



Horseshoe Betting Levy Board Annual report and accounts 2022-2023

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Horserace Betting Levy Board Annual report and accounts 2022-2023

For the period 1 April 2022 to 31 March 2023

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Gaming and Lotteries Act 1963.

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Front cover:

Constitution Hill and Nico de Boinville win the Unibet Champion Hurdle Challenge Trophy at Cheltenham in March 2023.



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CHIEF EXECUTIVE'S STATEMENT

As the financial impact of Covid-19 lessened, the Board was pleased to be able to continue to make significant contributions to all of its key areas of activity through 2022/23. Its position was further bolstered with end of year Levy yield of £100m, providing a strong platform for funding activity in 2023/24.

The £100m for the year to 31 March 2023 was the highest annual total since the Levy collection reforms were introduced in 2017/18. In addition, the Board received from the Racing Foundation the second £3m of the £6m over two years towards the Board's grants for racing's people training and education initiatives. This is an area on which the two organisations have worked particularly closely in recent years and the Racing Foundation's contribution was again warmly welcomed by the Board.

Added to investment returns of around £1m, the final income figure was £104.6m, £4m more than in 2021/22. The Board's year-end reserves were £31.4m. The cash position was stronger than this, a reflection of the Board's keenness to ensure this cash position, in anticipation of significant cash outflows in 2023/24 firstly in relation to applications for loans from racecourses for redevelopments of weighing rooms and associated structures and secondly given that the year ahead would see from the first repayment of the loan taken from the Government in 2021.

Levy income for the year was at the top end of expectations. The last two months of the year saw bookmakers' gross profits increasing significantly on the Board's projections and historic comparisons. After January 2023, HBLB had been anticipating that yield would most likely be in the £90m to £95m range, based on performance in the

year up to then, with a possibility of a figure higher than £95m.

Over the year as a whole, the Board had noted reports of a continuing decline in turnover (amount staked) which was being partially mitigated by improved margins and gross win (amount retained by bookmakers), the basis on which Levy is paid. Margins then moved further above average in February and March 2023, months in which turnover fell notably on the same months in 2022.

The Board's internal levy forecasting estimates are in weighted ranges rather than being single number estimates, recognising the fluctuations that can occur due to results and other factors. The Board has become accustomed to late changes not least with the Cheltenham Festival, which has a potentially significant impact, taking place in the last month of the Board's year.

The Board continues to receive, on a voluntary and generous basis from major bookmakers, race by race gross win and turnover figures. However, these figures in themselves cannot tell the underlying story as to why margin rose in those two months and indeed beyond that period into 2023/24. One potential factor that has been the subject of speculation is the impact of new turnover-based commercial rights deals agreed between racing and betting that have reportedly seen an increase in the amounts being paid by bookmakers and then a consequential upward adjustment in margins.

While these arrangements are rightly a commercial matter between Racing and Betting, any impact on Levy outturn affects the Board directly. In summer 2023, the Board asked bookmakers whether they were content to leave their collective Levy estimate for 2023/24 at the £90m submitted

in early 2023. This resulted in revisions upwards to a figure closer to the 2022/23 yield.

Whether or not these trends in turnover and gross win will be sustained will become clear with time. While the short-term position provides reassurance in terms of income projection, the Board must however remain cautious because the underlying position is that turnover has declined over a sustained period. Ultimately, whatever the cause, falling turnover is unlikely to prove a positive for the sport's long-term health.

Changes in market dynamics will be considered by Government as part of its review of the Levy rate during 2023/24, a process to which Government has committed itself in accordance with the 2017 legislation that put into place the current Levy charging structure.

The Board's own role is necessarily limited in this process as, since 2017, it does not play a role in the setting of the Levy rate and scope. However, the Board will be on hand to provide any assistance and advice to Government as required.

The Board is also mindful of a second perceived risk to its income, namely the impacts arising from Government's review of the Gambling Act 2005 and associated provisions. The Board is not privy to the detail of financial checks on customers that individual betting operators are already putting in place but is aware of the concerns expressed by Racing and Betting about the impact on revenue. The Board is liaising with Government and will continue to monitor the situation closely insofar as it is affecting Levy yield.

This annual report sets out how the Board has deployed Levy income through grants in key areas. In 2022/23 its prize money

contribution was, as usual, the largest element. In calendar year 2022 the total outlay was £70m, a slight decline on 2021. The figure will fall again slightly in 2023, on current estimates, but should still be more than the most recent non-Covid years of 2018 and 2019. This elevated level is a particularly welcome situation, given how much the Board had to dip into reserves to step up its contributions in both 2020 and 2021 and also bearing in mind that 2023 will see the first repayment instalment of the £21.5m (plus interest) loan taken from Government's Sport Survival Package.

One of the areas of focus for the Board in 2023 will be the early outcomes of Racing's strategic review, which will be on the fixture list and race programme for 2024. The Board has been supportive but also has had regard to the likely call on its resources for new initiatives that can be expected to emerge later from the strategic review. Fixture funding will be just one part of the overall package of requests that come from Racing and the Board will wish to ensure that it has appropriate funds available.

A major area of investment already on the Board's list is for upgrades of racecourse weighing rooms including facilities for jockeys and others working in the weighing room environment. The sport developed conclusions at the end of 2021 for the enhancement of these facilities. While progress has been slower than expected in bringing these specifications to life, it is anticipated that good progress will be made from 2023/24 onwards. The Board has made available £12.5m of its own funds in the form of loans, supplemented by £7.5m which has been lent to the Board by the Racing Foundation on agreed terms.

Up to £400,000 of this fund will be made available to each racecourse once BHA has

confirmed that a development plan satisfies its mandated specifications and after Board approval of the application has been received. To support the initiative, the Board has also revised its terms and conditions for loans, lengthening the repayment term to up to ten years at the discretion of the applicant. The Board welcomes the commitment by the sport to the improvement of facilities and standards and in ensuring that infrastructure can be seen to be providing appropriate segregation and safeguarding.

During the year, the Board was delighted to be able to increase its contribution to its veterinary science and education investment programme. It was pleasing to work in partnership with the other funders, these being the Racing Foundation, the Thoroughbred Breeders' Association and, for the first time, the Gerald Leigh Charitable Trust.

The Board would like to pay tribute to Professor Sandy Love who stepped down as chairman of its Veterinary Advisory Committee during the course of the year to be succeeded by Professor Matthew Allen. Professor Love served with great distinction, steering the Committee through a time when it looked likely that the Board itself would be abolished and then navigating the challenges of the Covid-19 period.

A key step forward for the Board more widely was the publication of its first three-year business plan. This document, which had been the consequence of many months of work, brings together in one place the key objectives and projects for the organisation covering the period to March 2025. It sets out a series of goals and "Racing Outcomes", the Board's aspirational aims for the sport that guide the Board's decision-making on grant applications.

The plan, available via www.hblb.org.uk, contains 26 projects to which the Board has committed itself. These are a mixture of internal working arrangements to improve efficiency and effectiveness and external-facing plans. The progress of each will be assessed internally and there will be external updates given on a regular basis. As at March 2023 the Board was on track for delivery against the key projects having implemented one-third of them by the end of the first year of the business plan period.

Through the year the Board received regular updates on managing and mitigating its three strategic risks. As at March 2023 almost 80% of the planned mitigations had been implemented.

The Board was also pleased to add to its transparency with the decision to publish its race by race prize money contribution. This provides greater visibility for the sport's participants about where the Board's prize money funds are directed.

The procedures for inviting grant applications, assessing them and providing monitoring and evaluation were enhanced further during the course of the year. The Board recognises that it is an important source of funding for Racing projects, which should necessarily require flexibility, but at the same time it must apply appropriate rigour as a grant-giving body using public funds.

In the governance area the Board again held its annual strategy day; it developed and agreed a new code of conduct for Board members and staff; and made progress on a new Framework Document setting out the working relationship between itself and DCMS, with the final version of the document due for sign off in 2023/24.

The Board completed a move to new office premises, in a shared Government office in Canary Wharf. This highly cost-effective arrangement saves around £100,000 annually and reduces HBLB's carbon footprint. The Board's overall costs continue to be tightly controlled albeit rose to £2.1m from £1.9m in 2021/22, principally arising from the filling of vacancies and a small increase in headcount. The governance and compliance requirements for the Board become ever greater and the Board recognises the need to be appropriately resourced for this while being mindful of efficiency. The organisation's overall costs remain lower than around a decade ago, representing around 2% of annual Levy income.

Alan Delmonte
Chief Executive

CHAIR'S STATEMENT

I am delighted that the Board has been able to support Racing to such a significant degree in the past year. This reflects the balance that my Board colleagues and I have sought to strike since I became Chairman in 2020 in ensuring that our strong commitment to the sport is carried out in a financially responsible and sustainable manner.

It is evident that there has been a change in the landscape for racing as a betting product. Turnover is down while margins and gross win have been rising. How much this is down to commercial deals, financial risk checks, a change in marketing and promotional strategy and in general customer interest is a matter of much consideration. It is almost certainly a combination of them all. What it means for the Board is the need to be actively involved in discussions, aware of the latest position and ready to respond with agility as needed.

On a personal basis, I was delighted to be reappointed by the Secretary of State for a second four-year term until 2028. Anne Lambert, who joined the Board at the same time as me, has been reappointed to the end of 2026.

To be reappointed this far ahead of the end of our first terms is, I believe, a reflection of the confidence that Government has in the Board and in the organisation as a whole. I would like to pay tribute to the Levy Board staff who continue to work with great commitment and talent and ensure that Board Members are provided with the necessary background and information in carrying out our statutory duties.

The Levy Board, like all public bodies, is under ever greater scrutiny and it is a fact of life that our own decisions and actions carry increasing accountability and are expected

to be based on clear evidence. Racing organisations receive the bulk of the Board's grants. While the information and evidence we ask of grant recipients may well require more depth than in the past, this is an essential evolution in the relationship between the Board and the industry in an environment in which measurement, transparency, effectiveness, value for money and accountability become ever more important.

I would again like to thank major bookmakers for the provision of confidential information that helps the Board's analysis. Their co-operation is greatly appreciated and much improves the job that the Board is able to do.

I also repeat my thanks to the Racing Foundation for its funding towards the sport's people development activities. This takes to £6m the amounts provided to us by the Foundation in this area as we work ever more closely together. The Foundation's contribution is a reflection of the excellent relationship that we have with Julia Budd and her team. This co-operation was further evidenced by our combining to make available £20m of loan funds to racecourses for weighing room upgrades. I look forward to the pace of these important construction works increasing in the year ahead.

I should like, finally, to thank my fellow Board Members for all their work and support in the last year. Whether appointed by Government, Racing or the BGC, it is an onerous responsibility that they all discharge with distinction.

Paul Darling OBE KC
Chair

Overview

This overview sets out statutory objectives, the main purpose, vision and goals of the Horserace Betting Levy Board, the key strategic risks that the Board has identified and its performance measures for the year.

About HBLB

The Horserace Betting Levy Board is a statutory body established by the Betting Levy Act 1961 and operates in accordance with the provisions of the Betting, Gaming and Lotteries Act 1963 (as amended).

Unlike the majority of other Government non-departmental public bodies, the Board receives no central Government grant-in-aid and no National Lottery funding. Instead, section 24(1) of the Betting, Gaming and Lotteries Act 1963 requires the Horserace Betting Levy Board to assess and collect monetary contributions from bookmakers and betting exchange providers 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 Board & Staff

Board

Paul Darling OBE KC – Chair*

Lord Risby*

Anne Lambert CMG*

David Armstrong**

Julie Harrington**

Julian Richmond-Watson**

Mike O’Kane***

*Appointed by the Secretary of State for Culture, Media and Sport

**Appointed by the Jockey Club

***Appointed by the Betting and Gaming Council

Executive

Alan Delmonte – Chief Executive & Accounting Officer

Craig Pemberton – Chief Finance Officer

Grants & Racing

Head of Grants

Grants Manager

Racing & Betting Manager

Grants & Racing Officer

Finance

Financial Controller

Finance Manager

Levy Collections Officer

Racecourse Finance Officer

Governance & Digital

Head of Governance & Digital

Board Secretary & Compliance Officer

Systems Administrator

Web Developer

Junior Web Developer

Business Plan

In January 2023 the Board published its first three-year Business Plan, which runs to 31 March 2025.

The Business Plan was a result of the Board considering afresh HBLB’s Purpose and Vision, in conjunction with its statutory objectives; its strategic goals for the sport – and how to measure progress against those and so forming a set of 13 Racing Outcomes; its strategic risks and their mitigation, a first set of HBLB internal Key Performance Indicators; HBLB’s approach to collection, funding and decision-making; and a summation of key projects to be undertaken during the three-year period.

Periodic updates will be provided on the progress made against the Business Plan. As at 31 March 2023, the end of the first of the three years, progress was on track. The plan contains 26 key projects which are made up of 36 delivery items (as some of the key projects have more than one deliverable). A KPI and process for monitoring and managing delivery against

these items is in place. The status as at 31 March 2023 was:

	By year				
	All 36	% of total	2022/23	2023/24	2024/25
Complete	12	33	12		
Green	16	45	3	8	5
Amber	3	8	2	1	
Red	5	14	3	2	

At the end of the first year of the three-year plan, 33% of all deliverables had been implemented with a further 45% at Green status. Eight of the first-year deliverables had yet to be completed at that time. The remaining items from 2022/23 are due to be completed during 2023 now that vacancies have been filled in the associated roles.

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.

Vision

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

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

Goals measured by Racing Outcomes

In accordance with its updated purpose and vision, the Board has agreed a set of 13 Racing Outcomes.

These Racing Outcomes are the Board’s ambitions for achievement by Racing. The Board’s grants and loans are designed to support these outcomes over a multi-year period. They will be aligned to Racing strategies where those exist and will be evidence-based. When Racing publishes its overarching strategy which is currently being worked on, HBLB will endeavour to align its approach to that.

The 13 Racing Outcomes act as measures against four grouped goals: generate interest in Racing; sustain valued employment in racing; drive high quality care and support for the horse in Racing; and continually enhance the reputation of Racing.

Generate interest in Racing

As demonstrated by an increase in:

- 1) Horserace betting turnover from UK regulated bookmakers
- 2) Crowd numbers at racecourses & TV viewing numbers
- 3) Number of owners
- 4) Number of horses in training

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

Drive high quality care and support for the horse in Racing

As demonstrated by an increase in:

- 9) Horse welfare perception rating
- 10) Number of equine research articles funded by HBLB published in Great Britain

Continually enhance the reputation of Racing

As demonstrated by an increase in:

- 11) Racing's integrity perception rating
- 12) Racing's contribution to reduced negative environmental impacts
- 13) Racing's favourability perception rating

Strategic risks

The Board has identified and evaluated strategic level risks as an essential part of the Board's risk management framework. These risks are regularly reviewed and updated.

Each of the three strategic risks identified (Income, Organisation and Stakeholders) were assessed for current score and the tolerance level which the Board had for each risk and an individual risk gap was calculated.

These three risk gaps were to be mitigated by the agreement of 72 specific risk mitigations (some of these mitigations aligned to more than one risk or cause). The mitigations have been progressively implemented in order to reduce each risk gap and bring scores down to the Board's tolerance levels.

The implementation of these mitigations is managed and monitored through the Board's Strategic Risk Framework by the Executive on a monthly basis and reported to the Audit & Risk Assurance Committee quarterly and to the Board twice-yearly. The risks, together with a summary of the key mitigations are summarised below.

Risk 1 – Income

There is a risk that Levy income is not in line with expectations and affects HBLB's ability to achieve its reserves targets or fund plans with confidence thus putting fixture funding and / or non-fixture projects at risk.

Risk mitigations

By March 2023 the four planned mitigations were completed.

The risk was assessed as within tolerance.

Risk classification	Mitigations	% of total
Blue/Purple – Completed	4	100%
Green – On track	0	–
Amber – Minor delays	0	–
Red – Delayed	0	–

Risk 2 – Organisation

There is a risk that HBLB operates in a way where outcomes delivered are sub-optimal leading to poor value for money, ineffective control, missed opportunities or unintended consequences.

Risk mitigations

By March 2023, of the 23 mitigations agreed, 21 were completed, compared to 10 being completed as at March 2022. Of the outstanding 2 planned mitigations 1 was Green and 1 was Amber with both due to be completed during 2023. These were to implement fully the Board Effectiveness Review agreed actions and to resource the agreed roles from the Organisation Design review.

The risk was assessed as close to tolerance as at March 2023 by the Audit & Risk Assurance Committee with the two remaining mitigations to be implemented during 2023 which would fully close the gap to the Board's tolerance level.

Risk classification	Mitigations	% of total
Blue/Purple – Completed	21	92%
Green – On track	1	4%
Amber – Minor delays	1	4%
Red - Delayed	0	0%

Risk 3 – Stakeholders

There is a risk that relationships are not effective, or that HBLB funds are used in an unintended way, which results in the Board not achieving its agreed business plan outcomes or has adverse reputational impacts.

Risk mitigations

By March 2023, of the 45 mitigations agreed, 31 were completed, compared to 27 being completed as at March 2022. Of the outstanding 14 planned mitigations 2 were Green, 1 was Amber, and 11 were Red. Plans were underway for these to be completed during 2023. These were dependent on recruiting to vacant roles to carry out post investment reviews on projects; conduct customer relationship reviews with both Racing and Betting; and to further improve external communications.

The risk was assessed as having reduced the gap to tolerance as at March 2023 by the Audit & Risk Assurance Committee with the remaining mitigations to be implemented during 2023 which would fully close the gap to the Board’s tolerance level.

Risk classification	Mitigations	% of total
Blue/Purple – Completed	31	70%
Green – On track	2	4%
Amber – Minor delays	1	2%
Red - Delayed	11	24%

Going concern

International Accounting Standard 1 and the Government Financial Reporting Framework 2022/23 (FReM) require the Board Members to assess the Board's ability to continue as a going concern. In order to do this, the Board Members are required to make a judgment, at a particular point in time, about inherently uncertain future outcomes of events or conditions.

The Board, in considering going concern, took into account the financial projections for the twelve-month period from the date of approving the accounts and referenced the strategic risks that the Board is exposed to, as set out on page 10, and how these are managed.

The past year has seen the easing of the financial impact of Covid and this has resulted in the highest annual collection of Levy income since the introduction of the Levy reforms in 2017/18.

Levy income has increased by £3.2m to £100m during the 2022/23 year and together with Levy receipts received relating to prior years and the second half of the £6m over two years from the Racing Foundation towards the Board's grants for racing's people training and education initiatives, total income of £105m was achieved. Total expenditure excluding interest payments for the year totalled £103m resulting in a corresponding surplus for the year of £1.4m.

At the statement of financial position date, the Board's reserves totalled £31.4m and cash balances exceeded £40m.

Assuming a Levy forecast of £97.5m in 2023/24, which is the mid-point of the Board's forecast for planning purposes at Q2 2023/24, it is expected that this will result in a surplus for the year of £2.3m. This would result in reserves of £33.6m and a forecast cash balance of £66.5m.

The Board's process for Levy income forecasting adopts a range, rather than a spot figure, in order to provide higher levels of confidence for the Board when making financial decisions. This forecast takes into account current data from bookmakers and has been used for the past two years and has proved accurate. The forecast is reviewed and updated each month, taking account of new data and agreed with the Board at each of its sessions. However, Levy income is based on bookmakers' gross win and therefore is variable.

The Board has concluded that it has a reasonable expectation that the Board will continue to operate and meet its liabilities, as they fall due, for the next twelve months from the date of this report. Accordingly, the Board continues to adopt and considers appropriate the going concern basis in preparing the 2022/23 Annual Report and Accounts.

Financial summary

For the year ended 31 March 2023 total income was £104.8m (2021/22: £100.6m). Levy receipts during the year were £3.2m higher than the previous year.

During the year, HBLB received a £3m non-statutory contribution from the Racing Foundation. These funds were in support of HBLB's grants to various entities and initiatives contained within the Industry Recruitment, Training and Retention (IRTR) activities overseen and promoted by BHA in the year. The funding was only used for supporting approved IRTR projects and the only condition of the funding was that both HBLB and the Racing Foundation would jointly sponsor a review of the IRTR area within Racing including its governance and purpose. This review was completed in summer 2022.

The 2022/23 surplus of £1.4m (2021/22: £13.6m deficit) resulted in the Board's reserves increasing from £29.9m on 31 March 2022 to £31.4m at 31 March 2023. The return to surplus was caused by a strong Levy yield for the year and the return to more sustainable levels of prize money after two years of above normal levels and grant funding due to the COVID-19 pandemic as HBLB assisted the sport in its recovery.

Detailed commentary on expenditure is outlined in more detail in the improvement of horseracing note on the next page.

Cashflow

During the year, the Board incurred a negative cash flow of £16.1m (2021/22: positive cash flow of £25.1m).

As at 31 March 2023, HBLB had cash and cash equivalents of £44.7m (2021/22: £60.8m) and a further £25.2m in notice deposit accounts.

Improvement of horseracing

As a result of having greater certainty regarding betting performance and income than had been the case twelve months previously, most notably because Licensed Betting Offices (LBOs) had returned to full operation, the Board was able to agree, in September 2021, the full year budget for calendar year 2022.

Table 1 shows budgeted and actual calendar year prize money spend, including the Great British Bonus scheme. Table 2 sets out

Fixture-related expenditure; and Table 3, expenditure relating to Racing's recovery from Covid, including funds derived from the Sport Survival Package (SSP) loan and support for raceday Covid security measures.

Figures in the table below are disclosed per calendar year (January – December) as opposed to fiscal calendar (April – March) due to the fact that this matches the racing calendar. The remainder of the annual report is prepared under the fiscal calendar as this matches HBLB's financial year.

Table 1

Prize Money	2022 Calendar Year Budget	2022 Calendar Year Actual
	£'000	£'000
Ratecard Plus	59,042	59,493
Appearance Money Scheme	6,900	5,765
Great British Bonus	3,500	3,471
Divided Races	800	971
Relief Fund	200	159
Total	70,442	69,859

Table 2

Annual fixture related expenditure	2022 Calendar Year Budget	2022 Calendar Year Actual
	£'000	£'000
Raceday Services Grants (RSGs)	19,079	18,693
Fixture Incentive Fund	1,900	1,816
Total	20,979	20,509

Table 3

Sport Survival Package (SSP) & Raceday Security Grants	2022 Calendar Year Budget	2022 Calendar Year Actual
	£'000	£'000
SSP – Prize Money	3,750	3,439
SSP – RSGs	3,750	3,740
Raceday Security (Covid certification checks)	188	188
Total	7,688	7,367

Fixture related expenditure

Prize Money

The Board's budgeted allocation to prize money in 2022, including the Great British Bonus scheme, was £70.4m (2021 actual £72.0m). The reduced level of support reflected the start of a return to more typical levels of expenditure, following two years of much-increased prize money spend in support of Racing's recovery from Covid. This additional spend led to significant calls on the Board's reserves. The reduction also reflected the ability of racecourses, as that recovery continued, to provide increased Executive Contribution (EC) relative to the recent past. Actual prize money expenditure in 2022 was £69.9m, primarily due to lower than budgeted spend on the Appearance Money Scheme.

In September 2021, the Board agreed to continue with the per-race ratecard funding mechanism, albeit with a new 'Plus' element in 2022, which enabled racecourses to unlock additional funding from the Board by providing executive contributions that would take a race's prize fund above its stipulated minimum value. Two additional funding bands were created to administer this, while the original mechanism, whereby the Board contributed a fixed percentage of each race's minimum value, was also retained.

A notable outcome of the new mechanism, which allowed racecourses to provide as much or as little additional EC beyond specified minimum levels as they chose, was the effective creation of a sliding scale of prize money payments, with no fixed cap for the full race programme. In recognition of this, the approved Ratecard Plus budget included contingency to allow for higher than anticipated EC from racecourses. In the event, increased racecourse EC led to both the modelled and contingency values being exceeded, though with other elements of prize

money spend falling below expectations, total expenditure was £0.5m below budget.

The ratecard was the primary method, and largest component, of prize money allocation. The other direct schemes in operation in 2022 were the Appearance Money Scheme (AMS, £6.9m), the Divided Race Fund (£0.8m) and the Relief Fund (£0.2m). AMS retained its design from 2021, ensuring that any horse finishing down to 8th place in an eligible race would receive a minimum of £300 (Flat) and £350 (Jump). The purpose of the scheme was two-fold: (i) to improve returns to owners by encouraging racecourses to invest their own funds in prize money at the grassroots of the sport and (ii) to boost field sizes. The Relief Fund, meanwhile, was a one-off measure for 2022, designed to mitigate the impact caused to a small number of racecourses by moving to the Ratecard Plus mechanism from the General Prize Fund mechanism which was used pre-Covid.

Historically, the Board has attempted to allocate budgeted prize money between the Flat and Jump codes in proportion to the share of betting turnover generated by each code, a split set at 60% Flat and 40% Jump. With the new Ratecard Plus mechanism, it was not possible to manage this split directly through the year; the final allocation was 58%/42%. This will be monitored in 2023 and if considered appropriate, action will be taken to redress the balance in 2024 and 2025.

Raceday Services Grants

For 2022, the Board initially agreed to hold the budget at the 2021 value of £19m, with the per-fixture grant of £12,571 also retained; a subsequently accepted request to fund the 2022 Racing League saw the budget increase to £19.1m. Actual spend amounted to £18.7m across 1,487 fixtures.

Schemes to benefit British breeding

In 2022, the Board continued its support of the Great British Bonus (GBB) scheme, to a budgeted value of £3.5m (including the Elite Mares Scheme). GBB is an industry-wide prize scheme for breeders and owners of British-bred Flat and Jump fillies. Owners, breeders and winning connections of each horse can win up to £20,000 per eligible race.

The scheme is intended to incentivise owners to invest in British-bred fillies and support both codes of the British racing programme. It also aims to improve the demand for British-bred fillies at the sales and ensure that more fillies are tested as racehorses, thus underpinning selection for breeding based on proven racing ability. The final spend in 2022 was £3.47m.

Fixture Incentive Fund

The Board also offered Fixture Incentive payments to racecourses to ensure that the Fixture Criteria was achieved. These payments incentivise racecourses to stage fixtures on days which may be unattractive to racegoers but are important to both the generation of off-course betting turnover and the provision of opportunities for the horse population. After a reduction in per-fixture payments in 2021, due to the lower costs incurred by racecourses from staging fixtures behind closed doors, payments were increased in 2022, with a total budget of £1.9m allocated and £1.8m spent.

Sport Survival Package and Covid certification checks

In July 2021, the Board borrowed £21.5m from the UK Government's Sport Survival Package (SSP) fund, to support British racing in its recovery from the pandemic and provide immediate confidence to the sport's investors. The SSP was launched in late 2020 with the stated aim of supporting "the immediate future of major spectator sports" that suffered revenue losses resulting from the absence of spectators. British racing developed its expenditure proposal, of £15m to be spent

between July 2021 and June 2022, with the Government's overarching objective in mind.

The proposal recommended an even split of expenditure between prize money and raceday services grants. With the aim of supporting engagement levels and maximising the retention of horse numbers in 2021 and beyond, SSP prize money was targeted in two areas: the first of these was Black Type races, which received matched funding for every pound of prize money offered above Minimum Values, up to a maximum amount determined by race class. Qualifying races were, on the Flat, Group 2, Group 3 and Listed Races; and over Jumps, Grade 1 and Grade 2 races, including Novice races. The aim of this funding was to support British racing's international prize money competitiveness.

The second area of support was the developmental race programme. Novice and Maiden races received a fixed figure according to race code and class, with payments added on top of minimum values. Qualifying races were, on the Flat, Classes 3, 4 and 5; and over Jumps Classes 3 and 4. Here, the aim of funding was to support entry-level racing and maintain the flow of horses into the sport.

SSP raceday services grants reflected the increased cost of staging fixtures safely and in line with Covid regulations. Racecourses were allocated a flat fee of £5,000 per fixture.

Budgeted SSP spend in 2022 was £7.5m; the final spend was £7.2m. To the end of June 2022, there was an underspend of £0.6m against the £15m allocation. This figure, along with the remainder of the £21.5m loan, has been utilised in support of the Board's higher than usual expenditure on prize money in the post-Covid period.

The full loan value, repayable with interest, will be recovered through reductions to prize money and raceday services grants allocations across 2023 to 2031.

In the first quarter of 2022, the Board also provided £600 per fixture for racecourses to undertake Covid certification checks of participants upon entry to the racecourse, to a total value of £0.2m.

Non-fixture Related expenditure

For the 2022/23 non-fixture related grant application round, further adjustments to the system were introduced, designed to improve the effectiveness of spend and enable meaningful comparison of the various applications. Each was subject to initial appraisal and then detailed review was undertaken of funding plans and proposed programmes, taking particular note of the extent to which the proposals aligned with the agreed Racing Outcomes in terms of both objectives and deliverability. The system will continue to be refined in the light of experience.

In total, the non-fixture related expenditure budget for 2022/23, excluding veterinary science and education and rare breed societies, totalled £5.79m.

Industry Recruitment, Training and Retention

As in 2021/22, the Racing Foundation again made £3m available to support the Board's investment in the Industry Recruitment, Training and Retention (IRTR) programme co-ordinated by the BHA. As reported previously, one condition of the funding was that both HBLB and the Foundation would jointly sponsor a review of the IRTR area within Racing, including its governance and purpose. Following extensive consultation, the new Industry People Board was launched in Spring 2023 with the remit to lead the development of Racing's long-term plan for its workforce. The Board played a significant role in the development of this new People Board and will look forward to its strategy in 2024.

While this work was underway, the Board decided that funding should be maintained at the 2021/22 level of £2.8m. The recruitment, training and retention programme covers a range of activities across the racing and breeding industries, including stable staff NVQ training and functional skills instruction; the successful pony racing initiative that serves to introduce young people to race riding; support for the National Stud diploma course and the TBA's education and employment initiatives; plus, careers marketing and recruitment promotion. Other training streams included jockey coaching and continuation tuition; nutritional education; and courses aimed at developing the expertise of amateur riders, assistant trainers, and senior staff.

Presented with a strengthened schedule for the year 2022/23, HBLB approved increased funding for Racing to School's popular series of National Curriculum-compliant educational events staged at racecourses and elsewhere for school pupils. The Board was also pleased to recognise the role of Racing Together in promoting and facilitating community engagement within the industry in partnership with various charities and with racecourses. Racing Together staged a very successful event at Ascot in February 2023, bringing together over 120 speakers and industry representatives to consider the importance and relevance of community engagement, and learning from the experience of other sports. The funding for both initiatives in 2022/23 totalled £400,000 (2021/22: £360,000).

The Board continued to support the Thoroughbred Racing Industries MBA course at Liverpool University through covering tuition fees for a number of students completing their two year courses in 2022/23. The MBA course was suspended for one year pending a review being conducted by the University and involving all industry sponsors including the Board, BHA and Racing Foundation. The results of this review will be evident in late 2023.

Point-to-point

HBLB's commitment to Point-to-Pointing rests on the sport's role in developing the skills of riders, as a nursery for young horses and as a useful second career opportunity for retired racehorses.

The total award for 2022/23 was £373,850, a decrease on the £402,550 awarded in 2021/22. However, the 2021/22 grant had been inflated to accommodate the adjustment of the season to which the grant applied plus extraordinary costs when fixtures were closed to the paying public. The net grant represented a slight increase on 2020/21. The funding contributes towards fixture costs, including medical provision and stewards' instruction, fixture abandonment costs and the continuing drug and alcohol testing protocol for participants plus some central Point-to-Point Authority projects.

Promotion of Racing and Customer Growth

The HBLB's 2022/23 budget allocated £1.35m towards the Great British Racing campaign 'Everyone's Turf' which was run over the 2022 summer months. The initiative, being run on behalf of racecourses, aimed to attract new audiences and grow attendance by promoting what Racing had to offer. The Board received a report on the activity during the year which had partially met its initial objectives.

Betting Industry Partnership

The Betting Liaison Group (BLG) is an industry-wide body chaired by HBLB and attended by representatives of betting operators, racecourses, the Thoroughbred Group, the Betting and Gaming Council and the BHA. In 2022, the Board made £0.15m available to fund the collection and analysis of race-by-race betting data voluntarily provided by Bet365, Betfred, Entain, Flutter and William Hill.

Betting data was provided monthly by contributing bookmakers to the Board's data collection partner, PwC. In the face of

fluctuating and at times volatile results, seen alongside weaker race metrics such as smaller fields, the data has been essential in allowing the Executive to analyse, in detail, betting performance and direction of travel. The Executive also contributed analysis to Racing's Strategy Review and other reviews, including summer Jump racing, race times and fixture scheduling; as well as undertaking its own reviews of the year's major racing festivals, which were shared with racecourses along with indexed betting turnover following the completion of each programme book.

Use of the betting data in areas of mutual interest for Racing and Betting continues to grow, and in recognition of its value, Racing requested direct access to the data for use in its Strategy Review. The betting operators accepted this request and race-by-race data from 2017 to 2022 was shared in January 2023. Racing will retain access to this data for a limited period in 2023/24 while continuing its work on the Strategy Review.

Sectional Timing

The Board previously signed off a three-year funding agreement to support the roll out of sectional timing and tracking technology to all British racecourses, which has now been achieved. Though 2021/22 represented the final year of this agreement, the Board has since taken on a facilitation role in meetings between the providers (Total Performance Data (TPD) and Coursetrack) and users of sectional timing data. TPD and Coursetrack, the latter via Racecourse Media Group, are now both providing in-play betting feeds to major operators and have reported promising incremental turnover.

Brexit Steering Group

The Board continued to support the industry's Brexit Steering Group to ensure that horseracing was able to manage the necessary arrangements following the UK's departure from the EU, particularly those relating to the

cross-border movement of horses for racing and breeding. A budget of £50,000 was set for 2022/23, with £32,000 spent prior to the disbanding of the group in late 2022.

Equine Welfare

In the year to March 2023, HBLB's provision to the Horse Welfare Board (HWB) was £560,240. This supported the operation of the HWB itself and funded both the communications activity and a practical research project seeking to identify an improved hurdle specification intended to reduce horse and jockey casualties.

The Board has continued to maintain a close, positive working relationship with the HWB team, and with other funders in this area, to help develop the objectives outlined in 'A Life Well Lived', the strategy published in early 2020.

Retraining of Racehorses (RoR)

The Board remains supportive of RoR's activity as the organisation best placed to provide overarching leadership in promoting the health and welfare of horses bred for racing once they have retired from the track. That said, the re-organisation within RoR and its functional review during the 2022/23 year limited the options for using the HBLB's earmarked £100,000 grant for the year (2021/22: £100,000) and, ultimately, the funds were withdrawn. HBLB plans to continue the dialogue with RoR with the aim of directing support where it can be most useful.

Advancement of veterinary science and education

When the Board agreed an increase to £2.6m in the veterinary budget for 2022/23 (2022: £2m), the Veterinary Advisory Committee (VAC) saw a major opportunity to ramp up investment in new scientific research and veterinary training. This was welcome recognition of the importance of this key area for racing, and for the health and welfare of the Thoroughbred.

In total, the 2022 programme included five major research projects, six small projects, five scholarships and one post-doctoral fellowship.

The VAC was delighted too that The Racing Foundation decided once again to support equine veterinary scientific research, providing £200,000 split between one of the major projects, the Post-Doctoral Fellowship, and the small projects. The Thoroughbred Breeders' Association (TBA) also committed to share with HBLB the costs of one Research Scholarship and one major project, both of integral importance to the breeding industry. The Gerald Leigh Charitable Trust was embraced as a new partner funder, jointly funding the new small projects with the Racing Foundation. Gerald is very fondly remembered as a major player in the world of Racing and Thoroughbred breeding, and it is a pleasure to be involved in perpetuating his name.

All veterinary science applications to the Levy Board are subject to a rigorous appraisal process involving external peer review as well as the Board's eminent VAC. The dominant principles are that the work must be scientifically robust and have direct relevance to the Thoroughbred. Reflecting the themes of Racing's Equine Welfare Strategy, the guiding priorities are:

- Best possible quality of life, which include all aspects of healthcare, husbandry and disease control (e.g. improved methods of disease diagnosis, more effective vaccines, biosecurity and disease prevention strategies, antimicrobial and anthelmintic resistance)
- Best possible safety and well-being during breeding, training and racing (e.g. enhancement of diagnostic methods and restoration techniques after musculo-skeletal disease and injury, safer training and racing practices, minimisation of fatal and non-fatal injury)

- Lifetime responsibility for equine health (e.g. optimal health of breeding Thoroughbreds and youngstock, reproductive efficiency, evaluation of factors affecting transition to post-racing careers)

In addition to the change in chairmanship mentioned in the Chief Executive's report, the VAC welcomed several new members. The Committee is very grateful for the immense contributions made to its work over many years by Sandy Love, Colin Farquharson, Rob van Pelt, Chris Proudman and Falko Steinbach. At 31 March 2023, the membership was as follows:

Professor Matthew Allen MA Vet MB PhD (Chair)

Dr Emma Adam BVetMed, PhD, MRCVS

Professor Mark Bowen BVSc, PhD, MMS, FRCVS

Prof John Burford MA, VetMB, PhD, FRCVS

Professor Gary Entrican BSc PhD

Miss Caroline George BVMS MRCVS

Prof Lutz Goehring DVM, MS, PhD

Patrick Sells BVSc, BSc MRCVS

Dr Ellen Singer BA, DVM, DVSc, MRCVS

Dr Katherine Staines BSc, PhD

Professor Tom Stout MA Vet MB PhD MRCVS
Dipl ECAR KNMvD

Equine Infectious Disease

Monitoring and managing the risks to Racing and to the welfare of horses represented by equine infectious disease continued to be a primary concern for the Board. Disease is no respecter of breeds, so collaboration with the non-Thoroughbred sport and leisure sector continues to be integral to the effective surveillance and reactive capability essential for maintaining high quality health and welfare amongst Britain's equines.

Operating through the Equine Infectious Disease Surveillance Oversight Committee, chaired by Anne Lambert (one of the Board's Government Appointed Members), the

monitoring function has continued to be provided by a unit based at the Department of Veterinary Medicine, University of Cambridge, with Rossdales and Partners maintaining the key microbiology testing facility, providing a flow of information on disease incidence.

The representative Committee is continuing its work to identify the most practical and cost-effective surveillance programme of the future that would work for the benefit of the national equine herd. In 2022/23 HBLB's financial commitment was £357,000 (2021/22: £357,000) backed up with further funding input from racehorse owners and the TBA. The overall approach to disease monitoring and management is supported by the Board's Codes of Practice on infectious disease that are updated annually.

Improvement of breeds of horses

In accordance with its statutory requirement to support breeds of horse, the Board continued to provide grants to 12 British native breed societies from a total allocation of £165,000 (2021/22: £165,000). Drawing on detailed reports from the individual societies and advice from the Rare Breeds Survival Trust, the Board supports the conservation of vulnerable breeds and the improvement of pure-breeding quality.

Within a broad range of options, breed societies are able to employ their grants in a variety of ways provided such as stallion and mare premiums, youngstock grants, DNA testing or blood typing and artificial insemination/seminal collection schemes. Breed societies are expected to promote the highest standards of disease prevention and management partly in their own interests, and also to reduce risk to the British Thoroughbred herd.

In addition, the Board also agreed to support a research project to be conducted by the Rare Breeds Survival Trust that aimed to improve the conservation status of native equine breeds

through a three-year, two-part programme. The first part was concerned with identifying overarching and breed specific issues, with an analysis of differing approaches to breeding and reproductive technologies. In the light of this, best practice guidance for establishing breeding strategies will be created and promoted. The second part would focus on the uses of the breeds and the opportunities for extending those uses, so raising the breeds profile and increasing their numbers.

The HBLB approved the first year expenditure of £32,573, with agreement on funding the next two years dependent on progress.

Administration costs

The Board strives to provide a highly cost-effective service to its stakeholders. The Board's administration costs in 2022/23 were £2.1m (2021/22: £1.9m), which were slightly higher than the previous year, predominantly due to filling staff vacancies.

Compliance with public sector payment policy

The Board's policy is to pay all invoices within 30 days of receipt unless a longer payment period has been agreed or the amount billed is in dispute.

In the year to 31 March 2023, 89% of invoices totalling £1.6m were paid within 30 days of receipt.

The Levy Board and the Environment

The Board is committed to minimising its environmental impact within reasonable financial and other resource limits. A full sustainability report has not been included, as organisations occupying less than a total of 500m² of floor area or with fewer than 50 FTE staff are exempt from providing this information.

Sustainability is considered important across the organisation and HBLB's move in 2022 to a shared Government building has reduced its footprint. In addition environmental

sustainability considerations are included within Racing Outcomes which help guide the Board's strategy and decisions.

Information Technology

HBLB has continued with its programme of digital improvement and transformation. In the past twelve months staff have been provided with new hardware and services to enable effective flexible working, core systems have been rehomed into new data centre facilities, new web services and facilities have been brought on-line to aid HBLB's funding and revenue collection activities and HBLB's Cyber Essentials certification has been maintained. In addition, extra resource was added to the digital team to better support the organisation's business applications and planned programme of digital improvement; this programme includes the creation of more automated digital processes and the significant improvement of existing processes.

Horserace Betting Levy Regulations 2017

The Horserace Betting Levy Regulations 2017 came into force on 25 April 2017, with the sixth period of assessment under the Regulations running from 1 April 2022 to 31 March 2023 inclusive. These Regulations apply to all bookmakers and betting exchange providers who offer bets on horseracing in Great Britain, including operators required to hold a remote operating licence (within the meaning of the Gambling Act 2005). The basis on which the Levy is calculated is at a fixed rate. That rate is 10% of the amount by which an operator's profits on bets that relate to horseracing in Great Britain made by a person in Great Britain exceed £500,000 in each 12-month period.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board

27 November 2023

Overview

The accountability report is divided into three sections: the corporate governance report, the remuneration and staff report, and the parliamentary accountability and audit report. The corporate governance report provides information on the governance of the Horserace Betting Levy Board. The remuneration and staff report provides information on the remuneration of those charged with governance of the Horserace Betting Levy Board, and other relevant information on staff costs. The disclosure of this information complies with best practice standards of corporate governance and contributes to the Horserace Betting Levy Board's accountability to Parliament by virtue of providing a transparent and full account.

Board Members and Officers

The Board Members and Board Executives are as follows. Full details of Board Members who served during the year or were in post at date of signing are shown on page 30.

Board Members

Paul Darling OBE KC*

Chair

Lord Risby*

Anne Lambert CMG*

David Armstrong**

Julie Harrington**

Julian Richmond-Watson**

Mike O'Kane***

Offices

10 South Colonnade

Canary Wharf

London

E14 4PU

*Appointed by the Secretary of State for Culture, Media and Sport

** Appointed by the Jockey Club

***Appointed by the Betting and Gaming Council

A Register of Board Members' Interests is available online (www.hblb.org.uk) and note 15 on page 61 provides details of transactions during the year in which there was a related interest.

Board Executives

Alan Delmonte

Chief Executive & Accounting Officer

Craig Pemberton

Chief Finance Officer

Statement of Responsibilities of the Board and Accounting Officer of the Horserace Betting Levy Board

Under the Betting, Gaming and Lotteries Act 1963 (as amended), the Horserace Betting Levy Board has prepared for each financial year a statement of accounts. The accounts are prepared on an accruals basis to show a true and fair view of the state of affairs of the Horserace Betting Levy Board and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer complies with the requirements of the Government Financial Reporting Manual and in particular to:

- Make judgements and estimates on a reasonable basis;
- Apply suitable accounting policies on a consistent basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Board will continue in operation.
- Confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department for Culture, Media and Sport has designated the Chief Executive as Accounting Officer of the Horserace Betting Levy Board. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Horserace Betting Levy Board's assets, are set out in Managing Public Money issued by HM Treasury.

Information given to auditors

The Accounting Officer and each of the Members of the Board have confirmed that, so far as they are aware, there is no relevant information of which the Board's auditors are unaware and that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that the Board's auditors are aware of that information.

As Accounting Officer, I take personal responsibility for the annual report and accounts and confirm they are as a whole, fair, balanced and understandable, as are any judgements used to determine this view.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board

27 November 2023

Governance statement

The Accounting Officer's fundamental responsibility is to manage and control the resources of the Horserace Betting Levy Board and to ensure that an appropriate corporate governance framework is in place that supports the achievement of the Board's purpose and objectives, which are in accordance with the Betting, Gaming and Lotteries Act 1963 (as amended). This statement explains the key features of the Board's governance structure and how it has complied with the relevant principles and provisions of HM Treasury's recommended Corporate Governance in Central Government Departments: Code of Good Practice ('the Code'), where they are relevant to the Board, including 'Managing Public Money', the Sponsorship Code of Good Practice and the 'Nolan Principles', the seven principles of public life. There were no departures from the Code in 2022/23.

During 2020 the Board commissioned a formal external Board Effectiveness Review. Its next such external review is due in 2023 and the Board has commissioned MHA to carry this out with the conclusion expected during the fourth quarter of the 2023 calendar year. This review will focus on the Board's effectiveness in the areas of strategy, organisational culture, risk management, performance management and value for money, stakeholder relationships, Board operations and the work of its standing committees in supporting the Board's functions.

The Board received £3m from the Racing Foundation during 2021/22. These funds were in support of HBLB's grants to various entities and initiatives within the Industry Recruitment, Training and Retention (IRTR) activities overseen and promoted by the BHA. This funding was used for supporting approved IRTR projects which fall within the charitable remit of the Racing Foundation. A condition of the funding was that both organisations would jointly sponsor a review of the IRTR area within

Racing, including its governance and purpose. This review was completed in summer 2022 and recommendations from the review will influence how future funding decisions in this area will be made and overseen. In light of this work, the Racing Foundation agreed to make a repeat contribution of £3m to this area in the 2022/23 year. The Board, having initially recognised the potential for conflicts of interest resulting from the voluntary contributions received from the Racing Foundation, was satisfied with the arrangement put in place as HBLB retained full autonomy to determine which initiatives in this area were funded, decisions over which the Racing Foundation had neither sought nor had influence. A formal agreement setting out the terms of the funding was also agreed and signed by both organisations.

In February 2023, HBLB borrowed £7.5m from The Racing Foundation to support Racing's Weighing Room modernisation project. The loan is on a five-year term with interest charged at 4% per annum and repayments required at annual intervals from February 2024.

During the 2022/23 year, HBLB's internal auditors, MHA, informed the organisation in a timely and transparent manner that it was tendering for the provision of external audit services for a Levy paying bookmaker. MHA believed that any potential conflict of interest could be managed if the tender was successful and set out a number of mitigations that could reduce the risk. These included:

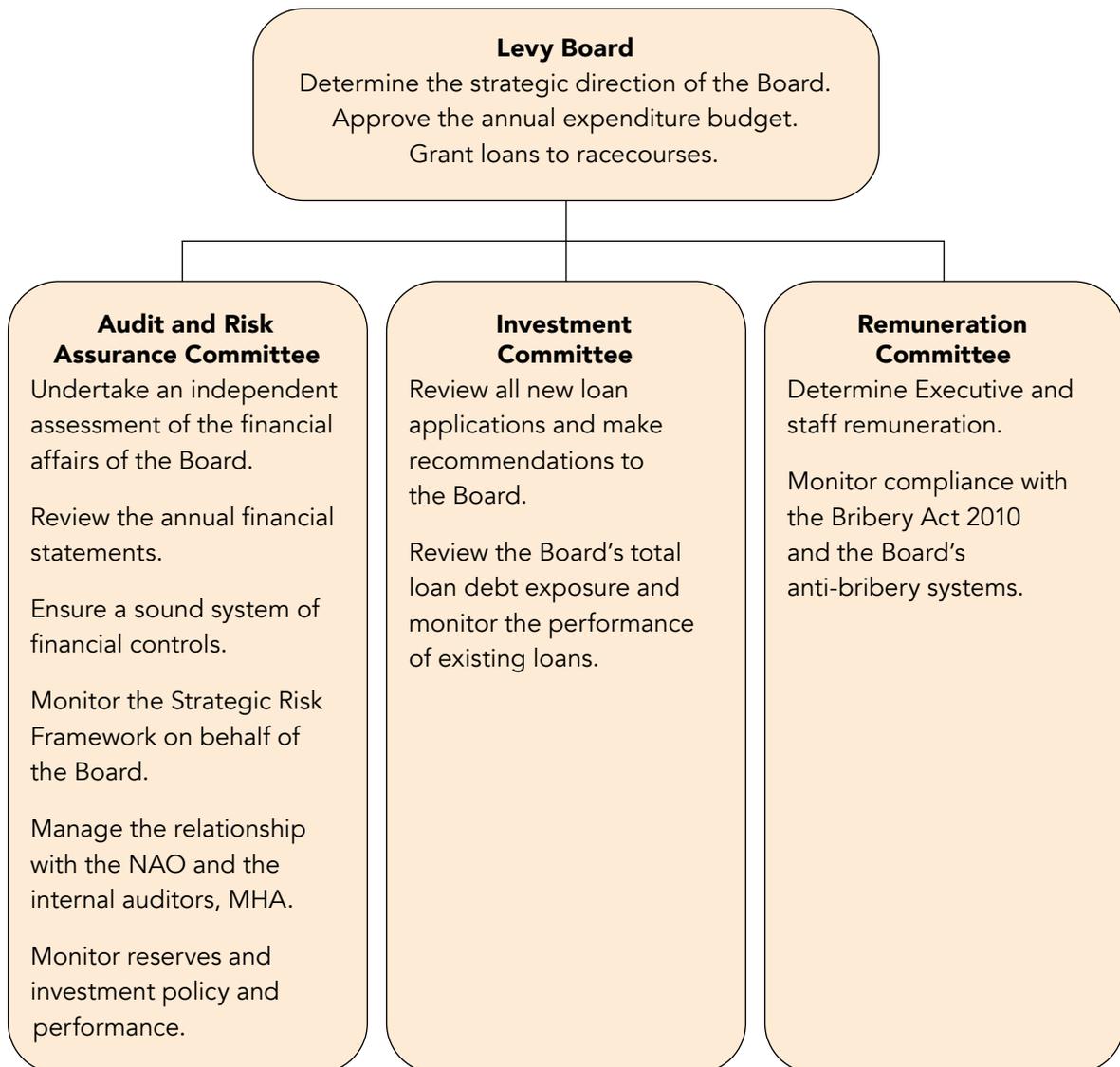
- All client work for the respective organisations would be carried out by partners and staff in different office locations.
- The engagement team for each client would be led by different engagement partners and different managers and staff members would be assigned to the respective clients across all service lines provided for which it was engaged.

- All staff involved in the service of each client would be prohibited to discuss the confidential affairs of the client with anyone on the team servicing the other client.
- Save in respect of the agreement of a tripartite engagement letter between MHA, the betting organisation and HBLB in respect of any assurance report, including the agreed upon procedures reporting assignment for the betting organisation's HBLB annual Levy return, and reporting of matters arising in connection with that work, each client service team will be prohibited from making contact with the other client.
- Access to audit files, correspondence and other client confidential information held by MHA on its data management system, audit systems and portals will have restricted access rights assigned which will only allow information to be accessed by the assigned members of the relevant individual client service team.

This matter and the mitigations proposed by MHA were discussed by the Executive and the Audit & Risk Assurance Committee and it was agreed that, provided the above mitigations were put in place, HBLB was satisfied that MHA continue tendering for the engagement. This tendering was ultimately successful and MHA took up the appointment.

Governance framework

The Horserace Betting Levy Board’s governance framework consists of the Levy Board, led by the Chair, Paul Darling, and a number of sub-committees as shown below. The Chief Executive and Accounting Officer manages the day-to-day activity of the Board and is responsible for the performance of the Board’s staff.



The Levy Board

As at 31 March 2023, the Board was comprised of the Chair and two other Government Appointed Members appointed by the Secretary of State for Culture, Media and Sport; three Board Members appointed by the Jockey Club; and one Board Member appointed by the Betting and Gaming Council.

Appointments by the Secretary of State are on fixed term contracts for a period of up to four years. The terms of appointment of other Board Members are as proposed by their appointing bodies.

The Board Members who are appointed by the Jockey Club and the Betting and Gaming Council are permitted to appoint an alternate in the event that they are unable to attend a Board meeting, whilst a Government Appointed Member may give another Government Appointed Member as proxy to vote on his or her behalf.

The Board's performance, including its effectiveness, was reviewed by Mazars in 2020. A report highlighting the strengths and recommendations for the Board to implement was presented to the Board in December 2020 and the review was completed in March 2021. The Board invited Mazars to its Strategy Day in October 2021 to discuss work completed since, which constituted the 2021/22 review. The Board has commissioned an external review performance review to be undertaken by MHA during 2023 which is due for completion by the end of 2023.

The Members of the Board have made a declaration of their personal interests relevant to their responsibilities as Members of the Board. The register of Members' interests is available on the Board's website, www.hblb.org.uk.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is an advisory body with no executive powers. It acts as the conscience of the Board and provides insight and strong constructive challenge where required. The full terms of reference are available on the Board's website, www.hblb.org.uk.

A Government Appointed Member other than the Chair of the Board usually takes the position of Committee Chair. Anne Lambert was Chair of the Audit and Risk Assurance Committee for the 2022/23 year.

The membership of the Committee reflects the representative composition of the Board. The Audit and Risk Assurance Committee reports to the Board after each Committee meeting.

In 2022/23, the Audit and Risk Assurance Committee met on four occasions. Each meeting was attended by the Chief Executive, the Chief Finance Officer and the Financial Controller. Representatives from the National Audit Office (external auditors) and MHA (internal auditors) attended when required. The programme of work in 2022/23 is set out below.

The Committee continued to scrutinise the Board's banking and investment arrangements and received reports at each meeting on treasury management and cash flow. Additionally, in line with its remit to consider risk and the financial controls framework, the Committee reviewed the Board's strategic risk framework and mitigations and the implementation of the recommendations stemming from the findings of the internal auditors. The Committee also received regular updates on controls surrounding cyber security and future IT work programmes. The Committee also received regular updates from

the Executive in relation to strategic risks and the implementation of Government Functional Standards, for which work will continue into 2023/24.

The Committee reviewed the scope and recommendations of the work performed by MHA as internal auditors and received updates at each meeting on the implementation status of these recommendations.

During the year the Committee noted the scope of the audit work proposed by the National Audit Office.

An exercise was conducted to appraise the performance and effectiveness of the Committee by making use of the NAO's checklist of best practice. A number of improvements and recommendations came out of the completion of this exercise and these will be implemented during the course of the 2023/24 financial year. The Committee agreed to perform this exercise every two years.

Since the year-end, the Committee has considered the Completion Report presented by the National Audit Office and the 2022/23 Annual Report and Accounts and concluded that taken as a whole these are fair, balanced and understandable and has advised the Board accordingly.

The Investment Committee

The Committee is responsible for monitoring existing loans and their recoverability and in respect of new loan applications the Committee undertakes both a detailed assessment of the underlying creditworthiness of the potential borrower and, for larger projects, commissions a review of the project construction plans by an external consultant.

The Investment Committee did not meet during the 2022/23 financial year as no new loan applications were received.

A Government Appointed Member other than the Chair of the Board usually takes the position of Committee Chair. Lord Risby is the current Committee Chair.

The Remuneration Committee

The Remuneration Committee met once in 2022/23 and determined the Executive and staff remuneration in line with the powers conferred on the Board by s.24(7) of the Betting, Gaming and Lotteries Act 1963. Lord Risby was Chair of the Remuneration Committee for 2022/23.

The Committee continued to monitor the Bribery Act 2010 and the Board's anti-bribery systems as they affect Members, Executive and staff of the Board, which included reviewing the Gifts and Hospitality Register.

Board and sub-Committee attendance

In 2022/23 Members' attendance at Board and Committee meetings is shown in the table below

Board member	Appointed by	Board Meetings	Audit and Risk Assurance Committee	Remuneration Committee	Investment Committee
Paul Darling Chair	Secretary of State for Culture, Media and Sport	8	-	1	-
Lord Risby	Secretary of State for Culture, Media and Sport	8	4	1	-
Anne Lambert	Secretary of State for Culture, Media and Sport	8	4	-	-
David Armstrong	Jockey Club	8	3	-	-
Julie Harrington	Jockey Club	7	-	-	-
Julian Richmond-Watson	Jockey Club	8	-	1	-
Mike O'Kane	Betting & Gaming Council	7	4	1	-
Total number of meetings *(Includes Board Strategy Day)		8*	4	1	-

Internal control and risk management

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Board's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process to identify the principal risks to the achievement of the Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically (see Strategic Risks on page 10). This process has been in place for the year ended 31 March 2023 and up to the date of approval of the annual reports and accounts, and accords with Treasury guidance. No significant failings or weaknesses were identified as a result of the review of the effectiveness of the Board's internal control. Accordingly, the Board has concluded that its internal control framework and systems are effective.

The Board's whistle blowing policy was reviewed in 2022/23 and it is made widely available to all staff. In a majority of instances the most appropriate person for an employee to raise any concerns will be with their line manager or a Director. In other cases a concern may be reported to the Chief Executive or the Chair of the Board. There were no instances of whistleblowing reported in 2022/23. As part of the work on implementing Government Functional Standards a more robust fraud, corruption & bribery policy is in the process of being produced. This policy will incorporate the whistle blowing policy as well as the fraud risk register which were previously stand alone documents. Once complete this new document will be shared with staff via the HBLB Staff Hub.

Quality of data

Management reporting systems are in place to provide Board members with detailed information to assist in the decision-making process. Although the quality of data concerning expenditure is considered sufficient for the needs of the Board, it is acknowledged that, under the arrangements of the Levy Regulations, whereby the final Levy yield is not known until some months after the Levy period has ended, there is a degree of estimation in respect of income. This is an unsatisfactory situation; however, the Board is required to work within the constraints of the Levy Regulations. The Board strengthened its processes in this area by putting in place an internal Levy Forecasting Panel during the 2020/21 year. This panel continued to meet on a monthly basis during 2022/23 to review data from multiple sources and provide the Board with regular updates on the expected Levy forecast.

Risk management framework

The Board is assisted by the work of internal audit which reports on the internal control and the assurance framework. During the 2022/23 year, MHA were the internal auditors of HBLB and undertook a review on:

■ Use of Levy funds

The purpose of this review was to provide HBLB with assurance that there are effective arrangements in place to monitor the use of Levy funding and the value gained from individual projects. This review considered the following four areas in relation to the use of Levy funding:

- Project identification and approval
- Payments and draw down of funds
- Monitoring the use of funds
- Value gained from the use of the Levy fund

The overall conclusion was that adequate assurance was in place and four medium priority and three low priority recommendations were put to the Executive for consideration and these are in the process of being implemented. The four medium priority findings involved improving controls in the following areas:

- Approval of grant funding for prize money;
- Process over monitoring the use of funds for non-fixture grants and veterinary grants;
- Effectiveness of monitoring reports;
- Measuring the impact and value from the use of the Levy funds,.

The three low priority recommendations involved:

- Ensuring the latest application and evaluation guidance is present on HBLB's website;
- Documentation of the payment process for prize money; and
- Enhanced segregation of duties in the non-fixture and veterinary grants payment process.

An additional piece of work will be performed by MHA over the course of the 2023 calendar year being a review of the operation of the capital credits scheme.

MHA gave the following opinion on the work performed by themselves as internal auditors for the 2022/23 year.

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of those processes. The opinion provided however is limited to our work undertaken in these areas and does not provide assurance over other areas of internal control operating with HBLB.

A new three-year internal audit strategic plan will be implemented to run from 2024/25 until 2026/27. This new three-year plan will be based on assurance maps that utilise the three lines of defence method. During this period the Audit & Risk Assurance Committee will also consider whether to re-appoint MHA as internal auditors as their initial appointment was for a period of four years.

Information management

The Board has suffered no protected personal data incidents during the year ended 31 March 2023 or prior years and has made no reports to the Information Commissioner's office.

During the year the Board received a number of Freedom of Information requests and the Board continued to meet the requirements of the Freedom of Information Act 2000. The Board's website www.hblb.org.uk contains full details of information published by the Board and how to make a request under the Act.

Regularity of expenditure (audited)

I confirm that there were no instances of material irregularity, losses or special payments in the year ended 31 March 2023.

There is nothing of which I am aware that leads me to believe that the Board's systems of control are not adequate and I believe that this statement gives a true reflection of corporate governance of the Horserace Betting Levy Board during 2022/23.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board

27 November 2023

Remuneration and staff report

(i) Unaudited information

Government Appointed Board Members

The Chair and the two other Government Appointed Members of the Board are appointed by the Secretary of State, on terms set on the basis of advice from the Civil Service Senior Salaries Review Body, for a period of up to four years.

Paul Darling OBE KC was appointed as Chair on 1 April 2020 on a four-year term and was reappointed in July 2023 by the Secretary of State for a second term with effect from 1 April 2024 to 31 March 2028. His contract provides for approximately five days' work per month on average, not including attendance at race meetings and associated events.

Lord Risby and Anne Lambert CMG serve as the other Government Appointed Members of the Board. Lord Risby was appointed with effect from 1 January 2016 for a period of up to four years. He was re-appointed for a further two years until the end of 2021 and subsequently re-appointed again in August 2021 for a further four years until 31 December 2025.

Anne Lambert CMG was appointed as a Government Appointed Member on 1 April 2020 on a four-year term. She was reappointed in July 2023 by the Secretary of State for a second term with effect from 1 April 2024 to 31 December 2026.

The total time commitment for these Government Appointed Members of the Board is expected to be approximately two to three days per month.

The appointments of the Chair and other Government Appointed Member of the Board may be terminated at any time by either party giving written notice. These positions are not

pensionable and none of their salary is performance related.

Jockey Club Appointees

Under section 24(2) of the Betting, Gaming and Lotteries Act 1963 (as amended), three Board Members are appointed by the Jockey Club. These Board Members do not receive any remuneration.

Betting & Gaming Council Appointee

One Board member is appointed by the Betting & Gaming Council. This position is not pensionable and none of their salary is performance related.

Chief Executive

The Chief Executive is appointed on an open-ended contract, which may be terminated by the Board giving not less than twelve months' notice in writing or the employee giving not less than six months' notice in writing.

The Chief Executive is not eligible to receive a bonus payment and none of his salary is performance related. During 2022/23, pension contributions totalling £22,672 (2021/22: £17,987) were paid by the Board on his behalf.

Remuneration policy

Under s.24(7) of the Betting, Gaming and Lotteries Act 1963 (as amended), the Board has the power to appoint officers, servants and agents on such terms as to remuneration, pensions or otherwise as the Board may determine. The Remuneration Committee determines the remuneration of all staff, including the Chief Executive. HBLB is required to work with DCMS and seek Chief Secretary to the Treasury approval for its appointments where the proposed salary meets or exceeds the Cabinet Office senior appointments salary thresholds.

Sickness absence

Average sickness absence per person employed by the Board during the year ended 31 March 2023 was 1.1 days (2021/22: 3.6 days).

Equality

The Board continues to operate, in all areas of its activity, in line with the Equality Act 2010 and its own Equal Opportunity and Diversity Policy and continues to monitor recruitment and employment. HBLB's policy is to select employees on their individual merits and abilities irrespective of gender, sexual orientation, gender reassignment, marital status, race, nationality, colour, ethnic background, religion, belief, age or disability. There continues to be full equality of access to promotion, training and other features of

employment within the Board. Control measures are in place to ensure that all of the Board's obligations under equality, diversity and human rights legislation are complied with.

The Horserace Betting Levy Board does not fall under the scope of the Trade Union (Facility Time Publication Requirements) Regulations 2017 and therefore has not included any disclosures in this regard.

(ii) Information subject to audit

The table below provides details of the salaries and benefits in kind of the Board members who are remunerated as well as the Chief Executive and Chief Finance Officer. The Chief Executive also receives a car allowance that has been included within his salary in the table below. None of these individuals are entitled to receive performance related bonuses.

	2022/23			2021/22		
	Salary	Benefit in kind (to nearest £100)	Total	Salary	Benefit in kind (to nearest £100)	Total
	£000	£	£000	£000	£	£000
Board Members¹						
Paul Darling – Chair	35-40	-	35-40	35-40	-	35-40
Lord Risby	15-20	-	15-20	15-20	-	15-20
Anne Lambert	15-20	-	15-20	15-20	-	15-20
Mike O'Kane	20-25	-	20-25	20-25	-	20-25
Chief Executive and Accounting Officer						
Alan Delmonte ²	195-200 ³	4,100 ⁴	195-200	185-190	2,900 ⁴	190-195
Chief Finance Officer						
Craig Pemberton ⁵	155-160	-	155-160	150-155	-	150-155

Note:

- 1 The Jockey Club appointed Board Members do not receive any remuneration.
- 2 Pension contributions totalling £22,672 (2021/22: £17,987) were paid to the Board's group personal pension plan on behalf of Alan Delmonte.
- 3 Includes travel allowance of £10,000 (2021/22: £10,000) received during the year.
- 4 Private medical insurance paid on behalf of Chief Executive.
- 5 Pension contributions totalling £18,914 (2021/22: £15,300) were paid to the Board's group personal pension plan on behalf of Chief Finance Officer.

	2022/23	2021/22
Remuneration band of highest paid director	195-200	190-195
Median remuneration	51,823	50,313
Ratio	3.81	3.83
25th percentile remuneration	41,000	43,899
Ratio	4.82	4.39
75th percentile remuneration	69,481	68,860
Ratio	2.84	2.80
Median salary	51,823	50,313
Ratio	3.81	3.83
25th percentile salary	40,000	38,154
Ratio	4.94	5.05
75th percentile salary	65,000	66,725
Ratio	3.04	2.88

The Chief Executive of the Board was the highest full time equivalent (FTE) earner in 2022/23. This was 3.81 times (2021/22: 3.83) the median salary and remuneration of the workforce, which for both salary and remuneration was £51,823 (2021/22: £50,313). The ratio is calculated by dividing the midpoint of the highest paid director's remuneration band of £197,500 (2021/22: £192,500) by the median remuneration and salary of the Board's workforce.

The median salary and remuneration of the Board's workforce is calculated by reference to salary and remuneration of the staff members, excluding the Government Appointed Board Members, and the highest paid FTE director, which is the Chief Executive. In calculating the salary and total remuneration of staff members, the salary and remuneration is based on their full-time equivalent salary where appropriate and annualised for employees in post at the reporting period end date but who have not been employed for the entire year.

Total remuneration includes salary and benefits-in-kind. It does not include employer pension contributions, any severance payments and the cash equivalent transfer value of pensions.

The percentage change in the highest paid director's salary and allowances from the previous financial year was 3.42%.

For employees of the entity taken as a whole, the average percentage changes from the previous financial year of total remuneration was 16.88% and just taking into account salary was 18.2%.

The change in the median and average salaries of employees of the organisation, including the highest paid Director, are due to the recruitment of new employees to fill vacancies and from salary increases.

Staff numbers and costs

The average number of full time equivalent staff (excluding Board Members) employed by the Board in the year was as follows (this table is subject to audit):

	2022/23 FTE	2021/22 FTE
Permanent staff	12.97	12.38
Temporary staff	0.17	0.33
	13.13	12.71

Two members of staff left HBLB during the year resulting in a staff turnover percentage of 15% during the 2022/23 year.

The aggregate payroll costs of persons employed were (this table is subject to audit):	2022/23 £000	2021/22 £000
Payroll staff salaries	936	890
Social security	113	109
Pension costs	113	89
Other staff costs	100	71
	1,262	1,159

Breakdown of staff numbers

The breakdown of staff numbers as at 31 March 2023 was as follows:

	Male	Female
Number of Board Members of each gender	5	2
Number of senior managers of each gender	2	0
Number of employees of each gender	6	6

Exit packages

Subject to audit

Exit package cost band	2022/23			2021/22		
	Compulsory redundancies	Non-compulsory redundancies	Total number of exit packages by cost band	Compulsory redundancies	Non-compulsory redundancies	Total number of exit packages by cost band
£10,000 – £25,000	0	0	0	1	0	1
More than £25,000	0	0	0	0	0	0
Total number of exit packages	0	0	0	1	0	1

Off-payroll engagements

There were no off-payroll engagements during the year (2021/22: Nil)

Parliamentary Accountability Disclosures – Subject to audit

Losses Statement

	2022/23	2021/22
Total number of losses	–	–
Total value of losses	–	–

Special Payments

	2022/23	2021/22
Total number of special payments	–	–
Total value of special payments	–	–

Remote contingent liabilities – Subject to audit

In addition to contingent liabilities reported within the meaning of IAS 37 and disclosed in note 20, HBLB also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. In the current year HBLB had no material liabilities that met this definition (2021/22: £Nil)

Alan Delmonte

Chief Executive and Accounting Officer
Horseshoe Betting Levy Board

27 November 2023

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Horserace Betting Levy Board for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Horserace Betting Levy Board's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Reserves for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Horserace Betting Levy Board's affairs as at 31 March 2023 and its surplus for the year then ended; and
- have been properly prepared in accordance with the Betting, Gaming and Lotteries Act 1963.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Horserace Betting Levy Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Horserace Betting Levy Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Horserace Betting Levy Board's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual; and

- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Horserace Betting Levy Board and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept by the Horserace Betting Levy Board or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit including the Remuneration and Staff Report and Parliamentary Accountability disclosures are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the statement of Responsibilities of the Accounting Officer of the Horserace Betting Levy Board, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Horserace Betting Levy Board from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the preparation of the financial statements is in accordance with UK adopted International Accounting Standards and for being satisfied that they give a true and fair view;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury's Government Financial Reporting Manual; and
- assessing the Horserace Betting Levy Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the Horserace Betting Levy Board or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Horserace Betting Levy Board's accounting policies, key performance indicators and performance incentives.

- Inquired of management, Horserace Betting Levy Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Horserace Betting Levy Board's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Horserace Betting Levy Board's controls relating to the Horserace Betting Levy Board's compliance with the Betting, Gaming and Lotteries Act 1963, Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2012 and Managing Public Money;
- inquired of management, the Horserace Betting Levy Board's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Horserace Betting Levy Board for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform

specific procedures to respond to the risk of management override.

I obtained an understanding of the Horserace Betting Levy Board's framework of authority and other legal and regulatory frameworks in which the Horserace Betting Levy Board operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Horserace Betting Levy Board. The key laws and regulations I considered in this context included the Betting, Gaming and Lotteries Act 1963, Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2012, Managing Public Money and employment law.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, and the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained

alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies 4 December 2023
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of comprehensive income for the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Income			
Levy income receivable for:			
Horserace Betting Levy Regulations		100,026	96,846
Previous years' Schemes		717	736
		100,743	97,582
Voluntary contributions		3,000	3,000
Interest receivable		1,111	29
Total income		104,854	100,611
Expenditure			
Improvement of horseracing	4a	(98,966)	(110,051)
Other expenditure	4b	(3,971)	(3,814)
Total expenditure		(102,937)	(113,865)
Operating surplus/(deficit)			
		1,917	(13,254)
Interest cost on lease liabilities	12	-	(7)
Interest cost on financial liabilities	14	(480)	(323)
Income tax	5	-	-
Surplus/(deficit) for the year			
		1,437	(13,584)
Total comprehensive income/(loss) for the year			
		1,437	(13,584)

The surplus for the year arose from continuing operations.

The notes on pages 47 to 64 form part of these accounts.

Statement of financial position as at 31 March 2023

	Notes	2023 £000	2022 £000
Assets			
Non-current assets			
Property, plant and equipment	6	35	283
Loans to racecourses		182	309
Total non-current assets		217	592
Current assets			
Trade and other receivables	7	6,974	9,178
Loans to racecourses due within one year		142	144
Financial assets	9	25,235	-
Cash and cash equivalents	10	44,730	60,817
Total current assets		77,081	70,139
Total assets		77,298	70,731
Current liabilities			
Trade and other payables	11	(16,106)	(18,835)
Lease liabilities	12	-	(71)
Provisions	13	-	(50)
Financial liabilities	14	(4,992)	-
Total current liabilities		(21,098)	(18,956)
Total assets less total current liabilities		56,200	51,775
Non-current liabilities			
Financial liabilities	14	(24,831)	(21,843)
Total non-current liabilities		(24,831)	(21,843)
Total net assets		31,369	29,932
Reserves		31,369	29,932

These accounts were authorised for issue on the dates shown on the Audit Certificate.

Alan Delmonte

Chief Executive and Accounting Officer

27 November 2023

The notes on pages 47 to 64 form part of these accounts.

Statement of cash flows for the year to 31 March 2023

	Notes	2023 £000	2022 £000 (Reclassified)
Cash flow from operating activities			
Surplus/(deficit) for the year		1,437	(13,584)
Adjustments for:			
Depreciation	6	108	207
Loss on disposal of property, plant and equipment	6	178	-
Interest income		(1,111)	(29)
Interest expense on lease liabilities	12	-	7
Interest expense on financial liabilities	14	480	323
Fair value adjustment for loans	4a	(7)	5
(Increase)/decrease in trade and other receivables	7	2,204	10,199
(Decrease)/increase in trade and other payables	11	(2,729)	6,396
(Decrease)/increase in provisions	13	(50)	-
Cash consumed by operations		510	3,524
Income tax	5	-	-
Net cash flow from operating activities		510	3,524
Cash flow from investing activities			
Purchase of property, plant and equipment	6	(38)	(1)
Net loans repaid by racecourses		136	144
Interest and investment earnings		1,111	29
Net cash flow from investing activities		1,209	172
Cash flow from financing activities			
Payment of lease liabilities	12	(71)	(116)
Interest paid on lease liabilities	12	-	(7)
Interest paid on financial liabilities	14	-	-
Proceeds from borrowings	14	7,500	21,500
Net amounts transferred (to)/from financial assets	9	(25,235)	-
Net cash (outflow)/inflow from financing activities		(17,806)	21,377
Net (decrease)/increase in cash and cash equivalents		(16,087)	25,073
Cash and cash equivalents at 1 April		60,817	35,744
Cash and cash equivalents at 31 March		44,730	60,817

The 2021/22 year figures have been reclassified due to £143,000 being reclassified from operating activities to financing activities to reflect non-cash movements.

The notes on pages 47 to 64 form part of these accounts.

Statement of changes in reserves for the year ended 31 March 2023

	Reserves*
	£000
At 1 April 2021	43,516
Changes in reserves 2022	
Deficit for 2022	(13,584)
Total comprehensive loss for 2022	(13,584)
Balance at 1 April 2022	29,932
Changes in reserves 2023	
Surplus/(deficit) for 2023	1,437
Total comprehensive income for 2023	1,437
Balance at 31 March 2023	31,369

* The Government Financial Reporting Manual (FReM) requires the 'Statement of changes in reserves' to be called the 'Statement of changes in taxpayers' equity'. However, the Board, unlike most other non-departmental public bodies, receives no central Government grant-in-aid and no National Lottery funding and therefore it does not consider that the wording required by the FReM appropriately reflects the Board's unique status.

The notes on pages 47 to 64 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 MARCH 2023

1. Basis of preparation

The accounts have been prepared on the going concern basis. The going concern assumption has been considered and assessed as valid for 2022/23. The Board has concluded that it has reasonable expectation that the Horserace Betting Levy Board will continue to operate and meet its liabilities as they fall due for the next twelve months from the date of approving the accounts.

In January 2019, the Government took the decision to withdraw the draft Legislative Reform Order which would have abolished the Horserace Betting Levy Board and transferred its functions to the Gambling Commission and Racing Authority. This means that HBLB continues with its existing statutory responsibility beyond 31 March 2023 on a time-unlimited basis.

The financial statements are principally prepared on the historical cost basis. Exceptions are noted within the accounting policies or accounting notes.

HBLB has chosen to prepare the financial statements in a form as directed by the Secretary of State for Culture, Media and Sport and meet the disclosure and measurement requirements, in so far as they are considered to be applicable to the Board, of the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Board for the purposes of giving a true and fair view has been selected. The preparation of accounts in conformity with the FReM requires

the use of estimation and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expense during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of the FReM that have a significant effect on the accounts and estimates with a significant risk of material adjustment in the next year are discussed below.

Betting, Gaming and Lotteries Act 1963

The statement of comprehensive income is in accordance with the provisions of the above Act (as amended). The Levy income receivable from bookmakers and betting exchange providers is governed by Section 27 of the above Act (as amended).

Specific applications of revenue relate to the following sections of Part 1 of the Act.

24(1)(a) and 25(2)(d)

Improvement of breeds of horses

24(1)(b) and 25(2)(d)

Advancement or encouragement of veterinary science or veterinary education

24(1)(c) and 25 (2)(d)

Improvement of horseracing

24(2)(a) and 24(6)

Administration

25(2)(c)

Charitable payments

25(2)(d)

Loans granted and investments made

Accounting developments

The Board did not implement the requirements of any Standards or Interpretations which were in issue and which were not required to be implemented at the year-end date.

2. Accounting policies

A summary of the Board's accounting policies that are material in the context of the accounts is set out below.

a) Revenue*Levy income*

The Board recognises Levy income in accordance with IFRS 15 Revenue from Contracts with Customers as interpreted by the FReM.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with customers
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when the entity satisfies a performance obligation

Under IFRS 15 as interpreted by the FReM, HBLB is therefore deemed to have contracts with bookmakers and betting exchange providers by virtue of the underlying legislation which requires HBLB to collect monetary contributions from bookmakers and betting exchange providers 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 education
- The improvement of horseracing

Individual bookmakers and betting exchange providers do not receive a direct benefit as a consequence of payment of the Levy and neither do they influence directly how the

Board allocates and spends Levy income. However, HBLB does recognise that the Levy indirectly benefits them by the Board's application of Levy funds in accordance with its three statutory objectives. This indirect link means that under IFRS 15 as interpreted by the FReM, HBLB is deemed to have a performance obligation to the bookmakers and betting exchange providers of collecting the statutory Levy and applying the funds for the purposes set out in the underlying legislation.

This one performance obligation applies to all bookmakers and betting exchange providers who are required to make statutory Levy contributions and is settled over the course of the Levy year in a straight line manner as HBLB performs this role.

Levy income is therefore recognised on a straight line basis evenly throughout the year based on estimates provided by the bookmakers and betting exchange providers. The transaction price is confirmed at the end of the Levy year when bookmakers and betting exchange providers submit their annual Forms of Declaration (FOD) which confirm the amount of Levy due for the year. Any under or over collection during the course of the year results in either a top up payment being made by the bookmaker or betting exchange provider or a refund owing by HBLB to the bookmaker or betting exchange provider.

Once the Form of Declaration has been submitted the bookmaker and betting exchange provider is given 28 days to settle any Levy liability that is due. There is not considered to be any material or significant financing component.

Levy income represents variable consideration under IFRS 15 as it is dependent on bookmakers' profits in the leviable period.

Voluntary contributions

Voluntary contributions comprises non-statutory contributions received by the Board

recognised under the accrual basis of accounting. In the current year the amount recognised relates to the receipt of funds from the Racing Foundation in support of HBLB's grants to various entities and initiatives contained within the Industry Recruitment, Training and Retention (IRTR) activities. Under the terms of the agreement between HBLB and the Racing Foundation these funds can only be used for Industry Recruitment, Training and Retention activities.

Interest receivable

Interest income represents interest receivable during the financial year on the financial assets held, cash deposits and loans to racecourses.

b) Leases

IFRS 16 was adopted from 1 April 2019, under the early adoption provisions within the FReM, in line with the rest of the DCMS Group. The Board has categorised all leases in accordance with IFRS 16. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, with the exception of short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets. For these leases, the Board recognises the lease payments as operating expenses on a straight-line basis over the term of the lease.

HBLB's lease at 21-27 Lamb's Conduit Street expired in September 2022 and was not renewed.

c) Improvement of horseracing and veterinary grants

Grants payable in respect of the improvement of horseracing and advancements of veterinary science and education can cover a period of more than one year and in some cases the grants may relate to projects of up to four years in duration. Payments are normally made in the period to which they relate and grant expenditure is accounted for on an accrual

basis to reflect the usage of grant funds on work carried out. Future commitments that have not yet met recognition criteria and have not been included in expenditure at the Statement of Financial Position date are disclosed in note 18.

d) Property, plant and equipment

Items of property and equipment are initially recognised at cost. Depreciation is provided on all items of property and equipment to write off the cost, less residual value, by equal monthly instalments over their estimated useful economic lives.

The estimated useful economic lives are as follows:

- Short leasehold premises – Over the period of the lease
- Furniture and equipment – 36 to 60 months
- Right of use assets – Over the period of the lease

Property, plant and equipment is stated at depreciated historic cost as a proxy for fair value. All of the Board's assets are short life assets and therefore depreciated historic cost is considered a suitable measure of fair value. A review of property, plant and equipment is undertaken annually to ensure that all items are still in use and that no disposals have taken place.

Annual reviews are also undertaken to identify any impairment of assets as per IAS 36. Any gain or loss arising from the disposal of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognised in the SOCNE as "Other expenditure" or "Other income."

e) Cash and cash equivalents

Cash and cash equivalents are cash in hand and deposits held with the bank.

f) Financial assets

In accordance with IFRS 9, each financial asset is classified at initial recognition or at the point of first adoption of IFRS 9. The classification of each financial asset is determined by the business model for the asset and whether the cash flows on the asset are solely payments of principal and interest.

Loans: These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of loans to racecourses. Under IFRS 9, loans are classified as financial assets at amortised cost when material. The business model for managing these financial assets is to hold the loans to collect contractual cash flows only and these cash flows are considered to be solely payments of principal and interest. Given the low value of the loans and that the intrinsic interest rate is immaterially different from the interest rate charged, the Board consider the cost model to be a reasonable proxy for amortised cost. Interest is charged to the Statement of Comprehensive Income as it is received. The Board consider the expected credit loss to be immaterial.

Trade and other receivables: Trade and other receivables are classified as financial assets at amortised cost under IFRS 9. The business model for managing this financial asset is to hold the assets to collect contractual cash flows only and these cash flows are considered to be solely payment of principal and interest.

Fixed term cash deposits: Fixed term deposits are held to maturity in bank accounts with a maturity date that is greater than three months. Under IFRS 9, these deposits are classified as financial assets at amortised cost.

Impairment of financial assets: The Board makes use of the simplified approach to impairment allowed under IFRS 9 for assets that are classified as financial assets at amortised cost. This means that a loss allowance for an amount equal to lifetime expected credit losses (ECL) is recognised upon initial recognition or at the point of first adoption of IFRS 9. The Board has considered the need for impairment but has not recognised any due to the value of this being considered immaterial. The Board makes use of a provision matrix to calculate the lifetime ECL for each financial asset and takes into account factors such as past payment history, creditworthiness, security held and future economic conditions when assessing the value of the lifetime ECL. The provision matrix has not been disclosed as the value of expected credit losses is considered immaterial.

g) Financial liabilities

The Board primarily carries financial instruments in the form of concessionary loans from the SSP fund and the Racing Foundation initially recognised at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

h) Pension schemes

The Board operates a defined contribution pension scheme. The cost of the defined contribution scheme is charged to the Board's comprehensive net expenditure account in the year to which it relates.

i) Segmental reporting

The Board has determined that it operates in one material segment, which is to collect a statutory Levy from bookmakers and betting exchange providers who offer bets on horseracing in Great Britain, which it then distributes for the improvement of horseracing and breeds of horses and for the advancement of veterinary science and education. The Board therefore operates within one geographical segment, Great Britain. The Board has one significant source of income being statutory contributions from bookmakers and betting exchange providers, and the segmental reporting reflects the Board's management and internal reporting structure.

j) Provisions

A provision is recognised in the statement of financial position when the Board has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3. Key sources of estimation uncertainty

In the application of the Board's accounting policies, which are described in note 2, the Members and the Accounting Officer are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key source of estimation uncertainty at the end of the reporting period, which has a risk of material adjustment to the carrying amounts of assets and liabilities, is in relation to the estimate of amounts due from/to bookmakers in respect of Levy income. At the start of the Levy year, bookmakers estimate their gross profits on British horseracing for the coming year. This estimate forms the basis of their Notice of Determination, which is a formal document that sets out a bookmaker's expected Levy payable for the year and they pay this balance in instalments over the course of the coming Levy year. A bookmaker can request a revision to the Notice of Determination during the year by informing the Levy Board in writing and explaining why their initial estimate is no longer accurate. If this is accepted by the Levy Board, a revised Notice of Determination is generated. At the end of the Levy year, bookmakers are requested to complete an online Form of Declaration. This requests bookmakers to include their actual gross profit on British horseracing during the year, and based on this and the amounts paid in advance a final Levy balance is calculated. Where a bookmaker's actual gross profits are less than the payments in advance, a refund is due or vice versa. Forms of Declaration for bookmakers with gross profits on British Horseracing in excess of £250,000 are required to be accompanied by an independent accountant's certificate after completing certain agreed upon procedures. Once the

signed Form of Declaration and independent accountant's certificate have been received and accepted by the Levy Board, the individual bookmaker's Levy is finalised and a Certificate of Discharge is issued to the bookmaker.

The Levy income is derived from the actual Forms of Declaration received from bookmakers by the date of approval of these annual accounts. In some cases final declarations are not submitted and management must make an estimate in respect of the Levy income. In forming this estimate, management considers factors such as payments made on account to date, previous years FOD submissions, submissions from other bookmakers of a similar size and profile as well as knowledge of the betting and racing industry. For the year ended 31 March 2023, the estimated Levy income represented less than 1% of the total Levy income.

4. Expenditure costs

4a. Improvement of horseracing

	2023 £000	2022 £000
Prize Money		
Prize money – main fund	55,446	63,371
Contingency fund	2,800	-
Prize money for divided races	836	984
Plus 10	-	32
NH Elite Mares' Scheme	163	137
Appearance Money scheme	5,508	6,335
Relief Fund	109	50
Great British Bonus Scheme	3,137	2,966
SSP Prize Money	2,156	4,753
Racing League	360	-
	70,515	78,628
Racecourses		
Fixture Incentive Scheme	1,522	1,806
Fair value adjustment to racecourse loans	(7)	5
	1,515	1,811
Raceday services		
Raceday services	18,570	18,618
SSP Raceday services	2,155	5,270
Racing League	75	-
	20,800	23,888
Other		
Industry Recruitment, Training and Retention	2,828	2,764
Point-to-Point steeple chases	321	403
Brexit Steering Group	24	55
Great British Racing: National Campaign	1,350	-
Great British Racing: Welfare Communications	342	287
Betting Industry Partnership	134	166
Sectional timing & tracking	-	144
Retraining of Racehorses	14	23
Racing to School & Racing Together	400	360
Horse Welfare Board including projects	350	111
PJA CEI Scheme	-	36
COVID-19 Industry Support	(145)	1,152
Great British Bonus Scheme administration	206	222
Rare Breeds Survival Trust	23	-

	2023 £000	2022 £000
Thoroughbred Breeders Association economic impact study	100	-
Thoroughbred Horseracing Industries MBA	24	-
Equine herpes virus outbreak	34	-
Industry People Board	40	-
The Jockey Club – Epsom & Walton Downs	90	-
Miscellaneous	1	1
	6,136	5,724
	98,966	110,051

4b. Other expenditure

	2023 £000	2022 £000
Breed societies	160	165
Advancement of veterinary science and education	1,614	1,676
Administration costs	2,133	1,915
Auditors' remuneration – no charge for non-audit services		
– External audit	52	45
– Internal audit and other services	12	13
	3,971	3,814

4c. Staff costs – Included within Administration costs

	2023 £000	2022 £000
Payroll staff salaries	936	890
Social security	113	109
Pension costs	113	89
Other staff costs	100	71
	1,262	1,159

5. Taxation

The charge for income tax represents tax charged in the accounts of the Board in respect of interest received less grant payments made to charitable bodies. Other revenue and expenditure of the Board is not taxable or tax deductible. There was no tax payable or refundable in the year (2021/22: £Nil).

6. Property, plant and equipment

	Leasehold improvements £000	Furniture and Equipment £000	Right-of-use other £000	Total £000
Cost:				
At 1 April 2021	365	114	563	1,042
Additions	-	1	-	1
Remeasurement	-	-	(215)	(215)
At 31 March 2022	365	115	348	828
Depreciation:				
At 1 April 2021	104	56	178	338
Charge for the year	72	22	113	207
Disposals	-	-	-	-
At 31 March 2022	176	78	291	545
Net book value:				
At 31 March 2021	261	58	385	704
At 31 March 2022	189	37	57	283
	Leasehold improvements £000	Furniture and Equipment £000	Right-of-use other £000	Total £000
Cost:				
At 1 April 2022	365	115	348	828
Additions	-	38	-	38
Disposals	(365)	(80)	(348)	(793)
At 31 March 2023	-	73	-	73
Depreciation:				
At 1 April 2022	176	78	291	545
Charge for the year	31	20	57	108
Disposals	(207)	(60)	(348)	(615)
At 31 March 2023	-	38	-	38
Net book value:				
At 31 March 2022	189	37	57	283
At 31 March 2023	-	35	-	35

7. Trade and other receivables

	2023	2022
	£000	£000
Trade and other receivables	337	1,389
Amounts due from bookmakers in respect of Levy income	6,274	7,613
Prepayments and accrued income	363	176
	6,974	9,178

All the above amounts are due within one year.

8. Financial instruments

The Board is exposed through its operations to one or more of the following financial risks.

Market risk

The principal market risk associated with the Board's activities is the risk that changes in interest rates will affect the Board's income or the value of its assets. However, the risk is considered low as at the year-end as all of the Board's reserves were held in instant access accounts and notice deposit accounts, the majority with a fixed interest rate and all with a call period less than 250 days. The Board has two current loans outstanding, details of which are set out in Note 14.

Liquidity risk

Liquidity risk is the risk that the Board fails to meet its financial obligations as and when they fall due. The management of operational liquidity risk aims primarily to ensure that the Board always has sufficient liquidity to meet its short-term working capital requirements. Medium-term and long-term cash requirements are managed having regard to the Board's forecast operating cash flows.

Credit risk

The Board grants loans to racecourses, usually repayable over 4 years. However weighing room loans will be offered with term limits of up to 10 years. All loan applications are considered in detail by the Investment Committee, in order to assess the creditworthiness of the applicant racecourse, and any loans greater than £200,000 are secured by legal charges against the borrower and undergo independent financial analysis prior to approval.

The credit risk associated with the risk of default by a bookmaker failing to meet the obligations under the Levy Regulations is not considered material, and this is evidenced by the fact that losses with regard to these trade receivables are historically low.

On 30 July 2007 the Board entered into an agreement with the British Horseracing Authority (BHA), the Jockey Club and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Pension Scheme (the 'Scheme'), to guarantee the payment by the BHA of certain contributions to the Scheme. Accordingly, the Board has a contingent liability in the event of the BHA becoming unable to meet its obligations. Further information is shown on page 63.

9. Financial assets

Financial assets comprise of notice term cash deposits. All of these cash deposits are held in interest bearing bank accounts with notice required of no more than twelve months. The effect of the time value of money is not considered material and so these balances have not been amortised and are shown at present value.

	2023 £000	2022 £000
Balance at 1 April	-	-
Net change in financial assets	25,235	-
Balance at 31 March	25,235	-

10. Cash and cash equivalents: Movement in the year

	2023 £000	2022 £000
Balance at 1 April	60,817	35,744
Net change in cash and cash equivalent balances	(16,087)	25,073
Balance at 31 March	44,730	60,817

10a. Cash and cash equivalents

	2023 £000	2022 £000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	44,730	60,817
	44,730	60,817

11. Current liabilities: Trade and other payables

	2023	2022
	£000	£000
Capital credit grants	8,369	6,132
Accruals	2,545	2,732
Amounts due to bookmakers in respect of Levy income	4,251	7,803
Trade and other creditors	905	2,135
Social Security	36	33
	16,106	18,835

Capital credit grants comprise grant payments to racecourses that are allocated for future capital projects but have not been drawn down by the racecourse as at 31 March 2023. Under the scheme, racecourses may waive all or part of their racing fixture-related grant payments from the Board. These waived grant payments can then be drawn down at future periods by the racecourse at the Board's discretion for repayments of Board loans or as a capital credit grant towards specified capital projects.

12. Lease liabilities

In September 2022, HBLB's lease on 21-27 Lamb's Conduit Street expired. Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2023	2022
	£000	£000
Balance at 1 April	71	422
Remeasurement	-	(215)
Interest	-	7
Payments	(71)	(143)
Balance at 31 March	-	71

The leases are analysed as current and non-current as follows:

	2023	2022
	£000	£000
Current – within one year	-	71
Non-Current – between one and five years	-	-
	-	71

13. Provisions

In September 2022, HBLB's lease on 21-27 Lamb's Conduit Street expired and the provision for dilapidations was utilised in full.

	Provision for Dilapidation £000	Total £000
Balance at 1 April 2022	50	50
Decrease in provision	(50)	(50)
Balance at 31 March 2023	-	-

The provisions are analysed as current and non-current as follows:

	2023 £000	2022 £000
Non-current	-	-
Current	-	50
	-	50

14. Financial Liabilities

	2023	2022
	£000	£000
Unsecured:		
Long term borrowings	29,020	21,520
Total loans at historic cost	29,020	21,520
Interest accrued	(803)	(323)
Total loans at net present value	29,823	21,843
Loans included above due within one year	4,992	-
Loans due in more than one year	24,831	21,843
	29,823	21,843

In July 2021, HBLB borrowed £21.5m from the UK Government's Sport Survival Package (SSP) to support British racing in its recovery from the pandemic and provide immediate confidence to the sport's investors. The loan is on a ten-year term with interest charged at 2% per annum and repayments required at six-monthly intervals after an initial two-year payment holiday.

In February 2023, HBLB borrowed £7.5m from The Racing Foundation to support Racing's Weighing Room modernisation project. The loan is on a five-year term with interest charged at 4% per annum and repayments required at annual intervals from February 2024.

14a. Loans: Movement in the year

	2023	2022
	£000	£000
Balance at 1 April	21,843	-
Loan payments received	7,500	21,520
Interest accrued	480	323
Balance at 31 March	29,823	21,843

15. Related parties

The Horserace Betting Levy Board is a Non-Departmental Public Body operating in accordance with the provisions of the Betting, Gaming and Lotteries Act 1963 (as amended). The Department for Culture, Media and Sport (DCMS) is the Board's controlling Government Department and is therefore a related party.

During the year the Board had the following material transactions in which there was a related interest:

- The Horserace Betting Levy Board made payment to the British Horseracing Authority (BHA) amounting to £560,589 for a variety of different services rendered and grant funding during the year. The BHA is a related party by virtue of its Chief Executive being a Board member of HBLB.
- The Horserace Betting Levy Board incurred costs from the Thoroughbred Breeders Association (TBA) amounting to £406,254. These were grant payments towards the TBA Education and Employment programme and administration of the Great British Bonus Scheme. The TBA is a related party by virtue of Julian Richmond-Watson being chairman of the TBA and one of the Board members of HBLB.
- The Horserace Betting Levy Board incurred costs from the Great British Bonus Scheme (GBB) amounting to £3,230,750. These were grant payments for the GBB and NH MOPS prize money schemes. GBB is a related party by virtue of Julian Richmond-Watson being chairman of the TBA, which administers the GBB scheme, and one of the Board members of HBLB.
- The Horserace Betting Levy Board incurred costs from the Thoroughbred Industries Brexit Steering Group (BSG) amounting to £53,509. These were grant payments for preparation of horse racing for the UK's departure from the EU. BSG is a related party by virtue of Julian Richmond-Watson being a member of BSG and one of the Board members of HBLB.
- The Horserace Betting Levy Board incurred costs from the Racecourse Association (RCA) amounting to £1,350,000 in relation to the Great British Racing (GBR) campaign. RCA is a related party by virtue of David Armstrong being the Chief Executive of RCA and one of the Board members of HBLB.
- The Horserace Betting Levy Board had an outstanding loan balance owing of £22.3m under the Government's Sport Survival Package. The issuer of the loan is Sport England, a related party by virtue of being a fellow arm's length body of the Department for Culture, Media and Sport.

As per section 28(10) of the Betting, Gaming and Lotteries Act 1963 (as amended), no details of the financial transactions between the Board and any Bookmaker can be disclosed. During the year there were no related party transactions between the Board and any bookmakers.

During the year, none of the key management staff, or other related parties, have undertaken any material transactions with the Horserace Betting Levy Board. Compensation for members of key management staff have been disclosed in the Remuneration and Staff Report.

16. Financial commitments

The Board estimates that the future costs to completion, in respect of grants payable for the advancement of veterinary science and education at 31 March 2023, are £5.7m (2021/22: £4.5m). These grants are cancellable and recognised at the point that the HBLB Board approves them rather than when a formal contract is signed between HBLB and the grantee. These grants can cover a period of more than one year and in some cases the grants may relate to projects of up to four years in duration. Practical experience and history has shown that it is very probable that the total, or at least a significant proportion of the total value, of these grants will be drawn down over the life of the project and it is only in exceptional cases that this does not occur. The Board’s view is that the obligating event is the actual performance of the research work and that the accounting treatment of grants for the advancement of veterinary science and education should be limited to recognising, in each financial year, only the costs incurred by the grant recipient. The payments to which the Board is committed as at 31 March 2023, analysed by the period during which the commitment expires, are as follows:

	2023 £000	2022 £000
Within 1 year	2,516	2,480
After 1 year but not more than 5 years	3,142	2,035
Total financial commitments	5,658	4,515

17. Contingent liabilities

British Horseracing Authority Pension Scheme

On 30 July 2007 the Board entered into an agreement with the British Horseracing Authority (BHA), the Jockey Club and Trustees of the Jockey Club Pension Fund and Life Assurance Scheme, now known as the BHA Pension Scheme (the 'Scheme'), to guarantee the payment by the BHA of certain contributions to the Scheme. The last completed formal valuation of the scheme took place in December 2017.

The Board had a contingent liability in the event of the BHA becoming unable to meet its obligations and had agreed if such circumstances arise to:

- a) Meet the entire annual deficit contributions of £1,158,000 during the period ending 31 December 2019 (2009 agreement: £985,000 per annum) and £624,000 per annum for the period from 1 January 2020 and ending on 30 September 2024 (2009 agreement: £nil per annum); and
- b) Guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the Scheme discloses that there is no longer a past deficit on the basis of the December 2006 Actuarial Assumptions (2009 agreement: 31 December 2019) the full Scheme wind-up liabilities; up to a maximum of £30.3m (2009 agreement: £30.3m) in total, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the Scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason.

HBLB was approached by the Trustees of the scheme during 2020/21 to consider an extension to the wind-up guarantee. This was subsequently agreed by the Board with the necessary approvals from DCMS and HM Treasury subsequently received.

Accordingly, the Board now has a contingent liability in the event of the BHA becoming unable to meet its obligations and if such circumstances arise to:

- a) Meet the entire annual deficit contributions £624,000 per annum for the period ending 30 September 2024;
- b) Guarantee until the earlier of (i) 31 December 2032 and (ii) the date a future actuarial valuation of the Scheme discloses that there is no longer a past deficit on the basis of the December 2006 Actuarial Assumptions the full Scheme wind-up liabilities; up to a maximum of £30.3m, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the Scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason.

Great British Bonus Scheme

The Great British Bonus Scheme (GBB) is a prizemoney scheme designed to support the GB breeding and racing industries through enhanced prizemoney to qualifying GB bred horses. It is a whole industry scheme that is administered by the Thoroughbred Breeders' Association (TBA) as agent for the scheme. The TBA administers registrations to the scheme and market and support the scheme operationally. The TBA sits on the GBB Management Group, along with members of the British Horseracing Authority (BHA) and the Racehorse Owners Association (ROA). Representatives of the Board and Weatherbys also sit on the Group as observers. The vast majority of funding for GBB prizemoney comes from the Board. The GBB Management Group proposes any changes to the structure and rules of the scheme, but ultimately the Board of HBLB has control over the funding of the scheme.

On 14 September 2021 the Board agreed to the principle of a contingent liability for the unlikely event of GBB scheme closure, resulting in repayment of unused registrations, until the scheme has built up sufficient reserves to cover the closure liability itself.

The value of paid registrations that had not had an opportunity to utilise the scheme at 31 March 2023 amounted to £1,038,150. At this date GBB had reserves of £504,069. Therefore the Board recognises a contingent liability of £534,081.

18. Events after the Reporting Period

These accounts were authorised for issue by the Accounting Officer on the date shown on the audit certificate.

There are no events after the reporting period to note.

