

Gambling and Lotteries Policy Team  
Department for Digital, Culture, Media and Sport  
100 Parliament Street  
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London

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### **ABB response to the Horserace Betting Levy administrative reform consultation - February 2018**

The Association of British Bookmakers (ABB) welcomes the opportunity to respond to the Government's proposals to use a Legislative Reform Order to reform the administration of the Horserace Betting Levy.

The ABB is the industry association for the high street betting industry. Our members represent over 80 per cent of the retail betting market including Ladbrokes Coral, William Hill, Paddy Power, and 80 independent bookmakers with shops ranging in number from the single shop to over 100.

We note the stated principal policy objectives of the second phase of reforms [2.60] are to: reduce administrative inconveniences, both for betting operators and the horseracing industry; and to reduce the cost of administering the Levy. The ABB response to the consultation is framed in light of these two objectives.

The ABB does not propose to make representations supporting or opposing the architecture of the reform. It accepts that the direction of travel involves the creation of the new Authority and collection by the Gambling Commission, although left to itself the ABB would have been inclined to retain a modified Levy Board.

#### ***Transfer responsibility to the Gambling Commission***

The ABB notes the proposal to transfer responsibility for the collection and enforcement of the Levy from the Horserace Betting Levy Board (the HBLB) to the Gambling Commission. The ABB has full confidence in the Gambling Commission's ability to collect the Levy in an appropriate way. Furthermore the ABB has confidence in the Gambling Commission's ability to safeguard information and data provided by bookmakers and concurs with paragraph 3.16 of the consultation: *'The Gambling Commission has robust and established policies and processes in place to protect operators' data'*.

The ABB believes that it is very important for the Gambling Commission to have flexibility to develop administrative processes for the collection and enforcement of the Levy over time. This flexibility would ensure that the process and systems in place are fit for purpose and would aid a smooth transfer of responsibility from the HBLB.

### ***Exempt amount***

The ABB welcomes the introduction of an 'exempt amount' of £500,000, below which the Levy is not due, which was part of the reforms introduced in April 2017 (3.41). As the consultation notes (3.42) this has the potential to significantly reduce the number of disputes over the amount of Levy due.

However, the ABB maintains that the administrative burden for those operators who are below the threshold to pay the levy should be as light as possible. As suggested in the consultation (4.11) perhaps the Gambling Commission could cross-reference information they hold as part of the licensing process to 'rule out' operators who have very low profits on horseracing overall. The ABB would encourage all options to be examined to establish a fair approach to identify which operators are not required to pay the Levy. The number of potential payers is small and the less the burden is on the independent sector, currently under enormous pressure, the better.

### ***Levy periods and payments***

The consultation invites industry views on Levy periods and payments, noting that under the current legislation '*Levy liability is calculated with reference to leviable bets taken in the current year*' (3.18). The current legislation provides that the HBLB '*must serve an assessment notice as soon as possible after the end of a levy period, setting out the amount owed for that period, the basis for calculation and when and how the amount must be paid*'.

The consultation also invites views on an alternative approach (3.18-3.28) – 'Levy year -1' – whereby the Levy is applied based on the previous year's trading. The ABB strongly agrees with the government's inclination (3.20) to maintain the current system. The Levy year -1 proposal would seriously disadvantage the retail sector. It is commonly accepted that gross win on horseracing is in decline in betting shops. Therefore, if shops were required to pay levy on the previous year's gross win, that sector would inevitably be overpaying. A change would also probably lead to increased administrative and financial burdens on operators who already have established processes in place to calculate the Levy due. The ABB questions whether such a change would comply with the requirements of the LRO.

### ***Postscript***

Concluding, I feel it is important to stress how keen the ABB and members are for the betting and horseracing industries to work constructively together to ensure the long term growth of the horseracing industry.

