

The British Racecourse Bookmakers' Association

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Registered: London
Reg. No. 189376

Registered Office:
89 Penda's Way
Crossgates
Leeds
LS15 8HN

Telephone: 0113 264 0241

Email: office@brba.uk

Rt Hon Oliver Dowden CBE MP,
Secretary of State
Department for Digital, Media, Culture and Sport
100 Parliament Street,
London
SW1A 2BQ

15 March 2021

Dear Mr Dowden,

As president of the British Racecourse Bookmakers Association (BRBA) I wrote to you in early December of last year on behalf of members of the BRBA bringing to your attention the fact that bookmakers who operate on-course were being asked to acquire an operating licence from the Gambling Commission, despite the fact that they were unable to go about their business.

In my letter I mentioned that a number of bookmakers had contacted the Gambling Commission asking if, given the circumstances resulting from Covid-19 restrictions, their licence fee might be waived until normal business was resumed or alternatively if licence fees could be paid by instalments.

Whilst the Gambling Commission recognised the unprecedented circumstances resulting from the Covid-19 pandemic and the likely impact it would have on businesses they informed bookmakers that the Gambling Commission was required to collect licence fees in accordance with the Gambling Act 2005 and had no power to make changes to fees, or the way in which they were collected.

Given the events of the last twelve months, a period during which horse racing without crowds in attendance has been the norm, and the fact that there remains a great deal of uncertainty as to the trading conditions on-course bookmakers will be faced with when racing with crowds returns, the recent announcement that the Gambling Commission are now seeking the power to increase licencing fees by recommending to the Government secondary legislation be introduced to allow them to increase licensing fees seems untimely. The level of the proposed increase in fees, at 15%, in light of the current economic climate also appears extremely excessive.

Prior to the period of the Covid-19 pandemic the livelihood of the on-course bookmaker was already under pressure. Statistics show that horseracing is losing its popularity, with crowd attendances at racecourses having fallen year-on-year over the last five years (prior to 2020). As a result betting turnover on-course has fallen and with increased competition from off-course operators, particularly in the form of unlicensed traders operating on betting exchanges, betting margins have also fallen. Horse ownership and, therefore, the race horse population is falling which is impacting on the level of race competitiveness. Conditions are such that there is very little 'new blood' entering the on-course bookmaker market, in fact the reverse is the case with two major on-course operators, Hills and Ladbrokes, having exited the on-course arena in recent years.

In the document 'Proposals for changes to Gambling Commission fees from 1 October 2021' published on 29th January 2021, reference was made to the need for additional funding of the Gambling Commission in light of new challenges in regulation which the Commission is currently experiencing and which are expected to grow in significance in coming years. Three factors in particular were cited as being at the core of the case for a need for additional funding and, therefore, licence fee increases. These were:

- Increased technological developments including product and payment innovation.
- Changes in the size and shape of the market partially caused by consolidation, meaning the operators it regulates are increasingly global operators.
- Increasing risks associated with unlicensed operators and the need to protect consumers and the industry from 'black market' encroachment.

On the face of it none of the above factors emanate from conditions forced upon the betting sector by changes in what is undoubtedly a shrinking on-course market. Nor are the factors specifically related to regulatory problems directly associated with the environment in which the on-course bookmaker operates, or has created.

Having initially recognised the implications for on-course bookmaker businesses of the Covid-19 pandemic, the Gambling Commission now seems to be taking the view that the return to normality will be immediate, a stance for which there is little evidence. In the circumstances members of the BRBA would respectfully recommend that the proposed increases in licence fees applicable to those operating as bookmakers on-course be put on hold until a time by which the industry has recovered from the setback resulting from the Covid-19 pandemic – a period which could well extend over several years. However, should licence fee increases be deemed necessary BRBA members would ask that such increases be kept in line with the rate of inflation.

Recent forecasts are that inflation will rise by 1.5%, 1.8% and 1.9% in the years 2021, 2022 and 2023 respectively. Given these forecasts a proposed licence fee increase of 15% proposed by a non-departmental public body sponsored by the DCMS seems both unfair and unwarranted. 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 nurses, saying "public finances are under unprecedented strain". It is, therefore, worth pointing out that the vast majority of businesses operating in the private sector are in almost exactly in the same position and are wanting to prudently manage their own finances until they see a return to something like 'normality'.

Rather than just a simple acknowledgement of my letter, members of the BRBA look forward to hearing your views on the matter of the proposed increases in Gambling Commission licence fees. BRBA members would be interested to hear any justification you could give for the proposed 15% fee increases given the period of fifteen months of business inactivity they will have experienced by the time the current lockdown rules are relaxed in late June, and in light of the ongoing difficult trading conditions they are likely to face once they are allowed to return to work.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Ch Hudson".

Christopher Hudson

President of The British Racecourse Bookmakers' Association