



The Horserace Betting Levy Board Annual Report and Accounts 2020/21

HC 1137

The Horserace Betting Levy Board Annual Report and Accounts 2020/21

Annual Report and Accounts presented to Parliament pursuant to Section 31 of the
Betting, Gaming and Lotteries Act 1963.

Ordered by the House of Commons to be printed on 1 March 2022

HC 1137

Front cover:

Congratulations for Paisley Park after the Porsche Long Walk Hurdle at Ascot in December 2020.

Photograph: Ed Whitaker, Racing Post



© Crown copyright 2022

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at enquiries@hblb.org.uk

ISBN 978-1-5286-3174-7

E02717918 03/22

Printed on paper containing 75% recycled-fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office.

CONTENTS

	Pages
Performance Report	
Overview	3
Chief Executive's statement	3
Chair's statement	9
About HBLB	11
Purpose	11
Vision	11
Objectives (Racing Outcomes)	11
Strategic risks	13
Going concern	16
Performance Report	
Performance Analysis	17
Financial summary	17
Improvement of horseracing	18
Fixture related expenditure	20
Advancement of veterinary science and education	24
Improvement of breeds of horses	25
Administration costs	25
Information Technology	26
Horserace Betting Levy Regulations 2017	26
Accountability Report	
Corporate governance report	27
Board Members and Officers	27
Statement of Responsibilities of Members and the Accounting Officer of the Horserace Betting Levy Board	29
Governance statement	31
Governance framework	32
Accountability Report	
Remuneration and Staff Report	38
Accountability Report	
Parliamentary accountability and audit report	42
Contingent liabilities	42
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	43

Financial Statements	Statement of comprehensive income for the year ended 31 March 2021	47
	Statement of financial position as at 31 March 2021	48
	Statement of cash flows for the year to 31 March 2021	49
	Statement of changes in reserves for the year ended 31 March 2021	50
	Notes to the accounts for the year to 31 March 2021	51

CHIEF EXECUTIVE'S STATEMENT

The huge effects of Covid-19 weighed upon every part of society in 2020/21 and the racing and betting industries in Britain faced an immensely complex and difficult environment. This led to the Horserace Betting Levy Board being confronted with many new challenges requiring agile and innovative solutions whilst recognising the responsibility to manage public money effectively and transparently in pressurised circumstances.

It was clear by mid-March 2020 that Covid was going to have a significant impact on the ability to stage racing fixtures normally. By the time the decision was taken by the British Horseracing Authority to cease racing from 18 March 2020, the immediate requirement identified was to deal with the hardship that might be facing people in the sport and any knock-on effect on racehorse care as a result of the suspension of racing. Within a few weeks, after a period of intense assessment, the Board and the Racing Foundation had agreed a £28m package which combined assistance to individuals and for horse care, which the Racing Foundation dealt with, and cash flow support for racecourses, which the Board took on.

The Board provided this support in three new ways. It made provision for a working capital loan scheme for racecourses of £7.5m, jointly funded with the Racing Foundation, under which each racecourse was given the option to borrow up to £200,000. In addition, £6m was released to provide early up to eight already-committed raceday services grants, with up to around £100,000 made available for each racecourse. The Board also allowed those racecourses with capital credit balances to convert these back to cash if they so chose, freeing up a further £6.5m in immediate support.

It reflected exceptionally well on the sport that the provision made for racehorse care was not called upon, with racehorse owners, trainers and staff continuing to prioritise the welfare of horses.

These initial cash injections dealt with, the next step was to consider the Board's ongoing expenditure, mindful that, with racing suspended for an indefinite period, HBLB had no income.

The Board identified three broad stages to its support. First, ensuring the maintenance of infrastructure in the sport, recognising that although racing was suspended for an unknown length of time, substantial work would be required in ensuring that resumption planning was supported with the necessary expertise and resources. The Board therefore maintained funding for the central regulatory functions of the sport. It also decided to continue with its funds for other important committed expenditure, such as stable and stud staff training courses and veterinary science and welfare services and projects, writing to all recipients to ensure that expenditure was focused on areas deemed by the Board as "necessary and essential". This allowed the Board to make considerable savings and manage its own cash flow appropriately. Nonetheless committed spending still totalled some £2m a month.

The second stage in mind was to ensure that there would be a substantial kick-start to the sport's funding whenever fixtures resumed. This recognised that, with there being no prospect of paying crowds at racecourses being permissible for a period of time, the ability of racecourses to contribute to prize money levels would be limited.

The third stage was the most difficult to assess at the outset, which was the need to ensure that the Board would be able to provide more

than usual support after fixtures resumed. Even in those early stages in spring 2020 there was recognition that over and above normal injections of Levy funds should be available for as long as possible, ideally well into 2021.

It was also fundamental that, once resumed, racing fixtures should be run in a way that demonstrated to Government and the public that there was full compatibility with new Covid-related regulations.

It is worth noting that the ability to consider giving assistance over such an extended timeframe was only possible because the Board had sufficient funds in reserve. Although over the last decade, the Board's reserve levels have fluctuated significantly, it has been a particular aim since the Levy reforms of 2017 to ensure proper resources are maintained. The benefits of this prudent policy were apparent at the start of the 2020/21 Levy year when the Board began with reserves of £58 million.

The impact of Covid has reinforced that when there are difficult times, the expectation in the sport is that the Levy Board will simply be there, able to help. Holding sufficient reserves provides comfort and security and is a bulwark against unforeseen events. As part of this practical risk management, human and equine pandemics had long been recognised as potential threats in the Board's risk register and appropriate provision was made against them.

Through April and May 2020, a series of discussions took place with Racing and Betting and it was agreed in May that, when fixtures resumed, for the first ten weeks the Board's contribution to prize money would rise by 23% above normal. This was considered to be a sensible beginning to the enhanced funding programme given that there was already £2m of monthly outgoings. The aim was to conclude a fair and reasonable distribution structure that sought to support as wide a base of races as possible, recognising that the total amount of prize money would be less than usual.

One very important factor at this time was that, even before it was known when racing would resume and in the near-certain knowledge that LBOs would remain closed when it did so, all of the major bookmakers, and many of the smaller firms, agreed to restart their monthly payments on account to HBLB in May. That was a greatly appreciated commitment that gave the Board significant reassurance in making its funding decisions.

Also very helpfully at this time all bookmakers on the Board's Betting Liaison Group agreed that, when racing began, they would make available their voluntary reports on race by race turnover and gross win on a weekly rather than the usual monthly basis. The timeliness and accuracy of this data proved to be invaluable in assisting the Board in determining the future funding programme beyond the first ten weeks.

In the event, racing resumed on 1 June. Even with LBOs closed, total betting turnover levels and resultant gross profit held up well, with an increase in remote betting turnover compared to normal partly making up for the loss of retail revenue. Gross win and Levy appeared to be fairly close to normal levels, albeit without making up the loss of income from the two and half months of lost revenue. Trading reports from bookmakers were carefully monitored and this gave the Board the confidence to agree in July 2020 a 50% increase in prize money for the four-month period from 1 September.

That 50% injection was perhaps the most important part of the additional prize money in the Covid period. While racehorse owners' continued generosity and patience were the ultimate key to maintaining the fixture programme in the busy summer months, the promise of the Board's extra contribution for the rest of 2021 aimed to provide confidence and continuity ahead of the autumn bloodstock sales season.

Overall, for the last six months of 2020, the Board's contribution to prize money was 42% up on the same period in 2019.

In addition to the prize money expenditure, the Board agreed in August 2020 an extra £3 million in grants supporting the additional necessary regulatory requirements at racecourses. This included £1.46 million towards costs incurred by racecourses to meet new regulatory standards for participants around social distancing, reconfiguring weighing rooms and putting in place perimeter fencing at certain venues to ensure that there was no unauthorised access, plus £1.5 million for Personal Protective Equipment and face coverings to be used on racedays. These exceptional items all supported the overriding aim which was to be able not just to resume fixtures, but to ensure that these took place repeatedly in a demonstrably safe and compliant way.

Happily, the comprehensive work by BHA and racecourses in setting up protocols, and by participants in observing them, ensured an unbroken run of fixtures. This ongoing continuity ensured a regular flow of income and, albeit with a continually moving external situation such as with changes to the regulations around LBO opening and racecourse attendance, was fundamental to the Board continuing to make over and above normal commitments.

The Board announced substantially enhanced support in the first four months of 2021 including a 46% increase in prize money contributions in that period. By the end of the Levy year on 31 March 2021, reserves stood at £43.5m.

Given all of the circumstances over the year, this was an outcome that the Board was pleased with, Levy funds having been judiciously and sensibly applied while leaving

enough headroom for utilisation to support the sport with extra funds in the remainder of 2021 and potentially into 2022.

The additional support in 2021/22 was supplemented further as a result of the Board agreeing to take a £21.5m loan from Government's Sport Winter Survival Package. The full detail of this loan, and the expenditure that followed, will be dealt with in next year's report but this highly unusual arrangement, with monies lent to HBLB as an arm's length body of Government rather than the loan being made to a sport itself, was a further reflection of the flexibility that the Board has shown.

Another Covid related grant that the Board made was to support the career ending insurance scheme for jockeys for six months in December 2020. This scheme had lost its commercial sponsor and the Professional Jockeys' Association was struggling to conclude successor arrangements in the difficult economic circumstances. The Board was deeply concerned that this support scheme for jockeys could lapse. Funding of £80,000 was provided on a one-off basis with the message that it was essential that arrangements were put in place to secure its future. It was very good news that in 2021 this was achieved with racehorse owners agreeing to meet the costs of this vital scheme after Ascot racecourse had also provided additional temporary support.

Notwithstanding that the year was dominated by Covid-related work, plenty of other business was progressed. Details of the Board's grant giving activities are set out later in this report.

Also, after detailed consideration, the Board agreed to a request from the trustees of the BHA Pension Scheme to an eight-year extension until 2032 of its guarantee of the scheme. As part of this agreement, in which the Board reaffirmed its guarantee of the wind-up value of the scheme up to a value of £30.3m, it was decided not to continue

with the guarantee of the annual BHA deficit repair contributions which would have been required if BHA was unable to meet that cost. This extension had the benefit of facilitating an ongoing cash saving to BHA while incurring no additional financial burden for the Board.

The Board commissioned from its internal auditors a Board Effectiveness Review, which concluded that there were a number of strengths in the Board's current working arrangements but also made certain recommendations. These included that further training should take place around corporate governance and public sector finance; that the Board should hold an annual strategic session away from day-to-day business; that it should conduct a 'lessons-learned' exercise for Covid-19 to be completed within six months; and that a review should take place of the composition of the Board's sub-committees.

There was also a recommendation that the Board should continue with its review of strategic risks. The outcome of this work is detailed later in the report. The Board had put in place an updated and more rigorous approach, well ahead of the Covid outbreak. The strategic risks were updated with three overriding ones agreed along with a comprehensive set of risk mitigations to address the risk gaps assessed by the Board. These are now reviewed monthly by the senior executive and reported on regularly to the Board and the Audit and Risk Assurance Committee.

Another recommendation was that the Board should be staffed and supported appropriately, in recognition of the reduction in staffing numbers in the run-up to the Board's planned closure in 2019 which was aborted by Government early in that year. The full organisational design review was delayed as a result of Covid-19 but will conclude during 2021 and is supported by professional advisers. As the Chairman has noted in his statement, the Board's small and committed team performed

to a consistently high standard during the year showing great devotion and diligence in very challenging circumstances.

All of these and the other recommendations in the Board Effectiveness Review have either been completed or are underway.

During the year, Mike O'Kane took over responsibility for chairing the Betting Liaison Group, a role that Paul Darling had assumed temporarily until a permanent appointment was made. This group met more regularly than usual during the year, acting as an effective conduit between the Board, Racing and Betting. It discussed the data relating to key fixture and funding issues and provided a forum for a more informal exchange of views.

Work also continued on successor arrangements to those provided by the Animal Health Trust, the closure of which in 2020 was noted in last year's annual report. Temporary measures were put in place by the industry and an appropriate process was put in train for more permanent arrangements to apply from 2021. These will be reported on further next year.

Anne Lambert, who joined the Board as a Government Appointed Member in April 2020 at the same time as Paul Darling had become Chair, took over as chair of the Audit and Risk Assurance Committee from Lord Risby, who remained as Chair of both the Remuneration Committee and Investment Committee. Anne Lambert's appointment restored the number of Government Appointed Members on the Board to three for the first time since 2017.

As part of the enhancement of its operation since Government's plans for the Board's abolition were withdrawn, the Board also continued to address the process for the assessment of expenditure projects, designing and issuing detailed guidance for non-fixture project applications. This work was supplemented by the development of a refreshed purpose and vision for the

organisation, along with the associated outcomes that expenditure grants are designed to pursue. These are covered later in this report.

Overall, the organisation sought to meet all of the challenges before it in 2020/21 and, although the year had been exceptionally demanding in many areas, the Board was able to end it with a strong platform in readiness for the year ahead.

Alan Delmonte
Chief Executive

CHAIR'S STATEMENT

I was at home towards the end of March 2020 when the telephone call came to tell me that the Secretary of State proposed to appoint me to be Chairman of the Levy Board. I was, and remain, delighted.

By then, Racing fixtures had paused and the national and global position for everything including Racing and Betting was in turmoil. When taking on the role at the start of April, I knew that a lot was going to be expected of the Board, both financially and in guidance and expertise. Therefore I was very pleased quickly to discover the state in which Paul Lee, my predecessor, had left the organisation. Even though the Board had been under threat of closure for many years, he and Alan Delmonte had done a brilliant job in keeping it going.

There were two specific features for which I was particularly grateful. The first was that even though the Board had increased its spending in the past few years, under Paul's chairmanship it had still managed to husband reserves back up to a healthy level. That was further improved by the Levy yield for the 2019/20 year proving to be slightly higher than forecast, taking the position when I began to reserves of £58 million. The second was that he had developed and maintained a staff of high calibre.

I knew therefore that I had the tools that I would need for the task ahead. So it proved. The level of skill and commitment shown by the staff was remarkable. They worked many long hours and weekends and, focusing particularly on the very many funding questions, were critical to supporting Racing's outstanding work in achieving the resumption of fixtures behind closed doors. The reserves were there to be used, but they had to be spent wisely and at the right time. The Executive worked tirelessly to provide high quality advice and recommendations to ensure that this happened and to maintain continuity of funding for many other activities across the sport.

The Betting industry rose to the challenge. I would highlight three features. First, they became part of a shared endeavour to get racing back on as soon as it was possible to do so. The sorts of sectional difficulties that have occasionally bedevilled the relationship between Racing and Betting were not evident. Second, they made generous and far-sighted decisions about restarting payments on account to the Board. Those early commitments at a very difficult time proved to be crucial to the Board's ability to provide funding for the resumption of the fixture programme. Thirdly and equally importantly, they provided weekly updates of betting data to enable the Board to have a very quick and clear view of how turnover, gross win and levy were being achieved as Racing returned.

All of this required the most careful consideration from the Board. The Board had to meet frequently and very often at short notice. I would like to thank all of my colleagues who consistently sought to achieve a balance between recognising the vital role of Levy Board contributions to the sport, maintaining financial responsibility and asking appropriately probing questions around the funding proposals put forward. Board deliberations were always sensible and pragmatic. We were greatly helped in this by the very welcome arrival of Anne Lambert, a new Government appointed member.

Over the next year or so, I expect the Board to face significant challenges.

First, we will have to adapt to the ever-changing structure of the Betting industry. There are smaller numbers of firms and brands which will impact on how the Board addresses collection issues and the way in which it builds and maintains relationships. Second, we will need to consider carefully the extent to which the Board needs to be sighted about Racing's income to see how Levy grants

fit into the funding position overall. Some, I know, think it difficult for the Board to come to rounded decisions when being asked to help racecourses without knowing what their other income streams are, especially those from betting. Third, we will want to establish quite where the Levy Board sits in the public/private sector structure. There is no doubt that Levy is “public money” and that we are subject to processes and procedures affecting how such money can be spent. It is clear that the one thing that we are not, and cannot be asked to act as, is the “Racing Authority” that would have come into being if we had been abolished. Whilst it is wrong to describe the Levy as “Racing’s money”, nevertheless Racing’s views as to how that money is spent are essential and not exclusively when heard from the Members’ Committee of the BHA or from those nominated to the Board. Fourth, and perhaps most importantly, the Board will be developing further a strategy and business plan. Now that we are past the threat of abolition and, hopefully, the worst of Covid, we can set longer term objectives so as to spend our money as well as we can. As part of that we will be aiming to develop our measurement of its effectiveness when we have spent it.

I conclude this Annual Review by expressing my thanks to all in Racing and in Betting and to the Executive and Board for their skill, devotion and determination in the last year which has enabled Racing to at the very least survive and in my view, thrive.

Paul Darling OBE QC

Chair

Overview

This overview explains the main purpose, vision and objectives of the Horserace Betting Levy Board, the key strategic risks that the Board has identified as well as summarising 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

In the light of Government's decision in 2019 not to proceed with plans for the Board's abolition, the Board has reviewed its Objectives and replaced these with a Purpose and Vision together with a reassessment of strategic risks. These updates are reflected in this document. Work will continue in 2021/22 on an updated set of outcomes to which the Board's grants are designed to contribute, which are highlighted in this document in summary form, and performance measures as part of a new three-year business plan. This is expected to be published by April 2022.

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

Objectives (Racing Outcomes)

In accordance with its updated purpose and vision, the Board has agreed a set of 13 Racing Outcomes. Racing Outcomes are the Board's ambitions for achievement by Racing. The Board's grants are designed to support these objectives. Racing Outcomes cover a multi-year timeline so that they can support HBLB strategic decision-making. They will be aligned to Racing strategies where those exist and will be evidence-based. The 13 Racing Outcomes have been grouped into four themes and are:

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 identification and evaluation of strategic level risks is an essential part of the Board’s risk management framework. At the start of the year the Board undertook a fundamental review of the risks it faces and these were then articulated in three separate areas covering Income, Organisation and Stakeholders.

The risks were then analysed into potential causes with an assessment made of the current risk score (impact and probability) and the Board’s tolerance for each resulting in a ‘risk gap’ which needed to be mitigated. A range of mitigations was further agreed with owners and dates agreed.

The implementation of these mitigations is 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 funding plans with confidence thus putting fixture funding and/or non-fixture projects at risk.

What action has the Board taken?

In the first phase of mitigation it was agreed that risk 2 (Organisation) and risk 3 (Stakeholders) would be given priority as they had a larger risk gap each between their starting point and the tolerance level set by the Board. Nonetheless, the planned mitigations for completion by 31 March 2021 on the Income risk were completed. Other mitigations are planned for 2021/22.

- Actively monitor market developments taking legal advice as required

Risk classification	Mitigations	% of total
Blue – Completed	1	25%
Green – On track	3	75%
Amber – Minor delays	0	–
Red – Delayed	0	–

Risk 2 – Organisation

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

What action has the Board taken?

A significant number of mitigations were completed by 31 March 2021 which reduced the risk gap. Further mitigations are planned for 2021/22. The risk remains on track to reach the tolerance level by the end of 2021/22.

- Complete an externally led Board Effectiveness Review
- Publish a regular report, internally & externally, on key decisions made by Board
- Conduct an effectiveness and efficiency review of key processes – Design stage

Risk classification	Mitigations	% of total
Blue – Completed	3	13%
Green – On track	6	27%
Amber – Minor delays	14	60%
Red – Delayed	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.

What action has the Board taken?

This risk has received the most amount of mitigation with a significant number of agreed actions having been implemented by 31 March 2021. The initial risk gap has been halved as a result of the progress of completion of 16 of the 45 mitigating actions. The risk remains on track to reach the tolerance level by the end of the 2021 calendar year. Further mitigations are planned for 2021/22.

- Create and mandate a common funding application business case template
- Agree grant funding subject to formal intermittent audit measurement and review
- Grant assessment process to be updated and applied to all non-fixture related applications
- Due diligence process on organisations with a HBLB funding relationship of less than two years standing agreed
- Projects to have a nominated HBLB client manager where appropriate
- Formal closure report required from each grant or loan – Design stage
- Agreed the future guarantees provided for the BHA Pension Scheme with approval received from Government
- Require BHA to formally report on the health of the BHA Pension Scheme to the Board annually
- Betting Liaison Group membership agreed and new Chair appointed
- Clear resolution of Authorised Betting Partners rebate issue
- Formal quarterly reviews between HBLB Executive and DCMS relevant officials instigated

Risk classification	Mitigations	% of total
Blue – Completed	16	36%
Green – On track	11	24%
Amber – Minor delays	18	40%
Red – Delayed	0	–

Going concern

International Accounting Standard 1 and the Government Financial Reporting Framework 2020/21 (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 13, and how these are managed.

The past year has been particularly challenging with the outbreak of COVID-19. This pandemic saw the suspension of all racing in Great Britain after the fixtures on 17 March 2020 until 1 June 2020. Government restrictions on the opening of non-essential retail outlets had the effect of closing Licensed Betting Offices for periods of the year.

This has had a significant impact on the Levy yield for the 2020/21 which has reduced by £15.7m from the prior year. Combined with the higher than originally budgeted level of expenditure brought about by the Board's decisions to provide additional support to the Racing industry through the pandemic, the Board recorded a deficit for the year of £14.2m.

The restoration of a normal fixture programme and trading conditions provides cautious optimism. The 2021/22 budget adopted by the Board early in the year assumes Levy income recovering to pre-pandemic levels, in a range of £91m to £105m.

In addition, in 2021/22 the Board took a £21.52m loan from the Government's Sports Winter Survival Package which will be repayable over 10 years with a two-year

repayment holiday at a total cost of £24.1m including interest. The Board agreed to make an additional £15m in grant funds in the period 1 July 2021 to 30 June 2022 with approximately £10m of that being disbursed in the 2021/22 financial year and the rest in 2022/23. The Board will consider making further grants in the light of its financial situation that will be assessed regularly during 2021/22.

Based on these assumptions and forecast Levy income of £95m, budgeted expenditure for the 2021/22 year is £115.7m, resulting in a deficit for the 2021/22 year of £17.7m. The Board is expecting that reserves will total £26m as at 31 March 2022 with a forecast cash balance of £55m. The significant difference between the 2021/22 forecast reserves and cash balance is due to the Board taking on a £21.52m loan under the Government's Sports Winter Survival Package during the 2021/22 financial year.

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 2020/21 Annual Report and Accounts.

Financial summary

For the year ended 31 March 2021 total income was £82.0m (2019/20: £98.2m). Levy receipts during the year were £15.7m lower than the previous year. This is predominantly due to the COVID-19 pandemic which saw racing suspended for over two months including all of April and May 2020. Government restrictions on the opening of non-essential retail outlets had the effect of closing Licensed Betting Offices for periods of the year. Bookmakers were reliant on remote betting platforms during this time.

The 2020/21 deficit of £14.2m (2019/20: £9.7m surplus) resulted in the Board's reserves decreasing from £57.7m on 31 March 2020 to £43.5m at 31 March 2021. The size of the deficit in the 2020/21 year was caused by a combination of the decrease in Levy income together with a higher level of expenditure than in the prior year. A significant component of this expenditure was in the form of support to the Racing industry to mitigate the impact of the pandemic on the sport.

COVID-19 support

The Board approved a number of measures to support the Racing industry effected by the impact of COVID-19. These measures included the following:

- Loans of up to £200,000 per racecourse to assist with liquidity challenges caused by the impact of COVID-19 on the sport.
- Advance payments to racecourses of grants for raceday services.
- The release of capital credit balances in cash back to racecourses.
- Reimbursement of costs associated with the reconfiguration of racecourses to allow for racing behind closed doors. These costs were capped at £75,000 per racecourse.
- Reimbursement of costs to racecourses, trainers for PPE and face coverings required on racedays.

- Reimbursement of costs incurred by racecourses implementing social distancing and testing checkpoints at racedays.

The Board also approved a 23% increase in its prize money contribution for the first 15 weeks of racing's resumption post the COVID-19 suspension. Subsequent to this the Board announced an increase in its prize money allocation for the period 1 September to 31 December 2020. This contribution was up 50% on the sum originally allocated to the period. This enhanced level of prize money contribution was then continued into the first four months of 2021.

Cashflow

During the year, the Board incurred a negative cash flow of £17.0m (2019/20: negative cash flow of £16.5m).

As at 31 March 2021, HBLB had cash and cash equivalents of £35.7m (2019/20: £52.7m).

Improvement of horseracing

Table 1 sets out the Board's initially agreed annual prize money budget, before the impact of COVID-19. Table 2 sets out the revised prize money related expenditure allocation from the resumption of racing on 1 June 2020. Table 3 sets out the annual fixture related spend, Table 4 total 2020 Actual spend and Table 5 the Board's contribution to non-fixture related expenditure.

Table 1

Prize money pre-COVID-19	Full-year original 2020 Pre-COVID-19 Budget	1 January to 18 March 2020 Actual
	£'000	£'000
General Prize Fund	37,181	5,695
Additional fixtures	–	75
Lead Fixture Fund	265	40
Transitional Fund	500	107
BHA floodlit fixtures	1,552	525
BHA Fixed Fixture Payment	50	–
Appearance money scheme	6,886	1,145
Upper Race Incentive Fund	6,405	649
Lower Race Incentive Fund	3,240	542
Divided Race Fund	1,149	70
NH Mops and Elite Mare Scheme	290	268
Plus 10	1,480	1,444
Total	58,998	10,560

Table 2

Revised prize money on resumption of Racing	1 June to 31 December 2020 Budget	1 June to 31 December 2020 Actual
	£'000	£'000
Ratecard	44,800	44,727
Appearance Money Scheme	2,200	2,713
Divided Races	1,100	1,167
Total Prize Money	48,100	48,607
EC Advance	2,600	1,545
Total	50,700	50,152

Table 3

Annual fixture related expenditure	2020 Budget	2020 Actual
	£'000	£'000
Raceday Service Grants	18,668	18,731
Fixture Incentive Fund	2,027	2,027
Total	20,695	20,758

Table 4

Summary 2020 Actual spend (Tables 1-3)	2020
	£'000
Original Prize Money	10,560
Revised Prize Money	50,152
Fixture Related	20,758
Total	81,470

Table 5

Non-fixture related expenditure	Original 2020 Pre-COVID-19 Budget	Revised 2020 Budget	2020 Actual
	£'000	£'000	£'000
Industry Recruitment, Training and Education	2,798	2,583	2,568
Great British Racing	1,400	–	–
Point-to-Point	355	320	260
Ownership Strategy	341	100	–
Betting Industry Partnership	300	250	215
Sectional Timing and Tracking	300	220	200
Racing to School	280	250	250
Horse Welfare Board	248	127	127
Retraining of Racehorses	100	50	50
Brexit Steering Group	50	7	24
Total	6,172	3,907	3,694

Fixture related expenditure

Original prize money budget

For 2020, the Board initially approved a budget allocation to prize money of £59m (Table 1) for what was the final year of a three-year funding agreement. This was a small decrease on 2019 due to a reduction in the number of scheduled fixtures. In the event, the arrangements under this budget applied only from 1 January to 17 March.

The General Prize Fund ('GPF') is the Board's largest prize money allocation and 2020 was the sixth year in which the existing GPF calculation process was in operation. The GPF mechanism applies a weighting of 60% of the award to a racecourse based on its contribution to prize money (Executive Contribution (EC)) and 40% based on betting turnover generated. 2020 was the second recent year in which a retrospective calculation was applied, which meant that actual racecourse EC for 2019 was used in the mechanism.

The overall budgeted prize money was allocated between the Flat and Jump codes in proportion to how much betting turnover is generated by each code, a split set at 60% Flat and 40% Jump in the three-year funding proposal. A fixture abandonment allowance of 1.6% was again made for Jump, which meant that the actual total Flat/Jump split was 58.4/41.6.

The Lead Fixture Fund (£0.3m) provided a £5,000 grant to the fixture with the highest prize money on Sundays, as long as the fixture prize money was in excess of £70,000. The Transitional Fund (£0.5m) exists to assist those racecourses most affected by changes under the current funding structure, while evening floodlight All-Weather fixtures continued to be funded by the Floodlight Fund (£1.6m) which provided a flat payment of £12,200 per fixture.

The Board also approved fixed payments outside normal distribution mechanisms to support a female riders' fixture on International Women's Day and additional turf fixtures at the start of the Flat season.

The allocation for the Upper Race Incentive Fund (RIF) for 2019 was £6.4m, for the Lower Race Incentive Fund (Lower RIF) was £3.2m, Appearance Money Scheme was £6.9m and the Fixture Incentive Fund was £2m.

Resumption of racing – Prize money budget

Horsing was suspended in Great Britain from 18 March due to the impact of COVID-19. By the time that fixtures resumed on 1 June, it had been agreed that the Board would introduce new and bespoke funding mechanisms in place of the original allocations. This decision took into account the impact on Levy income of more than two months of no racing, the reduced ability of racecourses to make EC and estimates as to the level of Levy income when racing resumed, with the uncertainty in particular around wider economic performance and further potential effects of the pandemic.

The Board agreed to become the majority funder of prize money from 1 June, with racecourses required to make no EC. HBLB's prize money contributions were increased by approximately 23% for the first 15 weeks when the sport resumed, compared to the normal level of allocation for that period. The main element of the funding was a core prize money contribution of £20.4m allocated through a new rate-card mechanism, which made payments on a per race basis, to the end of August. This was in conjunction with a significant reduction in the size of the fixture list, with 303 fixtures hosted, a reduction of 32% on the 447 fixtures in 2019. The Appearance Money Scheme was also suspended for this period.

From 1 September to 31 December, due to the reports from bookmakers of betting turnover and gross profit at broadly similar levels to

normal, the Board was able to provide funding that supported a return to the originally scheduled fixture list. In addition, the Board was able to agree an increase in rate-card funding, which meant an overall contribution of £26.9m over the four months, a 50% increase on the normal allocation in this period. This funding allowed Minimum Values for races at Class 2 and below to return to their pre COVID-19 level.

Of this sum, £24.4m was allocated through the rate-card, but at higher than the initial values, while the Appearance Money Scheme was reinstated at a cost of £2.2m, to support Racing's efforts to retain owners at the grass roots levels, alongside funding of £1.1m to Divided Races.

In total, for the seven months between 1 June and 31 December, the Board allocated £48.2m in prize money, 38% more than the £34.9m paid in the same period in 2019. This reflected the priority that the Board placed on prize money during this period. It was able to do so in large part due to the secure level of reserves that it had built up in past years, underpinned by the positive performance of betting following Racing's resumption.

Executive Contribution advance

To ensure that all racecourses were able to meet the cost of the uplifted Minimum Values between September and December 2020, the Board agreed to make funds available to meet up to 100% of the additional cost of the increased values. This took the form of an advance on central prize money funding for racecourses, which will be clawed back from each's prize money allocations in future years. Of the £2.6m made available, £1.5m was utilised.

Raceday Services Grants

For 2020, the Board had agreed to hold the per fixture grant at £12,571. Despite the suspension of racing the Board continued to pay this fee

to all originally scheduled fixtures, to support the sport's regulatory and integrity costs across the whole year. This took into account that a significant proportion of regulatory costs are fixed and also that there needed to be in place the appropriate staffing and infrastructure to plan for and service the resumption of fixtures.

Schemes to benefit British breeding

The Board maintained its support for the Plus 10 Scheme and National Hunt Mares' Owners Prizes Scheme throughout 2020, in recognition of the registration based nature of these schemes, and to support Breeders and Owners in particular.

Fixture Incentive Fund

The Board makes Fixture Incentive Payments to racecourses to ensure that the annual Fixture Criteria is achieved. The payments encourage racecourses to stage fixtures on days which may be unattractive to racegoers, but which are important to the generation of off-course betting turnover, and therefore Levy income, and for providing opportunities for the horse population. Payments during 2020 were made in accordance with the original budget.

2021

In 2021, the Board has continued to take a phased approach to setting its budgets, agreeing its prize money contributions in shorter than normal stages. The rate-card and Appearance Money Scheme have been retained as the main prize money budgets, with the level of funding taking into account ongoing Levy performance, racecourse attendances and other economic factors.

Non-fixture Related expenditure

The Board agreed a 2020 non-fixture related expenditure budget of £6.2m, maintaining support for many areas previously funded in 2019. However, following the suspension of racing in March, all non-fixture related expenditure was immediately reviewed to

ensure that the Board was maintaining its spending at a sustainable level whilst income remained uncertain. Following engagement with all grant applicants, the Board agreed to continue its funding for all critical and necessary expenditure. Some projects were cancelled, however the majority of projects were reduced in scale reflecting their essential nature. In total, this reduced the Board's non-fixtured related allocation for 2020 to £4m, a 55% reduction.

Industry Recruitment, Training and Retention

In line with all elements of the HBLB expenditure schedule, the 2020 allocation to training, recruitment and education in the racing and breeding industries was cut in the overall budget restrictions arising from the COVID-19 outbreak. From an original provision of £2.8m, savings of almost £1m were achieved. The Board was grateful for the very positive collaboration from the BHA, TBA, the racing schools and other beneficiaries.

Despite the necessary revisions, all elements of the programme were covered during the year. This included provision for stable staff NVQ training and functional skills tuition, the largest element, and funding for careers marketing and recruitment. Support was also provided to the Thoroughbred breeding industry in two ways: direct to the National Stud to underpin specialist training through the internationally respected Diploma Course and to the TBA to progress its education and employment initiatives.

The Board's funds also provided for additional training opportunities such as jockey coaching and continuation tuition; nutritional education; and courses for amateur riders, assistant trainers and senior staff. The programme includes the provision of up-to-date health and safety advice to the industry and support for pony racing for its role as an introduction to race riding.

The training and education schedule is subject to regular appraisal with each element evaluated in terms of progress and relevance to the industry.

HBLB also helps to fund Racing to School's extensive schedule of educational events for school students at racecourses and elsewhere, and Racing Together, which organises a partnership of charities and organisations supporting and sharing community engagement. Activities had to be modified during the year due to COVID-19, but momentum was maintained online thanks to flexibility from the team. Funding for both streams had originally been set at £360,000, reducing by 10% following the budget revisions.

Funding was also maintained for the Thoroughbred Racing Industries MBA course at Liverpool University. Due to travel and access limitations affecting UK-based students as well as those in other countries, teaching was largely virtual. While not ideal, this enabled the curriculum to continue as planned. With the other industry sponsors, the Racing Foundation and the BHA, the Board is taking a close interest in the content of the programme and how the achievement of the Racing MBA contributes to career progression within the industry.

Point-to-point

As an amateur sport, Point-to-Pointing was severely impacted by the COVID-19 restrictions. The sport valiantly tried to re-schedule, constantly devising contingency plans to fit the national rules on the staging of events but this did not prove possible until restrictions were lifted. The Board was pleased to be able to help fixtures with unrecoverable expenses and also to encourage preparation for the restart when possible. Point-to-Pointing has an integral role in National Hunt racing,

offering career development opportunities for young riders and horses, and an appropriate second career option for jump horses.

The Board's allocation to Point-to-Pointing for 2019/20 was increased to £355,000 (2018/19: £300,000). This covered fixture support, medical provision, extraordinary veterinary costs incurred following the 2019 equine influenza outbreak and a range of central promotional initiatives.

Ownership strategy

The Board agreed to roll over £341,000 to continue supporting the Racehorse Owners Association (ROA) in 2020 to continue funding the Industry Ownership Strategy. This Strategy was entering its final year, with the objective of the retention of existing racehorse owners, the attraction of new owners and the growth in number of horses in training. Due to COVID-19, expenditure in this area was significantly reduced, focused on supporting work on syndicate and leasing agreements.

Promotion of Racing and Customer Growth

The Board originally agreed in principle to allocate £1.4m to Great British Racing to continue supporting its work in growing interest and participation in horseracing, whether through racecourse attendance, television viewing, racehorse ownership or other avenues. However, due to the impact of COVID-19 this budget was suspended.

Betting Industry Partnership

The Betting Liaison Group (BLG) is an industry wide body with representatives of betting operators, racecourses, horsemen and the BHA. It now meets under the chairmanship of Mike O'Kane, the betting industry appointee to the Board, and facilitates co-operation on betting strategy. In 2020, the Board made £0.3m available to fund the collection and processing of race by race betting data voluntarily provided by a number of bookmakers. Four operators have provided

data since 2018: Betfred, Entain, Flutter and William Hill, covering seven of the major brands, In July 2020, Bet365 kindly joined the project, sharing data from that point.

Upon the resumption of racing in June, the bookmakers agreed for a temporary period to provide data on a weekly rather than monthly basis, ensuring that the Board was able to make better informed decisions on funding which in turn provided mutual benefit from the Racing and Betting Industries.

Sectional Timing

£300,000 was made available in 2020 to continue supporting the roll out of sectional timing and tracking technology to all British racecourses, the second year of a three-year funding agreements.

Brexit Steering Group

The Board continued to support the industry's Brexit Steering Group in order to ensure that horseracing was able to manage the transitional arrangements following the UK's departure from the EU, in particular those relating to the cross-border movement of horses for racing and breeding. The original £50,000 budget was reduced to £7,000 reflecting the work undertaken.

Equine Welfare

In February 2020, Racing's independently-chaired Horse Welfare Board published "A Life well-lived", a five year strategic plan for the welfare of horses bred for racing. The Board made available funds towards the organisation's governance costs in early 2020. Discussions continued through the year with the Board deciding later in the year to allocate £296,000 to fund the Welfare Strategy communications plan to be implemented by Great British Racing. Other roles within the strategic plan are being supported by The Racing Foundation. The Board and the Foundation are committed to working together with the Horse Welfare Board to achieve the

objectives. The central themes of the strategy include traceability for horses bred for the sport, a strong focus on safety and wellbeing, a confident and proactive approach to communications and a substantial investment in further data collection and analysis.

Retraining of Racehorses

The Board also supports Retraining of Racehorses – Racing’s charity whose remit is to promote second careers for horses retired from the track, to work with charitable and commercial retraining experts, and provide a safety net for the more vulnerable horses. The original allocation for 2020 had been £100,000, which was reduced by 50% in the light of the HBLB budget review. The funding was used to stage the Showcase education sessions focusing on issues such as how to find a suitable ex-racehorse and the first steps in retraining. Normally these events are staged in person, but the online versions of 2020 attracted around 900 viewers, including some from France, Germany and the USA.

Advancement of veterinary science and education

The Board approved a budget allocation of £2.0m for 2020 (2019: £2.0m) and endorsed the recommendations of its Veterinary Advisory Committee (VAC) for expenditure in the year. However, as with other HBLB heads of expenditure, plans had to be changed as a result of the refocusing of the Board’s budget priorities in Spring 2020.

To reduce the call on the Board’s funds, the 2020 application round was cancelled so that no new work would start in 2021. Support for existing research and education awards was continued, although many projects suffered delays because access to university premises was closed or restricted. More positively a number of grants approved from the 2019 application round commenced in 2020.

These included three major projects, 12 small projects, a PhD scholarship and two Equine Post-Doctoral Fellowships.

In preparation for the next grant round, the VAC reviewed the statement of priorities that is available to applicants as a guide to the subjects of most interest to the Industry. This statement, supported by a detailed scope document, is drafted by a cross Industry consultation group and its revised wording reflects the themes highlighted in Racing’s Equine Welfare Strategy:

- 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)
- The VAC, as part of its responsibilities, manages funds invested in veterinary science and education on behalf of The Racing Foundation, the Thoroughbred Breeders’ Association and the British European Breeders Fund.

The membership of the Committee at 31 March 2021 was as follows:

Professor Sandy Love BVMS PhD
MRCVS (Chair)

Professor Gary Entrican BSc PhD

Professor Colin Farquharson BSc PhD

Miss Caroline George BVMS MRCVS

Dr Rob van Pelt BSc BVSc MRCVS Cert EP
 Professor Chris Proudman MA Vet MB PhD
 Cert EO FRCVS RCVS
 Professor Matthew Allen MA Vet MB PhD
 Professor Falko Steinbach PhD MRCVS
 Professor Tom Stout MA Vet MB PhD MRCVS
 Dipl ECAR KNMvD

Equine Infectious Disease

As part of the Board's strategic approach towards surveillance and proactive response to control and minimising the risks of infectious disease, two major rolling programmes had been in place at the Animal Health Trust for around 20 years. These programmes were focused on equine influenza and, with additional funding from racehorse owners and breeders, other infectious disease. This work was backed up by the Board's Codes of Practice on infectious disease that are updated annually.

When it became clear early in 2020 that the Trust's future was in doubt, HBLB worked closely with the AHT's Trustees and others to try to identify a solution. Regrettably this proved impossible, and the Board was sad to see the closure of the Animal Health Trust in July 2020. The maintenance of an efficient and effective disease monitoring service with added capability for vaccine research was of paramount importance. The Board was actively involved in, and made funds available for, a process to identify an alternative provider and to manage surveillance in the interim. This work will conclude in 2021/22.

Improvement of breeds of horses

In 2020 the number of British native breeds supported by the Board rose to twelve, with the addition of the Eriskay Pony. Drawing on detailed reports from the individual breed societies and advice from the Rare Breeds Survival Trust, the Board supports the preservation of vulnerable breeds and the improvement of pure-breeding quality.

The total budget allocation for 2020 was £150,000 (2019: £115,000). This included provision for the Rare Breeds Heritage Show, which, unfortunately, could not be staged due to the COVID-19 lockdown requirements. However, there is optimism that the event will be back in 2021.

Breed societies used their grants in a variety of ways, such as stallion and mare premiums, youngstock grants, DNA testing or blood typing and artificial insemination/seminal collection schemes. The Board expects the Societies to actively encourage their members to adhere to the highest standards of disease prevention and management partly in their own interests, and also to reduce risk to the British Thoroughbred herd.

Administration costs

The Board strives to provide a highly cost-effective service to its stakeholders. The Board's administration costs in 2020/21 were £2.1m (2019/20: £2.1m), which is consistent with the previous year.

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 2021, 91% of invoices, totalling £1.2m, 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. Employees are encouraged to recycle paper and cardboard by using the recycling bins provided in the office.

A full sustainability report has not been included, as organisations occupying less than a total of 1,000m² of floor area or with fewer than 250 FTE staff are exempt from providing this information.

Information Technology

At the same time as providing systems to allow effective remote working HBLB has continued to review and improve the functionality, security and compliance of its IT systems. Over the past twelve months new Cyber Security and Information Management Policies have been deployed, various legacy servers have been replaced, bespoke applications have been enhanced and a new Staff Hub has been implemented. The organisation will carry on the development of its IT systems to deliver more automation, offer more information to its stakeholders, improve security and compliance and to work towards achieving Cyber Essentials Certification.

Horserace Betting Levy Regulations 2017

The Horserace Betting Levy Regulations 2017 came into force on 25 April 2017, with the fourth period of assessment under the Regulations running from 1 April 2020 to 31 March 2021 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
8 February 2022

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 35.

Board Members

Paul Darling OBE QC*¹
Chair

Lord Risby*
Government Appointed Member

Anne Lambert CMG*²
Government Appointed Member

David Armstrong**

Julian Richmond-Watson**

Julie Harrington^{3}**

Nick Rust^{4}**

Mike O'Kane^{*}**

Board Executives

Alan Delmonte
Chief Executive & Accounting Officer

Craig Pemberton
Finance Director

Offices

21-27 Lamb's Conduit Street
London
WC1N 3NL

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

** Appointed by the Jockey Club

***Appointed by the Association of British Bookmakers & the Remote Gambling Association (now the Betting and Gaming Council)

¹ Appointed on 1 April 2020

³ Appointed on 1 January 2021

² Appointed on 1 April 2020

⁴ Resigned on 31 December 2020

A Register of Board Members' Interests is available online (www.hblb.org.uk) and note 17 on page 64 provides details of transactions during the year in which there was a related interest.

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

Under the Betting, Gaming and Lotteries Act 1963 (as amended), the Secretary of State for Digital, Culture, Media and Sport has directed the Horserace Betting Levy Board to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. 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. As Accounting Officer I can confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

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

- Observe the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable 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 that he takes 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 Digital, 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.

Functions of the Board

The Horserace Betting Levy Board is a corporate body, operating in accordance with the provisions of the Betting, Gaming and Lotteries Act 1963 (as amended).

The Board is charged with the duty of assessing and collecting 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.

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.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board
8 February 2022

Governance statement

As Accounting Officer, it is fundamental to my responsibilities 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 pursuance of the Board's purpose, vision 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 code ('the Code'), where they are relevant to the Board, including 'Managing Public Money'.

The Cabinet Office guidance for approval of senior pay mandates that pay and remuneration levels at and above a defined threshold for certain public appointments must also be approved by the Chief Secretary to the Treasury (CST). During the audit of HBLB's 2018/19 accounts, the NAO queried whether CST approval had been sought for three appointments in 2009, 2013 and 2017. HBLB has the statutory authority, contained in the Betting, Gaming and Lotteries Act 1963, to set the pay and conditions of all its staff and agents as it thinks appropriate. Until queried by the NAO, this statutory authority formed the basis of all appointments made by HBLB, supported by DCMS. After following this up, HM Treasury determined that the senior salary guidance still applies regardless of the 1963 Act and therefore retrospective approval was required. Given the updated position and advice received, DCMS and HBLB worked closely with HM Treasury to obtain retrospective CST approval which was subsequently received for all three appointments.

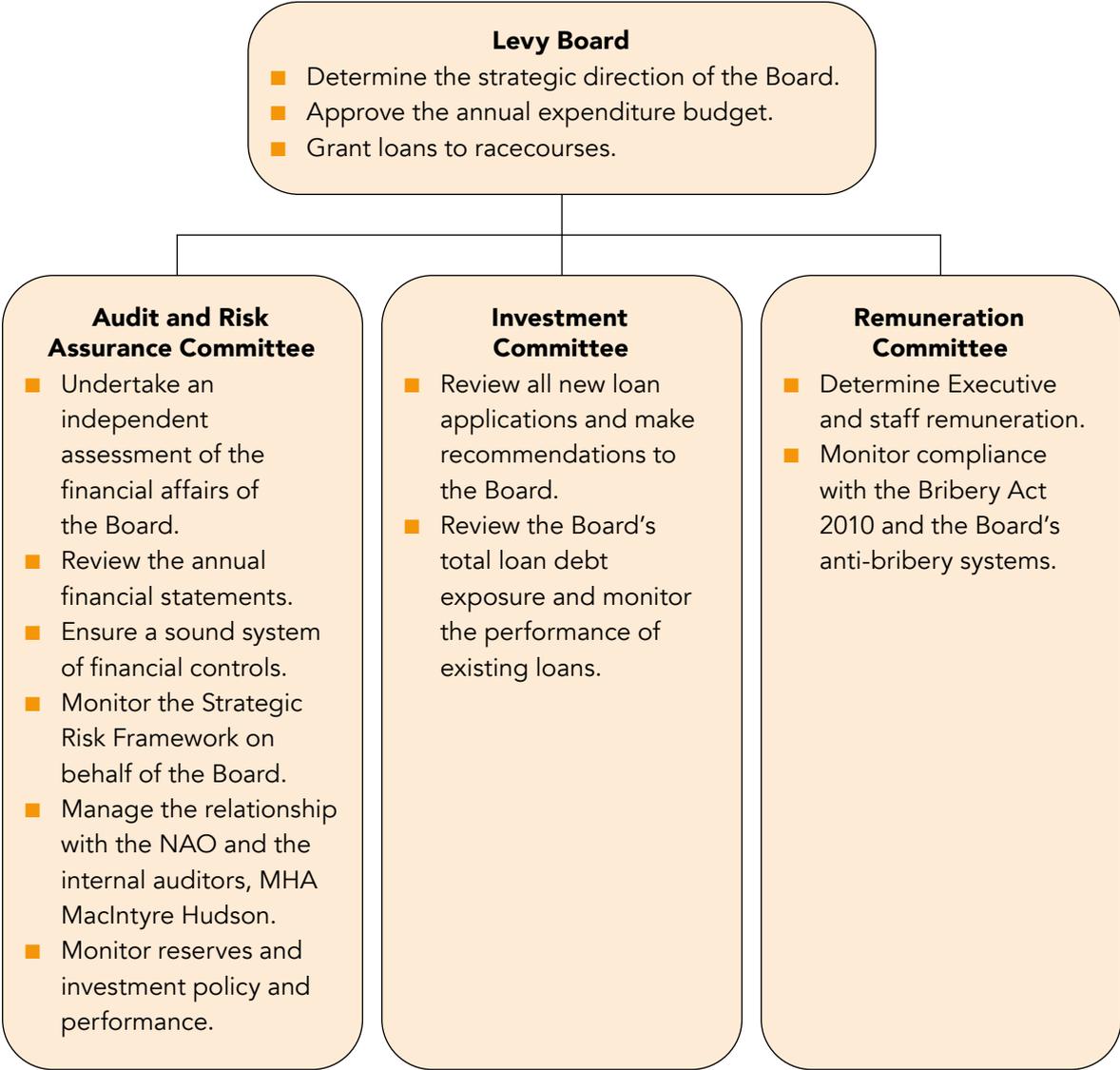
In June 2019, before it had been determined that the guidance applied to HBLB, HBLB appointed the current Finance Director with an effective start of employment of 1 July 2019. Following HM Treasury approval of the three past appointments, DCMS applied retrospectively for approval of the Finance Director's remuneration package. A different CST then in place approved the salary and pension arrangements but not the provision of private medical insurance (PMI) that was valued at £2,068 (2019/20: £381) in the 2020/21 year. In light of this, HBLB, DCMS and the Finance Director mutually agreed that PMI would be removed from his remuneration package with effect from 1 April 2021.

HBLB has reviewed the remuneration of staff other than the Chief Executive and the Finance Director and of the Government Appointed Members of the Board. All actual or full-time equivalent remuneration is below the threshold. HBLB will continue to liaise with DCMS and CST to ensure approvals are received in advance for future appointments where these are remunerated at or above the threshold.

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. I manage the day-to-day activity of the Board and I am responsible for the performance of the Board’s staff.



The Levy Board

As at 31 March 2021, the Board was comprised of the Chair and two other Government Appointed Members appointed by the Secretary of State for Digital, Culture, Media and Sport; three Board Members appointed by the Jockey Club; and one Board Member appointed by the Association of British Bookmakers and the Remote Gambling Association.

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 Association of British Bookmakers and the Remote Gambling Association (now 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 last 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 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, which may be viewed at the Board's offices on request, is also 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. Lord Risby was Chair of the Audit and Risk Assurance Committee for the majority of 2020/21 with Anne Lambert taking over the role of Chair from the March 2021 meeting. Lord Risby remains a member of the Audit and Risk Assurance Committee.

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 2020/21, the Audit and Risk Assurance Committee met on four occasions. Each meeting was attended by the Chief Executive, the Finance Director and the Senior Finance Manager. Representatives from the National Audit Office (external auditors) and Mazars LLP (internal auditors) attended when required. The programme of work in 2020/21 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 work of Mazars LLP and reviewed their findings.

The Committee decided to put the internal audit contract, which had been held by Mazars for the past eight years, out for re-tender and MHA MacIntyre Hudson were appointed as internal auditors in July 2021.

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

Since the year-end, the Committee has considered the Completion Report presented by the National Audit Office and the 2020/21 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 met once during the 2020/21 financial year.

A Government Appointed Member other than the Chair of the Board usually takes the position of Committee Chair. Lord Risby was Chair of the Investment Committee for 2020/21.

The Remuneration Committee

The Remuneration Committee met once in 2020/21 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 2020/21.

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 2020/21 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 ¹ Chair	Secretary of State for Digital, Culture, Media and Sport	14	–	1	–
Lord Risby	Secretary of State for Digital, Culture, Media and Sport	14	4	1	1
Anne Lambert ²	Secretary of State for Digital, Culture, Media and Sport	14	1	–	–
David Armstrong	Jockey Club	14	3	–	1
Julian Richmond-Watson	Jockey Club	14	–	1	–
Nick Rust ³	Jockey Club	11	–	–	–
Julie Harrington ⁴	Jockey Club	3	–	–	–
Mike O'Kane	Association of British Bookmakers and the Remote Gambling Association	14	4	1	1
Total number of meetings		14	4	1	1

¹ Appointed on 1 April 2020

² Appointed on 1 April 2020

³ Resigned on 31 December 2020

⁴ Appointed on 1 January 2021

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 13). This process has been in place for the year ended 31 March 2021 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 2019/20 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 2020/21.

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 in 2020/21 which meets on a monthly basis 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 the annual internal audit assurance visit which reports on the internal control and the assurance framework. During the 2020/21 year, Mazars LLP were the internal auditors of HBLB and they undertook reviews on:

- Evaluation and assessment of the adequacy and effectiveness of HBLB's key controls for UK Data Protection Act 2018 and information governance process.
- An advisory review of best practice compliance with HM Treasury's Managing Public Money handbook to identify where obligations are met and ensure any gaps are identified for action and strengthening of controls.
- The Executive commissioned an additional review at the end of 2020 of HBLB activity during the COVID-19 pandemic. The purpose of this review was to focus on understanding what had gone well and where any lessons may be learned. The subsequent report was presented to the Board in May 2021.

The Board decided to put the internal audit services contract up for re-tender in early 2021. A selection of firms including Mazars were asked to tender for the provision of internal audit services to HBLB. The Board approved the appointment of MHA MacIntyre Hudson as internal auditors to HBLB in July 2021. This

appointment is for a period of up to four years with a break clause after one year exercisable by either party

Information management

The Board has suffered no protected personal data incidents during the year ended 31 March 2021 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

I confirm that there were no instances of material irregularity, losses or special payments in the year ended 31 March 2021.

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 2020/21.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board
8 February 2022

Remuneration 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 QC was appointed as Chair on 1 April 2020. 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 on a fixed term contract 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 4 years until 31 December 2025.

Anne Lambert CMG was appointed as a Government Appointed Member on 1 April 2020 filling the previously vacant position.

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.

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 2020/21, pension contributions totalling £17,781 (2019/20: £17,634) 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 2021 was 3.5 days (2019/20: 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 Finance Director. 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.

	2020/21			2019/20		
	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	–	–	–
Paul Lee – Chair	–	–	–	60-65	7,000	70-75
Lord Risby	15-20	–	15-20	15-20	100	15-20
Anne Lambert	15-20	–	15-20			
Mike O'Kane	15-20	–	15-20	15-20	100	15-20
Chief Executive and Accounting Officer						
Alan Delmonte ²	185-190 ³	3,200 ⁴	190-195	180-185	3,100	185-190
Finance Director						
Craig Pemberton ⁵	150-155	2,100 ⁶	155-160	110-115	400	110-115
David McCormick	–	–	–	5-10	–	5-10

Note:

¹ The Jockey Club appointed Board Members do not receive any remuneration.

² Pension contributions totalling £17,781 (2019/20: £17,634) were paid to the Board's group personal pension plan on behalf of Alan Delmonte.

³ Includes travel allowance of £10,000 (2019/20: £10,000) received during the year.

⁴ Private medical insurance paid on behalf of Chief Executive.

⁵ Pension contributions totalling £15,125 (2019/20: £11,250) were paid to the Board's group personal pension plan on behalf of Finance Director.

⁶ Private medical insurance paid on behalf of Finance Director.

The Chief Executive of the Board was the highest full time equivalent (FTE) earner in 2020/21. Please refer to the remuneration report table on the previous page. This was 3.85 times (2019/20: 3.49) the median remuneration of the workforce, which was £49,952 (2019/20: £53,718). The ratio is calculated by dividing the midpoint of the highest paid director’s remuneration band of £192,500 (2019/20: £187,500) by the median remuneration of the Board’s workforce.

The median remuneration of the Board’s workforce is calculated by reference to remuneration of the staff members, including the Government Appointed Board Members, but excluding the highest paid FTE director, which is the Chief Executive. In calculating

the total remuneration of staff members, the 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. In calculating the total remuneration of the Government Appointed Board Members, the remuneration is based on the sum actually paid to them and annualised where they are in post at the reporting period end date but 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.

Staff numbers and costs – Subject to audit

The average number of persons (excluding Board Members) employed by the Board in the year was as follows:

	2020/21 FTE	2019/20 FTE
Permanent staff	11.60	11.31
Temporary staff	–	0.58
	11.60	11.89

HBLB had a staff turnover percentage of 0% during the 2020/21 year.

The aggregate payroll costs of these persons were:

	2020/21 £000	2019/20 £000
Payroll staff salaries	833	850
Social security	100	99
Pension costs	88	83
Redundancy costs	–	–
Other staff costs	47	115
	1,068	1,147

Breakdown of staff numbers – Subject to audit

The breakdown of staff numbers as at 31 March 2021 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

There were no redundancy payments in 2020/21 (2019/20: Nil) and there were no off-payroll engagements during the year (2019/20: Nil).

Parliamentary Accountability Disclosures – Subject to audit

Losses Statement

	2020/21	2019/20
Total number of losses	–	–
Total value of losses	–	–

Special Payments

	2020/21	2019/20
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, 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 (2019/20: £Nil).

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 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.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board
8 February 2022

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 2021 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012. The financial statements comprise: the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Reserves; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

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 2021 and of the Horserace Betting Levy Board's deficit for the year then ended;
- have been properly prepared in accordance with the Betting, Gaming and Lotteries Act 1963 and Secretary of State directions issued thereunder.

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 (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 have also elected to apply the ethical standards relevant to listed entities. 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 the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Horserace Betting Levy Board is adopted in consideration of the requirements set out in the FReM, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and 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. In connection with my audit of the financial statements, 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Betting, Gaming and Lotteries Act 1963; 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 Performance and Accountability 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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; 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 Members and the Accounting Officer of the Horserace Betting Levy Board, the Board and the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- 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 Board and the Accounting Officer anticipates that the services provided by the Horserace Betting Levy Board will not continue to be provided in the future.

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 (Audit of Public Bodies) Order 2012.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Horserace Betting Levy Board's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged 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 Managing Public Money and the Betting, Gaming and Lotteries Act 1963;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and compliance with regulatory framework;

- obtaining an understanding of the Horserace Betting Levy Board's framework of authority as well as other legal and regulatory frameworks that the Horserace Betting Levy Board operates in, focusing on those laws and regulations that had a direct effect on 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, Managing Public Money and Employment Law.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of levy income in line with the accounting framework and undertaking procedures to test the completeness of levy income.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions 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 that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
23 February 2022

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

Statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
Income			
Levy income receivable for:			
Horserace Betting Levy Regulations		81,901	97,564
Previous years' Schemes		77	287
		81,978	97,851
Other income			–
Interest receivable		47	303
Total income		82,025	98,154
Expenditure			
Improvement of horseracing	4a	(92,828)	(84,585)
Other expenditure	4b	(3,346)	(3,808)
Loss on disposal of property, plant and equipment		–	(89)
Total expenditure		(96,174)	(88,482)
Operating (deficit)/surplus		(14,149)	9,672
Interest paid on lease liabilities	14	(8)	(7)
Income tax	6	–	–
(Deficit)/surplus for the year		(14,157)	9,665
Total comprehensive (loss)/income for the year		(14,157)	9,665

The deficit for the year arose from continuing operations.

The notes on pages 51 to 66 form part of these accounts.

Statement of financial position as at 31 March 2021

	Notes	2021 £000	2020 £000
Assets			
Non-current assets			
Property, plant and equipment	7	704	996
Loans	9a	448	192
Total non-current assets		1,152	1,188
Current assets			
Trade and other receivables	8	19,377	19,292
Loans due within one year	9a	154	–
Cash and cash equivalents	12	35,744	52,727
Total current assets		55,275	72,019
Total assets		56,427	73,207
Current liabilities			
Trade and other payables	13	(12,439)	(14,749)
Lease liabilities	14	(135)	(159)
Provisions	15	–	(73)
Total current liabilities		(12,574)	(14,981)
Total assets less total current liabilities		43,853	58,226
Non-current liabilities			
Lease liabilities	14	(287)	(503)
Provisions	15	(50)	(50)
Total non-current liabilities		(337)	(553)
Total net assets		43,516	57,673
Reserves	16	43,516	57,673

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

Alan Delmonte

Chief Executive and Accounting Officer
8 February 2022

The notes on pages 51 to 66 form part of these accounts.

Statement of cash flows for the year to 31 March 2021

	Notes	2021 £000	2020 £000
Cash flow from operating activities			
Operating (deficit)/surplus for the year		(14,157)	9,665
Adjustments for:			
Depreciation	5, 7	193	129
Loss on disposal of property, plant and equipment		–	89
Interest payable		8	7
Interest receivable		(47)	(303)
Payment of lease liabilities	14	138	18
Fair value adjustment for loans receivable	4a, 9b	6	(4)
(Increase)/decrease in trade and other receivables	8	(85)	(4,025)
(Decrease)/increase in trade and other payables	13	(2,310)	(23,324)
(Decrease)/increase in provisions	15	(73)	63
Cash consumed by operations		(16,327)	(17,685)
Income tax	6	–	–
Net cash flow from operating activities		(16,327)	(17,685)
Cash flow from investing activities			
Purchase of property, plant and equipment	7	(11)	(1,108)
Disposal of property, plant and equipment		110	(18)
Net loans repaid by racecourses	9b	(416)	1,351
Interest and investment earnings		47	302
Net cash flow from investing activities		(270)	528
Cash flow from financing activities			
Payment of lease liabilities	14	(378)	644
Interest payable on lease liabilities	14	(8)	(7)
Net cash flow from financing activities		(386)	637
Net (decrease)/increase in cash and cash equivalents		(16,983)	(16,520)
Cash and cash equivalents at 1 April		52,727	69,247
Cash and cash equivalents at 31 March		35,744	52,727

The notes on pages 51 to 66 form part of these accounts.

Statement of changes in reserves for the year ended 31 March 2021

	Reserves* £000
At 1 April 2019	48,008
Changes in reserves 2020	
Surplus for 2020	9,665
Total comprehensive income for 2020	9,665
Balance at 1 April 2020	57,673
Changes in reserves 2021	
Deficit for 2021	(14,157)
Total comprehensive income for 2021	(14,157)
Balance at 31 March 2021	43,516

* The Government Financial Reporting Manual (FRoM) 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 FRoM appropriately reflects the Board's unique status.

The notes on pages 51 to 66 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 MARCH 2021

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 2020/21. 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 will continue with its existing statutory responsibility beyond 31 March 2021.

The accounts are prepared under the historical cost convention, except provisions and loans receivable that are stated at fair value.

The accounts have been prepared in a form as directed by the Secretary of State for Digital, 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 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury. A copy of the Accounts Direction can be obtained from HBLB.

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

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

Improvement of breeds of horses

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*

Levy income represents the total amount which it is estimated will be collected in respect of the year ended 31 March 2021. In addition Levy income includes an amount in respect of adjustments to Levy estimates made in previous years. Levy income is recognised using IFRS 15. Under IFRS 15 as interpreted by the FReM, HBLB is deemed to have contracts with bookmakers and betting exchange providers by virtue of the underlying legislation. Levy income is recognised on a straight line basis evenly throughout the year once it has been confirmed at the end of the Levy year by each bookmaker and betting exchange provider submitting their annual Form of Declaration which confirms the transaction price which amounts to the Levy income due for the year.

Interest receivable

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

b) Leases

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.

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) Discount rates

Where financial assets or liabilities are required to be presented at amortised cost, these are discounted utilising a suitable discount rate. In 2020/21, the rates chosen are in line with guidance supplied by HM Treasury (0.7%).

g) 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. Loans were previously classified as loans and receivables and initially measured at fair value and carried at amortised cost under IAS 39. Under IFRS 9, loans are classified as financial assets at amortised cost. 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.

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.

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 that has a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is in relation to the estimate of amounts due from/to bookmakers in respect of Levy income. The Levy income is derived from the actual Forms of Declaration received from bookmakers by the date of approval of these annual accounts and management's estimate in respect of the Levy income attributable to the Forms of Declaration yet to be submitted. For the year ended 31 March 2021, the estimated Levy income represented less than 1% of the total Levy income.

4. Expenditure costs

4a. Improvement of horseracing

	2021 £000	2020 £000
Horsemen		
Prize money	58,165	47,598
Prize money for divided races	1,344	153
Plus 10	1,364	2,090
NH Elite Mares' Scheme	117	189
NH Mare Owners' Prize Scheme	200	174
Appearance Money scheme	4,167	6,295
Transitional Fund	–	460
Great British Bonus Scheme	262	–
	65,619	56,959
Racecourses		
Fixture incentive scheme	1,550	2,212
Fair value adjustment to racecourse loans	6	(4)
	1,556	2,208
Raceday services		
Raceday services	18,655	18,744
	18,655	18,744
Training		
Industry recruitment, training and education	2,886	3,389
	2,886	3,389
Other		
Point-to-point meetings	186	286
Ownership & Horse Population	61	651
Promotion of Racing & Customer Growth	–	1,388
Betting Industry Partnership	230	152
Sectional Timing & Tracking	189	228
Racing Futures	–	150
Equine Welfare	97	204
Equine Influenza	–	5
PJA CEI Scheme	44	–
COVID-19 Industry Support	3,022	–
Great British Bonus Scheme Administration	283	220
Miscellaneous	–	1
	4,112	3,285
	92,828	84,585

4b. Other expenditure

	2021 £000	2020 £000
Breed societies	36	145
Advancement of veterinary science and education	1,243	1,547
Administration costs	2,067	2,205
	3,346	3,897

4c. Staff costs – Included within Administration costs

	2021 £000	2020 £000
Payroll staff salaries	833	850
Social security	100	99
Pension costs	88	83
Redundancy costs	–	–
Other staff costs	47	115
	1,068	1,147

5. Surplus

	2021 £000	2020 £000
This has been arrived at after charging:		
Remuneration of Board Members and Chief Executive	285	293
Depreciation	193	129
Auditors' remuneration – no charge for non-audit services:		
– External audit	50	47
– Internal audit and other services	18	14

6. 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 (2019/20: £Nil).

7. Property, plant and equipment

	Leasehold improvements £000	Furniture and equipment £000	Right-of-use other £000	Total £000
Cost:				
At 1 April 2019	329	80	–	409
Additions	365	70	673	1,108
Disposals	(329)	(47)	–	(376)
At 31 March 2020	365	103	673	1,141
Depreciation:				
At 1 April 2019	258	63	–	321
Charge for the year	42	9	78	129
Disposals	(269)	(36)	–	(305)
At 31 March 2020	31	36	78	145
Net book value:				
At 31 March 2019	71	17	–	88
At 31 March 2020	334	67	595	996
Cost:				
At 1 April 2020	365	103	673	1,141
Additions	–	11	–	11
Disposals	–	–	(110)	(110)
At 31 March 2021	365	114	563	1,042
Depreciation:				
At 1 April 2020	31	36	78	145
Charge for the year	73	20	100	193
Disposals	–	–	–	–
At 31 March 2021	104	56	178	338
Net book value:				
At 31 March 2020	334	67	595	996
At 31 March 2021	261	58	385	704

8. Trade and other receivables

	2021 £000	2020 £000
Trade and other receivables	1,651	121
Amounts due from bookmakers in respect of Levy income	17,450	19,037
Prepayments and accrued income	276	134
	19,377	19,292

All the above amounts are due within one year.

9a. Loans

	2021 £000	2020 £000
Secured:		
Repayable within five years	81	78
Unsecured:		
Repayable within five years	530	117
Total loans at historic cost	611	195
Fair value adjustment	(9)	(3)
Total loans at net present value	602	192
Loans included above due within one year	154	-
Loans due in more than one year	448	192

Loans granted after 1 April 2012 attract an interest charge of 4% per annum. At the year end, £81,495 of the notional loan balance (2019/20: £78,575) was secured against the racecourse assets of the borrowers.

The loans are stated at net present value. In 2020/21, the discount rate prescribed by HM Treasury, 0.7%, has been utilised (2019/20: 0.7%).

9b. Loans at net present value: Movement in the year

	2021 £000	2020 £000
Balance at 1 April	192	1,539
Loan interest	16	22
Loans made to racecourses	400	-
Loans repaid by racecourses	-	(1,373)
Fair value adjustment to racecourse loans	(6)	4
Balance at 31 March	602	192

9b. Loans at net present value: Movement in the year (continued)

The fair value adjustment to racecourse loans has been recognised as racecourse expenditure under costs related to the improvement of horseracing (see note 4a). For the purposes of IFRS 13, the Board considers that the fair value of the loans should be determined based on Level 3 inputs (i.e. unobservable inputs), as the racecourse loans are not traded on an observable market. There has been no change in this classification during 2019/20 or 2020/21.

10. 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, all of the Board's reserves were held in instant access accounts. The Board does not have any debt and as such is not exposed to fluctuations in interest rates in this regard. The Board is not directly exposed to any foreign currency risk.

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. All loan applications are considered in detail by the Investment Committee, in order to assess the creditworthiness of the applicant racecourse, and any loans that are greater than £200,000 are secured by legal charges against the borrower.

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 42.

11. Financial assets

Financial assets comprise fixed term cash deposits that mature in greater than three months. At 31 March 2021 the value of financial assets held by HBLB totalled £Nil (2019/20: £Nil).

12. Cash and cash equivalents: Movement in the year

	2021 £000	2020 £000
Balance at 1 April	52,727	69,247
Net change in cash and cash equivalent balances	(16,983)	(16,520)
Balance at 31 March	35,744	52,727

12a. Cash and cash equivalents

	2021 £000	2020 £000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	35,744	52,727
	35,744	52,727

13. Current liabilities: Trade and other payables

	2021 £000	2020 £000
Capital credit grants	2,037	6,349
Accruals	2,348	1,656
Amounts due to bookmakers in respect of Levy income	7,530	6,506
Trade and other creditors	489	203
Social Security	35	35
	12,439	14,749

Capital credit grants comprise grant payments to racecourses that are allocated for future capital projects but have not been drawn down at 31 March 2021.

14. Lease liabilities

The five-year lease for 21-27 Lamb's Conduit Street was introduced as a lease liability under IFRS 16 in September 2019, expiring in August 2024. The lease liability is recorded on the balance sheet as the present value of the future lease payments using HMT's suggested discount rate of 1.99%. Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2021 £000	2020 £000
Balance at 1 April	662	–
Additions	(110)	673
Interest	8	7
Payments	(138)	(18)
Balance at 31 March	422	662

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

	2021 £000	2020 £000
Current – within one year	135	159
Non-Current – between one and five years	287	503
	422	662

	2020 £000
Current – within one year	159
Non-Current – between one and five years	503
Balance at 31 March 2020	662

15. Provisions

A provision was created in 2014, with an undiscounted value of £55,000, to provide for the costs that the Board was expected to incur in respect of premises dilapidations when the leasehold office property at 21 Bloomsbury Street is vacated at the end of the lease term in 2022. The lease was subsequently terminated early in November 2019. Following professional valuation of the dilapidations work, the provision was increased in 2019/20 to an undiscounted value of £73,200. During 2020/21 the Board were billed for dilapidations at 21 Bloomsbury Street, the final fee raised in February 2021 by Gambling Commission totalling £70,800.

A provision was created in 2019 to provide for the costs that the Board will incur in respect of premises dilapidations when the leasehold office property at Lamb's Conduit Street is vacated at the end of the lease term in 2024. Management's estimate of the cost of work required is £50,000.

Provisions are held at carrying value, in accordance with IAS 37 the time value of money is not material to HBLB.

	Provision for Dilapidation £000	Total £000
Balance at 1 April 2020	123	123
Decrease in provision	(73)	(73)
Balance at 31 March 2021	50	50

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

	2021 £000	2020 £000
Non-current	50	50
Current	–	73
	50	123

16. Reserves

Reserves represent the cumulative undistributed historic surpluses of the Board.

17. 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 Digital, 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 £1,823,374 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. At 31 March 2021 an amount payable of £68,976 remained outstanding to BHA.
- The Horserace Betting Levy Board incurred costs from the Racehorse Owners Association (ROA) amounting to £25,490. These were grant payments for the Ownership and Horse Population initiative. The ROA is a related party by virtue of it having been one of the parties which nominated, for formal approval by the Jockey Club, one of the Board members of HBLB.
- The Horserace Betting Levy Board incurred costs from the Thoroughbred Breeders Association (TBA) amounting to £275,639. 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 paid £70,800 to the Gambling Commission for dilapidations work at 21 Bloomsbury Street, offices previously occupied by HBLB. The Gambling Commission is a related party by virtue of the fact that it shares a sponsoring Government Department with HBLB being the Department for Digital, Culture, Media and Sport (DCMS).
- The Horserace Betting Levy Board incurred costs from the Great British Bonus Scheme (GBB) amounting to £699,185. 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 £37,551. 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.

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, none of the key management staff, or other related parties, have undertaken any material transactions with the Horserace Betting Levy Board.

18. Other 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 2021, are £4.0m (2019/20: £4.4m). 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 2021, analysed by the period during which the commitment expires, are as follows:

	2021	2020
	£000	£000
Within 1 year	2,422	2,436
After 1 year but not more than 5 years	1,528	1,955
Total financial commitments	3,950	4,391

During the year, the Board approved two loans to racecourses totalling £0.4m (2019/20: £Nil). As at 31 March 2021 both of these loans, had been drawn down.

19. 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 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.

20. Events after the Reporting Period

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

Lord Risby has been re-appointed to the Board by the Secretary of State for Digital, Culture, Media and Sport in August 2021 for a further 4 years until 31 December 2025.

