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## **Draft Legislative Reform (Horserace Betting Levy) Order 2018**

### **Briefing for House of Lords Delegated Powers and Regulatory Reform Committee**

Further to our previous briefing to the Committee, we would like to take this further opportunity to emphasise the importance of the *Draft Legislative Reform (Horserace Betting Levy) Order 2018* for the British racing industry.

We completely respect this Committee's important role in scrutinising the legislative process and welcome the rigorous approach being taken. We agree with the Department for Digital, Culture, Media and Sport's (DCMS) position that a Legislative Reform Order (LRO) is an appropriate vehicle through which to implement these critical reforms.

#### **The context of Levy reform**

The current proposals are the second phase in what the UK Government outlined in January 2017 were part of a package of Levy reform proposals – with the *Horserace Betting Levy Regulations (2017)*, approved by both Houses of Parliament last April and extending the Levy to capture all online betting activity, representing the first phase.

As such, in the context of the current assessment by the Committee of financial efficiency savings, we believe there is also a clear case to be made for comparison with the administration costs of the Horserace Betting Levy Board (HBLB) before this reform process commenced.

These administration costs averaged **£2.3 million** in the five years between 2012 and 2016. Therefore, the estimated costs of the new proposals represent an annual efficiency saving of **£900,000** annually on what is, as highlighted by the Minister, only a transitional phase with further cost efficiencies to follow from the Racing Authority.

These financial efficiencies also need set against the significant administrative efficiencies that will be created for the Racing and Betting industries by these proposals.

#### **Transparency requirements on the Designated Body**

The Racing Authority – which is hoping to be assigned as the Designated Body for Levy distribution from April 2019 – will be fully transparent in our decision-making processes.

We would also highlight that, as part of the comprehensive [State Aid](#) clearance of the reforms to the Horserace Betting Levy of April 2017, a number of requirements were made of the Delegated body, which would be enforceable under State Aid rules. These include:

- The Designated Body is required to “consult with the betting industry on its strategy for the use of the levy funds” (24)(136)
- The Designated Body must “publish an annual report on how the Levy funds were spent in pursuit of the mutual interest [of racing and betting]” (24). This includes a breakdown of all beneficiaries and the amounts received (136)
- “there will be a process in place to ensure that the levy recipients are not over-compensated.” (55)
- “there will be a mechanism in place so as to recover misappropriated funds and to recover unspent funds.” (56)

#### **The benefits of the Draft Legislative Reform Order**

- British racing believes that the Draft Legislative Reform Order (LRO) and the second phase of Levy reform:
  - addresses the remaining structural deficiencies within the Levy;
  - reduces administrative and financial burdens on the racing and betting industries; and
  - removes the Government from day-to-day involvement in decisions on the funding of British racing, but still retains important checks and balances on the



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- The reforms allow the benefits of the first phase of Levy reform to be unlocked fully, working closely in partnership with the betting and wider equine and veterinary science sectors.
- The proposed reform represents a significant saving on Levy administration, with these funds now available to be targeted to the Levy's statutory objectives
- There will also be significant administrative efficiencies to the annual fixture funding allocation and recruitment and training funding processes, alongside significant system synergies
- The new system will enable enhanced engagement and co-operation between British racing and the betting and veterinary science sectors

**British Racing fully supports the proposed Legislative Reform Order and the major benefits which it will bring for our industry, our grassroots and our relationships with the betting and veterinary science sectors.**

**We would be delighted to provide the Committee with any further information which it requires as part of its consideration of the *Draft Legislative Reform (Horserace Betting Levy) Order 2018*.**

**For more information, please contact:**

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