

The British Racecourse Bookmakers' Association

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British Racecourse Bookmaker's Association (BRBA)

Responses to Consultation document

Consultation question 1: Do you agree that annual fees should be increased in line with the proposals set out here, in order to enable the Commission to meet the challenges it has identified?

Response - Having reviewed the document 'Proposals for changes to Gambling Commission fees from 1 October 2021' and considered the key elements on which the proposed fee increases are based the BRBA's view is that it would be difficult to justify or support the aspirations of the Commission as outlined in its proposal document, together with the associated cost to on-course bookmakers, at this point in time.

Pre Covid-19 on-course bookmakers were experiencing a period of falling revenues and decreasing margins. In 2019 crowd attendances at racecourses fell for the fifth year in succession, horse ownership is in decline which impacts on the number of horses in training and, therefore, affects the competitiveness of racing. Pressures in the form of competition from off-course operators, particularly from betting exchanges where unlicensed low-cost traders have been allowed to flourish without an appropriate level of regulation or scrutiny, have had a significant effect on margins.

There may be some limited benefit to on-course operators from the Commissions intention to introduce improved technological developments and innovation(s). However, some details on what is meant by 'product innovation' would be useful so that on-course bookmakers could assess how such innovation would affect them and what benefit, if any, they or the racing industry would draw from the

technical developments and innovations the Commission seek to introduce.

Whilst the BRBA recognises the concerns of the Commission with regard to the various challenges it faces, some of which require changes in regulation, the majority of factors on which those concerns are based, and likely to be the most difficult and costly to deal with, are in no way associated with the on-course bookmaking sector of the gambling industry. For example:

- changes in the size and shape of the market partially caused by consolidation, resulting in some operators regulated by the Commission increasingly becoming global operators.
- Risks associated with unlicensed operators and the need to protect consumers and the industry from 'black market' encroachment.

Rather than being in the category of large operators with an international/global presence and complicated corporate structures the vast majority of on-course bookmakers operate as sole traders, small partnerships, or small limited companies. Many of them are family run concerns. Therefore, to expect on-course bookmakers to help fund the recruitment, training and development of staff by the Commission to give it the power to drive an international regularity agenda, or unravel complicated corporate structures, is not a proposal which has any appeal or interest for those who operate on-course.

In terms of risk on-course bookmakers are without doubt in the low-risk category and we feel are already appropriately regulated and supervised. The concerns of the Commission regarding illegal gambling, 'black market' encroachment, unlicensed operators and gambling harm, are concerns that the BRBA, and some of its individual members, have on a number of occasions made known to the Commission and other bodies with an interest in the well-being of those who enjoy a wager. However, appropriate action to remedy such concerns by those who already have the power to do so appears to be slow in coming. On-course bookmakers are left wondering if further funding of the Commission would result in the changes required to tackle such problems. Given the impending review of the 2005 Gambling Act it may well be better putting the proposals of the Commission on hold until such a time as the review is completed.

Following which a dedicated specialist 'body' with the appropriate level of expertise and skill sets the Commission admits that it doesn't have could be appointed to deal the problems generally associated with gambling.

On a more general note. The document 'Proposals for changes to Gambling Commission fees from 1 October 2021' makes reference to the fact that the Covid-19 pandemic has had a severe impact on the Commission's reserves. The Commission states that it expects the effects of Covid-19 to impact on its income both in 20/21 and 21/22 (and perhaps even beyond). On behalf of BRBA members can we point out that on-course bookmakers are in an almost identical position to the Commission. The vast majority of bookmakers have, due to various Covid-19 lockdowns and tiered restrictions, been unable to work for over a year. It will be several months before bookmakers are able to return to work on-course, and even then trading conditions are likely to be difficult. Can we, therefore, suggest that any fee increase be aligned with inflation for the foreseeable future. Recent forecasts are that inflation will rise by 1.5%, 1.8% and 1.9% in the years 21, 22 and 23 respectively. It is noticeable that the Government is itself proceeding with caution and based upon economic conditions and affordability is proposing a 1% increase in pay for public sector employees (nurses for example), saying "public finances are under unprecedented strain". The vast majority of businesses operating in the private sector, including on-course bookmakers, are also wanting to prudently manage their finances until they see a return to something like 'normality'.

Consultation question 2: Do you agree with the proposals to increase the additional flat fees for licences that combine remote casino, bingo and/or virtual event betting (RNG licences), and the flat fees for those that combine host licences?

Response - Not Applicable

Consultation question 3: Do you agree with the proposals to remove the 5% annual fee (and first annual fee) discounts for other types of combined licence, and the 5% annual fee discount where both non-remote and remote licences are held?

Response - Not Applicable

Consultation question 4: Do you agree with the proposals to introduce additional fee categories for society lotteries and ELMs that generate (or manage) greater than £10m proceeds per annum?

Response - Not Applicable

Consultation question 5: Do you agree with the proposal to increase application fees to better reflect the costs involved in processing applications?

The BRBA feels that it does not have sufficient information regarding the extent of the work involved, in terms of time and expertise, in processing application fees. There are likely to be significant differences in the time and level of expertise involved in processing different types of applications given the diverse range of gambling mediums the licensing regime covers. However, without detailed evidence to the contrary we are of the opinion that the current level of fees charged to on-course operators are fair, whereas fee increases of 15% at this point in time would be unjust.

7.2. Please send your responses to gcfesreview2021@dcms.gov.uk, copied to feesreview@gamblingcommission.gov.uk by 26/03/2021