard payments
1	5%	21%
2	7%	14%
3	19%	23%
4	42%	29%
5	26%	13%
6	1%	0%

# Betting Relationships

- Income from Levy, Media Rights and Sponsorship critical to funding across the sport
- Collaboration between Betting and Racing by sharing data at the Betting Liaison Group and Fixtures and Funding Group to grow this income
- Betting a key driver in attracting new audiences - can we deliver a product which meets the demands of the modern bettor?
- Impact of Gambling White Paper and the Levy Review



# 2024 Considerations

Ongoing uncertainty in wider economic environment

The Gambling Review and The Levy Review

Covid loan repayment

Overall shape of 2024 (and beyond) budgets

Racing Strategy Review:  
Future Racing product,  
Owners, Betting

Racing Strategy Review:  
Fan engagement & promotion, Investment, Product presentation, development & broadcast