



HORSE RACE BETTING LEVY BOARD

Three-Year Business Plan

April 2022 - March 2025



FOREWORD



PAUL DARLING
OBE, KC
CHAIR

I am delighted to introduce the first three-year business plan for the Levy Board. We have waited to agree and then publish this Business Plan until there was greater stability after the worst of COVID and once further normality had returned to the racing and betting industries in their businesses.

The Levy Board continues to play an important role, not just through its collection and distribution of around £100m a year but in its interactions throughout the sport. We work constructively with Racing, Betting and Government in pursuit of our statutory objectives, directing most of our funding towards the improvement of horseracing.

My Board colleagues and I take seriously our responsibilities in carrying out our function as custodians of public funds, albeit funds derived from a bespoke levy rather than grant-in-aid (funded by taxation). We attempt to assess issues before us on a fair and reasonable basis before coming to decisions.

To discharge our role effectively and efficiently, the Board has developed for this Business Plan a set of goals and Racing Outcomes - a set of aims for the sport in which HBLB has a direct interest, and which will guide our decision-making on grant applications. Alongside this new approach, we have also undertaken a strategic review of our key risks with a detailed mitigation strategy to manage exposure, to ensure that those risks are contained within tolerance limits set by the Board.



ALAN
DELMONTE
CHIEF
EXECUTIVE

The Horserace Betting Levy Board has been in existence for over 60 years in which time its core statutory objectives have remained unchanged, even though the racing and betting environments of today are very different to those of 1961.

Our highly committed team continue to seek to provide a professional and cost-effective service in carrying out our duties, aiming to work with independence and impartiality and avoiding any duplication of work done by others in the racing or betting sectors. Since 2019, when plans for our abolition were shelved, we have invested in improving our internal processes and functions while continuing to maintain costs at a lower level than a decade ago; which will fall again by an ongoing annual £100,000 this year with the move to smaller office premises.

This business plan includes a look back at our contributions to ensure continuity during the worst of the COVID outbreak and sets out our main current activities and plans for the future. It also illustrates the principles underpinning what we do, including how we look to measure our activity and assess and manage risk. Its publication is a further step in increasing the transparency of our operation and we will report regularly on progress. My key priorities over the three years are to: ensure HBLB's financial sustainability; review how HBLB prize money funding is put to best use; and ensure rigour in our operations, especially in the areas of grants assessment and Levy collection.

September 2022

INTRODUCTION

STRATEGY

HBLB's work is characterised by a high degree of interdependence with the Racing and Betting industries. It necessarily operates in a flexible way, adaptive to changing circumstances and the demands of those key stakeholders. It does however have statutory objectives laid out in its governing legislation. Additionally, the Board has adopted its own Purpose & Vision, four Goals and 13 Racing Outcomes. These are all captured and set out on page 6. Racing Outcomes are the Board's ambitions for achievement by Racing.

The core purpose of HBLB agreed by the Board is summarised as:

"TO COLLECT AND ALLOCATE LEVY EFFECTIVELY AND TRANSPARENTLY TO SUSTAIN AND IMPROVE BRITISH HORSERACING, BREEDING AND VETERINARY SCIENCE OR EDUCATION FOR THE BENEFIT OF THE SPORT."

HBLB's grants, loans and day to day research, analysis and advisory activities are all designed to be in pursuit of this core rationale.

Three key priorities for the organisation over the three years will be:

Firstly, ensuring HBLB's financial sustainability, taking account of the effect of any changes to customer behaviour following the Government's review of gambling legislation and also from the wider economy and the pressures on spending; and the impact of challenges around the competitiveness within Racing's race programme.

Secondly, reviewing how prize money funding is directed and whether it appropriately complements contributions from others in the sport.

Thirdly, continuing to improve the rigour and effectiveness in HBLB internal operations including Levy collection, project assessment and post-event reporting.

OVERSIGHT

HBLB is an Arm's Length Body (ALB) of Government with the Levy classified as public money by HM Treasury. It is audited by the National Audit Office and is accountable to the Secretary of State for Digital, Culture, Media and Sport and, ultimately, to Parliament.

HBLB operates within the requirements of those public sector arrangements and complies with government guidance within Managing Public Money, the Sponsorship Code of Good Practice and the "Nolan Principles", the seven principles of public life.

These place a heavy responsibility on the organisation to ensure good governance in its activities.

Government has taken a continually increasing interest in ALB activity in recent years with a sharp focus on ensuring regularity, propriety, value for money and feasibility when assessing project applications.

The Board's work is supported through three Standing Committees (Audit & Risk Assurance, Remuneration and Investment) together with Advisory Committees on Veterinary Science & Education and on Equine Infectious Disease.

It also manages the Betting Liaison Group and the Betting Data Analysis Group and participates in various other groups and committees in pursuit of its objectives.



APPROACH

Given the range of work in which the organisation is involved, sometimes it is required to operate as a leader and at other times an influencer or simply as a funder. HBLB is a small organisation of just 16 roles and its costs are tightly managed at around 2% per year of the Levy raised.

The Board actively identifies the key risks for the organisation and has mitigation plans in place which are reviewed and managed regularly. Oversight is provided through the Audit & Risk Assurance Committee.

HBLB either makes grants (usually for an annual period) or loans (usually for capital projects). Annual interest will be charged at the prevailing Bank of England base rate as it stands at the time of the granting of a loan application (2.25% as at September 2022) with applicants choosing their repayment period of between 4 and 10 years. To ensure its financial sustainability, and adhere to the required governance as an ALB, the Board manages its resources over the medium-term having adopted a three-year financial model.

HBLB reviews the reserves policy annually. HBLB's cash balance was significantly bolstered in 2021 by receipt of a £21.5m loan from the Government's Sports Survival Package (SSP), which helped sports survive the peak impact of COVID. The funds were used to support increased Prize Money, COVID-related regulation costs and additional Raceday Services Grants; all helping Racing to successfully navigate the impacts of COVID.

The loan, with interest, will be paid back over a ten-year period with the 'top-slicing' of the annual repayment from Prize Money and Raceday Services Grants in future years.

This extraordinary time proved in strong measure the sensible approach that the Board had taken in holding significant reserves.

THE BOARD HAS A TARGET RANGE OF RESERVES OF £21M TO £31M GIVEN THAT LEVY IN ANY GIVEN PERIOD CANNOT BE GUARANTEED. DURING THE TWO-YEAR PERIOD OF THE PANDEMIC FROM MARCH 2020, HBLB RESERVES REDUCED BY ALMOST HALF, FROM £57M TO £33M.

The Levy is raised wholly from the amounts bet by customers and then paid by betting operators. Without the betting public's interest and confidence in the sport, there would be no funds for HBLB to grant or loan.

The Levy is paid by bookmakers with annual gross profit on British horseracing in excess of £500,000, at a rate of 10%, with each of them agreeing the amount of monthly payments on account, ahead of an end of year reconciliation.

In addition, major bookmakers provide monthly forecasts, as well as invaluable race by race information on gross profit and turnover, which assists HBLB's work in a number of ways.

Since the introduction of the Horserace Betting Levy Regulations in 2017, which brought into scope all bets placed on British horseracing by British-based customers irrespective of the location of the betting operator, annual yield is trending at £93m over the last five years. HBLB also gratefully received a £3m contribution from the Racing Foundation in each of 2021/22 and 2022/23 towards funding of Racing's people development.

FUNDING & PROJECTS

Grant funding can be grouped into four headings: Prize Money, Raceday Services (Regulatory & Integrity funding), Veterinary Science & Education and Non-fixtured related funding. Page 13 has more detail.

PRIZE MONEY IS HBLB'S LARGEST AREA OF FUNDING, FORECAST TO REACH ALMOST £79M IN 2022/23.

This is a significant increase on pre-COVID years, the extra sums funded by HBLB drawing on its reserves and the SSP loan. HBLB closely analyses a range of metrics in relation to the fixture list and the races within it, including the number and percentage of "failed races" (races with five or fewer runners), average field size and number of horses in training, as well as more complex areas around race competitiveness and betting performance.

HBLB Racing Outcomes include measures on betting turnover, racecourse attendance, horses in training and number of owners. HBLB works with Racing and Betting through its Betting Liaison Group and the BHA Fixtures and Funding Group which use this data and analysis to influence the optimisation of the fixture list.

Raceday Services Grants, which meet approximately 80% of racecourses' regulatory costs, ensure that horseracing maintains high levels of integrity. HBLB Racing Outcomes include measures on integrity, horse welfare, people wellbeing and public opinion favourability.

The context for this Business Plan is that HBLB will have to respond to key events such as the Gambling Act 2005 Review; the Government's review, by April 2024, of the rate of Levy charged; and general economic headwinds.

HBLB will review the actual or expected impacts and plan accordingly.

The three-year period will also see the Board take account of the conclusions of Racing's Strategic Review which is intended to create a sport-wide strategy. HBLB's Racing Outcomes and projects will adapt and complement the aims and objectives of Racing.

An example of how a strategy can make a real difference and provide focus and measurable outcomes is 'A Life Well Lived', being implemented by the Horse Welfare Board, which has a range of initiatives in the horse welfare area.

The 26 main projects that HBLB is planning to deliver during the three years are set out on pages 10-12.



HBLB, IN PARTNERSHIP WITH THE RACING FOUNDATION, HAS BEEN INSTRUMENTAL IN RACING ADOPTING A SIMILAR APPROACH ON PEOPLE STRATEGY WITH AN INDEPENDENT BOARD AND CHAIR NOW BEING SOUGHT WHO WILL HAVE RESPONSIBILITY TO BUILD, AGREE AND IMPLEMENT A DETAILED PEOPLE STRATEGY.

STATUTORY OBJECTIVES, PURPOSE, VISION, GOALS & RACING OUTCOMES AND STRATEGIC RISKS

HBLB STATUTORY OBJECTIVES

The Betting, Gaming and Lotteries Act 1963 sets out that HBLB: shall be charged with the duty of assessing and collecting in accordance with the subsequent provisions of this part of this Act, and of applying, subject to those provisions, monetary contributions from bookmakers for purposes conducive to any one or more of the following:

- THE IMPROVEMENT OF BREEDS OF HORSES
- THE ADVANCEMENT OR ENCOURAGEMENT OF VETERINARY SCIENCE OR VETERINARY EDUCATION
- THE IMPROVEMENT OF HORSE RACING



In support of these objectives, the Board has agreed the following:

HBLB PURPOSE

To collect and allocate Levy effectively and transparently to sustain and improve British horseracing, breeding and veterinary science or education for the benefit of the sport.

HBLB VISION

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

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

HBLB GOALS, MEASURED & ENABLED BY RACING OUTCOMES:



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 Impact of investment in research



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

HOW RISK IS MANAGED

STRATEGIC RISKS

The Board has identified the following three overarching strategic risks.

To address these risks, a comprehensive set of mitigations have been identified, which are reviewed regularly.



INCOME

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

ORGANISATION

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

STAKEHOLDERS

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

HOW RISK IS MANAGED

Each of the three strategic risks (Income, Organisation, Stakeholders) was considered in turn by the Board and a conclusion reached on the Board's risk tolerance in each case. A view was taken of the current score of each risk, as measured by a combination of likelihood to occur and the level of impact if the risk did occur.

The difference between these quantified current scores and the tolerance level for each risk assessed was 'the risk gap'. This risk gap was then the focus of a rigorous and systematic review to identify a range of appropriate risk mitigations, with the aim of reducing the risk score down to the tolerance level for each risk. The overall risk management framework aims to ensure the independence and impartiality of HBLB in its decision-making.

Risk mitigations were reviewed by the Audit & Risk Assurance Committee, having been formed as a series of SMART (Specific, Measurable, Achievable, Relevant, Timely) actions with a named owner and timescale for each. Around 50 risk mitigations were agreed and these are managed and reviewed on a monthly basis, with the owner reporting progress, and this being reviewed by the Chief Executive and Chief Finance Officer against the implementation plan. An update is provided quarterly to the Audit & Risk Assurance Committee.

BY THE SUMMER OF 2022 TWO THIRDS OF THE AGREED MITIGATIONS HAD BEEN IMPLEMENTED.

The Board will hold an annual horizon-scanning exercise, at its annual strategy day, to test whether the strategic risks remain fit for purpose and whether additional actions are required.

RACING OUTCOMES - DASHBOARD

FUNDING & PROJECTS

Racing Outcomes are a set of 13 key outcomes for the sport, which were formulated by the HBLB Board, to cover a multi-year period, over a spectrum of investment needs.

These directly link to the improvement of horseracing and are the Board's ambitions for achievement by Racing.

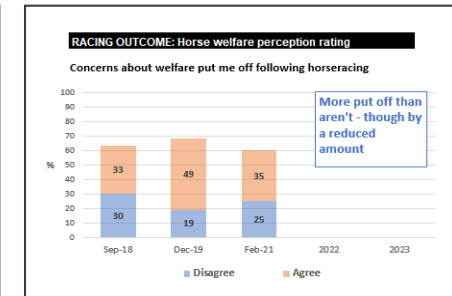
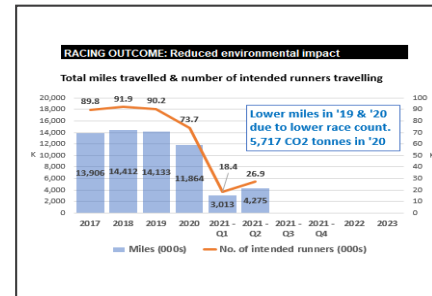
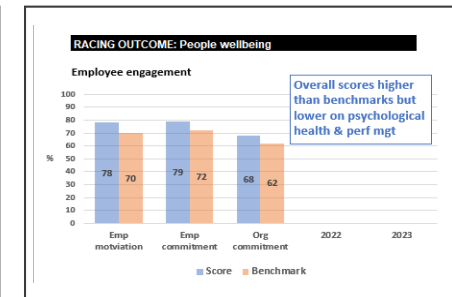
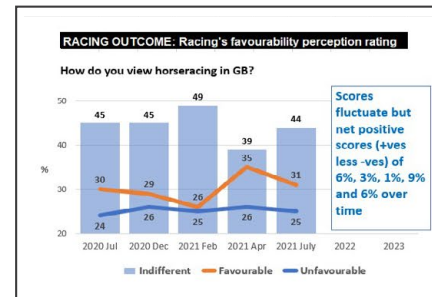
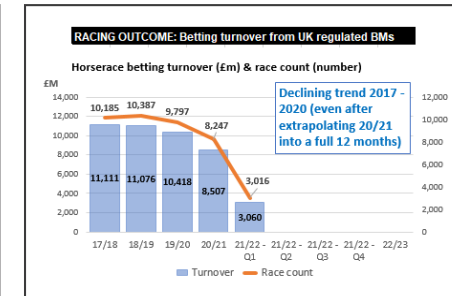
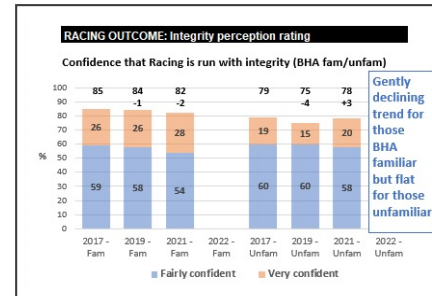
They do not have targets, but they will guide HBLB's funding decisions. The Board will use these criteria to assess funding applications whilst retaining the ability to be flexible and responsive, acting independently and impartially. Each Racing Outcome will have a format as illustrated opposite and will mature over time.

They take the form of graphical one-page overviews produced in a consistent format to give the Board a high-level view of each. They will be supported by more detailed analysis and discussion in partnership with the relevant source in Racing.

Those responsible for each will be asked to present to the HBLB Board at relevant update points on the progress being made on each Racing Outcome.

HBLB will maintain the data which supports the Racing Outcomes and update these publicly.

RACING OUTCOMES ARE DATA-DRIVEN AND ARE COMPILED IN COLLABORATION WITH RACING.



A LOOK BACK... SNAPSHOT OF PROJECTS AND ACHIEVEMENTS FROM 2019/20 TO 2021/22

2019/20

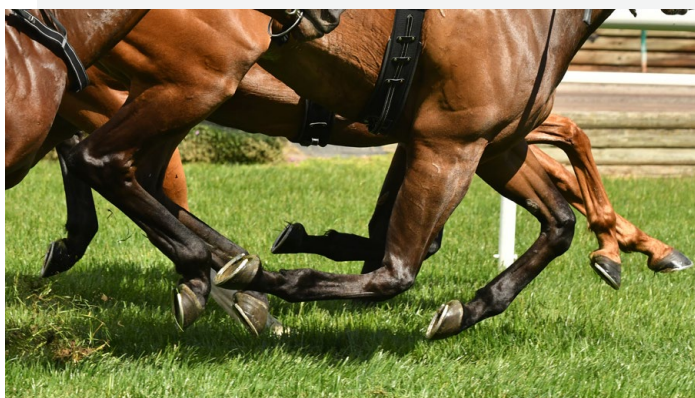
- ✓ Betting Liaison Group & Betting Data Analysis Group formed
- ✓ Sectional timing funded for rollout across all racecourses
- ✓ Strategic Risks reviewed and comprehensive mitigations and oversight process agreed
- ✓ Enhanced in-year forecasting process for Levy
- ✓ Review of staffing structures and initial appointments after reversal of Government's plans to abolish HBLB
- ✓ Monthly provision of betting data by major bookmakers

2020/21

- ✓ COVID SUPPORT
Loans to racecourses, conversion of Capital Credits into cash, grants to assist with behind closed doors racing, PPE and social distancing, enhanced Prize Money and introduction of the Ratecard funding mechanism
- ✓ New Board Chair and members appointed, full complement of Board members
- ✓ Authorised Betting Partners issues resolved
- ✓ Great British Bonus scheme funded
- ✓ Externally led Board Effectiveness Review and action plan agreed
- ✓ "Cash Refund Schemes" pursued and £5m added to Levy; new principles agreed around Levy treatment of these bet types
- ✓ Jockeys' Career Ending Insurance Scheme supported
- ✓ Annual Board strategy day agreed

2021/22

- ✓ £21.5m Covid support loan funding from Government
- ✓ New Grants advice issued and Racing Outcomes adopted
- ✓ HBLB guarantees for BHA Pension Scheme extended
- ✓ New Internal Audit partner appointed via tender exercise
- ✓ New arrangements established for monitoring equine disease post Animal Health Trust
- ✓ Review and update of Levy Guidance Notes & external review of Levy collection process
- ✓ Updated Bookmaker web application introduced
- ✓ HBLB systems receive first Cyber Essentials Plus accreditation



26 PLANNED PROJECTS FOR THE NEXT THREE YEARS - OVERVIEW

Numbering refers to narrative on subsequent two pages

ENABLING PROJECTS FOR GOAL #1

Generate interest in Racing

- 5 Targeted Prize Money (including reversion to pre-COVID Saturday criteria)
- 6 Revised Fixture Incentive Fund
- 12 Review of Prize Money funding model and optimum fixture funding

ENABLING PROJECTS FOR GOAL #3

Drive high quality care & support for the horse in Racing

- 1 Veterinary Advisory Committee membership enhanced and expanded
- 19 Equine Disease Protection Strategy agreed
- 26 Long-term Equine Infectious Disease Service in place

ENABLING PROJECTS FOR GOAL #2

Sustain valued employment in Racing

- 2 Conclusion of Industry Recruitment, Training & Retention review
- 13 Review of Regulatory & Integrity funding model
- 15 Completion of loans to Weighing Room modernisation project

ENABLING PROJECTS FOR GOAL #4

Continually enhance the reputation of Racing

- 3 Transparency of Regulatory & Integrity funding
- 10 HBLB contribution to Racing's strategic review
- 14 Address Gambling Legislation Review outcome

ENABLING PROJECTS FOR HBLB PURPOSE & VISION AND STRATEGIC RISK MITIGATION

- 4 New three-year finance model implemented
- 7 Office move to save cost and further embed flexible working
- 8 Organisational Design review completed
- 9 Implement Government Functional Standards Reviews
- 11 Relocate and update core digital infrastructure
- 16 Stakeholder management review for each of Betting and Racing
- 17 Expand and modernise web services
- 18 Prepare for and address the impacts of 2024 Levy Review
- 20 Triennial external Board Effectiveness Review
- 21 Majority of external processes paperless
- 22 Second three-year Business Plan
- 23 Integration of services with Racing Digital
- 24 Review viability of three-year funding arrangements
- 25 Review of strategic risks / horizon scan

26 PLANNED PROJECTS FOR THE NEXT THREE YEARS - NARRATIVE

IN 2022/23

1 VETERINARY ADVISORY COMMITTEE

Membership refreshed and expanded to include additional subject matter expertise.

2 CONCLUSION OF INDUSTRY RECRUITMENT, TRAINING & RETENTION REVIEW

Around £3m p.a. of funding to this area from HBLB, assisted by the Racing Foundation's willingness to provide this sum in 2021/22 and 2022/23 so as to maximise HBLB's funds available for other purposes. A review commissioned by both organisations in conjunction with the BHA recommended the development of a detailed people strategy covering skills, welfare, and workforce issues and an Independent Board and Chair to implement it.

3 TRANSPARENCY OF REGULATORY & INTEGRITY FUNDING

HBLB makes grants to racecourses of around £19m a year to assist with regulatory and integrity costs. These Raceday Services Grants are second only to prize money as the largest line of expenditure for HBLB and work is underway to ensure greater transparency of the costs, with the active collaboration of the BHA. In future, these costs will be the subject of their own grant application.

4 NEW THREE-YEAR FINANCE MODEL IMPLEMENTED

HBLB will seek, where possible, to make in principle funding decisions over a period of more than one year and has introduced a three-year financial model. The variable nature of HBLB's income, derived as it is from bookmakers' profits, involves assumptions being made about income.

5 TARGETED PRIZE MONEY

HBLB worked with the BHA Fixtures & Funding Group to agree optimum use of Levy funds on Saturdays, Bank Holidays and through the development of the race-by-race funding mechanism.

6 REVISED FIXTURE INCENTIVE FUND

Streamline the FIF and improve the targeting of funds.

7 OFFICE MOVE TO SAVE COST AND FURTHER EMBED FLEXIBLE WORKING

In response to learning during COVID and taking advantage of a lease break clause, HBLB will relocate to new (outside London TFL Zone 1) office space and equip all staff for fully flexible working with an expected annual saving of £100,000.

8 ORGANISATIONAL DESIGN (OD) REVIEW COMPLETED

Following the Government's decision in 2019 not to abolish HBLB, an OD review was undertaken to ensure HBLB had the resources needed for the future. Whilst COVID delayed the conclusion of the work, a limited number of new skills and roles were identified as being required in recognition of the increasing scale of HBLB's operation.

9 IMPLEMENT GOVERNMENT FUNCTIONAL STANDARDS (GFS) REVIEWS

Across government a new set of standards is being applied covering a range of business areas. HBLB will apply these standards as appropriate to keep pace with good governance and controls. (To complete in 2023/24). The GFS on Grants will be the first one to be addressed.

10 HBLB CONTRIBUTION TO RACING'S STRATEGIC REVIEW

HBLB will engage with and contribute to Racing's newly commissioned strategic review.

11 RELOCATE AND UPDATE CORE DIGITAL INFRASTRUCTURE

Further improve security and, to enable the transition to a new office environment, HBLB will relocate its core infrastructure into a third-party robust and resilient datacentre environment.

26 PLANNED PROJECTS FOR THE NEXT THREE YEARS - NARRATIVE CONTINUED

IN 2023/24

12 REVIEW OF PRIZE MONEY FUNDING MODEL AND OPTIMUM FIXTURE FUNDING

In partnership with Racing, review the Prize Money distribution funding model and the associated fixture and race slots.

13 REVIEW OF REGULATORY & INTEGRITY FUNDING MODEL

In consultation with the BHA a review will be carried out on whether the current funding model remains the best arrangement.

14 ADDRESS GAMBLING LEGISLATION REVIEW OUTCOME

HBLB will respond as appropriate once published.

15 COMPLETION OF LOANS TO WEIGHING ROOM MODERNISATION PROJECT

Current estimate is for HBLB to loan £12.5m alongside contributions from others. Annual interest will be charged at the prevailing Bank of England base rate as it stands at the time of the granting of a loan application (2.25% as at September 2022) with applicants choosing their repayment period of between 4 and 10 years.

16 STAKEHOLDER MANAGEMENT REVIEW FOR EACH OF BETTING AND RACING

A review of the relationships with Betting and Racing will be undertaken to learn key strengths and areas for improvement.

17 EXPAND AND MODERNISE WEB SERVICES

Increase the range of funding services that can be web accessed whilst also modernising services.

18 PREPARE FOR AND ADDRESS THE IMPACTS OF 2024 LEVY REVIEW

HBLB will prepare relevant and timely data, analysis and submissions to input to the review and then will respond as appropriate once published.

19 EQUINE DISEASE PROTECTION STRATEGY AGREED

Working with Racing and the HBLB Equine Infectious Disease Committee, a long-term strategy will be developed and agreed.

20 TRIENNIAL EXTERNAL BOARD EFFECTIVENESS REVIEW

It is best practice and a policy of Government that public bodies should undertake these externally every three years.

21 MAJORITY OF EXTERNAL PROCESSES PAPERLESS

Review external key process areas where the IT team will work to find opportunities to digitise and / or provide services digitally.

IN 2024/25

22 SECOND THREE-YEAR BUSINESS PLAN

Work on agreeing the second three-year Business Plan covering 2025/26 - 2027/28.

23 INTEGRATION OF SERVICES WITH RACING DIGITAL

Work closely with Racing Digital to find ways of integrating and aligning services.

24 REVIEW VIABILITY OF THREE-YEAR FUNDING ARRANGEMENTS

Using the three-year forward looking financial model and the reviews of all major funding areas, HBLB will look for opportunities to move to multi-year funding agreements where appropriate.

25 REVIEW OF STRATEGIC RISKS / HORIZON SCAN

HBLB will review the landscape within Government, Betting and Racing to identify and assess risks over the medium-term and agree its risk appetite in each area. Mitigation plans as required will be agreed.

26 LONG-TERM EQUINE INFECTIOUS DISEASE SERVICE IN PLACE

HBLB will work with Racing and subject matter experts, through the HBLB Equine Infectious Disease Committee, to put in place successor arrangements to the current contracts.

FINANCIAL OVERVIEW

INCOME

HBLB began 2022/23 with an indicative estimate of £105m of income for the year based on more than £102m of payments on account indicated from Bookmakers which may well be subject to revision during the year in light of actual performance.

An additional sum of £3m from the Racing Foundation to support the people strategy in Racing was also gratefully received.

Cash was bolstered in June 2021 by a £21.5m loan receipt from the Government's Sports Survival Package (SSP) which was used to increase Prize Money levels and part-fund Racing's COVID regulatory costs. HBLB reserves were also deployed for the same purposes with a cumulative operating deficit of near £28m during 2020/21 and 2021/22 combined.

Alongside general economic headwinds a Gambling Review White Paper will be published by the Government in due course and the consequences of this may impact future Levy generation.

HBLB'S FINANCIAL PLANNING FOR 2023/24 AND 2024/25 ASSUMES LEVY INCOME OF £95M PER YEAR.

This is based on the average of actual performance over the last three years. Impact modelling of the Review will take place once additional details are known.

£m	2020/21 Actual	2021/22 *Actual	2022/23 Budget
Levy / other income	82.0	97.9	102.6
Racing Foundation funds	-	3.0	3.0
TOTAL INCOME	82.0	100.7	105.6
Prize Money (inc. SSP)	65.6	78.9	69.5
Regulation & Integrity (inc. SSP)	18.7	23.9	20.9
Fixture Incentive Fund	1.6	1.8	1.8
Veterinary Science & Education (VSE)	1.2	1.7	1.5
Non-fixture grants	7.0	5.7	6.5
Administration + Loan interest	2.0	2.3	2.7
TOTAL EXPENDITURE	96.1	114.3	102.9
NET OPERATING POSITION	-14.1	-13.6	2.7
FREE CASH AT YEAR END	19.4	23.2	18.6
RESERVES AT YEAR END	43.6	30.0	32.7

**Subject to final audit by the National Audit Office*

Prize Money of £72m covers

Funding of the annual fixture list through Prize Money. This includes the Ratecard Plus mechanism (and associated contingency fund), Appearance Money, Sport Survival Package (SSP), Great British Bonus scheme, Divided races and the Relief Fund.

Regulation & Integrity of £21m covers

Funds directed to racecourses used by them to help meet regulation and integrity BHA fees. BHA costs are higher than the HBLB funds to racecourses, who must make up the balance from their own resources.

Non-fixture / VSE of £8m covers

Industry Recruitment, Training and Retention, Point-to-Point, Breed societies, Horse Welfare Board, Great British Racing, Horse Movements Steering Group, HBLB Betting Data collection, Jockey drug testing, Racing To School / Racing Together, Thoroughbred Breeders Association Economic Impact Study and Retraining of Racehorses as well as funding Veterinary Science and Education major and small projects, education awards and Codes of Practice.

HOW FUNDING DECISIONS ARE MADE

FUNDING DECISIONS

Funding decisions are made by HBLB as an independent and impartial body within the context of Cash, Reserves and expected Levy income for the year ahead. The Board considers the maximum amount of funding that it can commit overall whilst balancing that with the financial sustainability of the organisation.

There are three main groups of funding: block grants, individual grants, and loans - principally for capital projects. HBLB supports Racing agreeing strategies for key areas of expenditure such as has been done on Horse Welfare and is being done on Industry Recruitment, Training, and Retention.

THESE PROVIDE TESTABLE OUTPUTS AND OUTCOMES AGAINST WHICH TO MEASURE THE EFFECTIVENESS OF THE FUNDING. WITHIN OVERALL FUNDING THE BOARD FIRST AGREES BLOCK GRANTS, THEN INDIVIDUAL GRANTS AND THEN LOANS.

BLOCK GRANTS

GOVERNANCE

Prize Money and Raceday Services are the major block grants awarded by the Board. Decisions are usually taken annually around the autumn preceding a racing year based on applications agreed by Racing.

GUIDANCE & SUPPORT

HBLB works closely with Racing through the BHA Fixtures & Funding Group on the development of proposals for Prize Money grants. It works with the BHA and the RCA on the Raceday Services Grants to assess need and appropriate funding.

EVALUATION

Racing presents to the HBLB Board, having worked with the HBLB Executive, and proposals are assessed for contribution to strategy, effectiveness and value for money.

INDIVIDUAL GRANTS

GOVERNANCE

HBLB runs an annual process between autumn and spring for the next year. HBLB may review the timing of this process.

GUIDANCE & SUPPORT

Up to date guidance is provided to applicants and is available on the website at the start of each annual process. Nominated HBLB staff lead the individual grants process and can be contacted for advice and support.

EVALUATION

Each grant is reviewed against the Racing Outcomes and criteria, and the HBLB Board considers each application making a decision by April.

LOANS

GOVERNANCE

HBLB opens loan windows from time to time for applications for capital projects meeting the criteria. Annual interest will be charged at the prevailing Bank of England base rate as it stands at the time of the granting of a loan application (2.25% as at September 2022) with applicants choosing their repayment period of between 4 and 10 years.

GUIDANCE & SUPPORT

HBLB shares the detailed terms and conditions for loans on the website. Nominated HBLB staff lead the loans process and can be contacted for advice and support. The Weighing Room project is likely to impact availability during 2022-2024.

EVALUATION

Applications are assessed and, if appropriate, using professional advisers. Where appropriate, the Investment Committee recommends to the HBLB Board for a final decision.



HBLB KEY PERFORMANCE INDICATORS

KEY INDICATORS

HBLB continues to strengthen how grant applications and their performance, if approved, are assessed and monitored against outputs and outcomes. In addition, HBLB has begun to use the approach of Key Performance Indicators internally to manage performance.

HBLB reports to DCMS as its sponsor department of government. A set of KPIs is currently being developed for the first time and as such are all currently at different points of maturity.

HBLB KEY PERFORMANCE INDICATORS

TRUSTED BY STAKEHOLDERS

HBLB will regularly run an external survey through a third party to ascertain levels of trust and other performance indicators.

EMPLOYEE ENGAGEMENT

Employees take part in an anonymised survey scoring against a consistent set of questions upon which action can be taken.

NATURE OF MEDIA COVERAGE

Data monitors HBLB's media profile and the nature of coverage.

CARBON FOOTPRINT

Measures will be developed with regard to HBLB's own impact on the environment.

FINANCIAL STEWARDSHIP

Measures performance against the reserves policy and the accuracy of our forecasting and the collection of Levy.

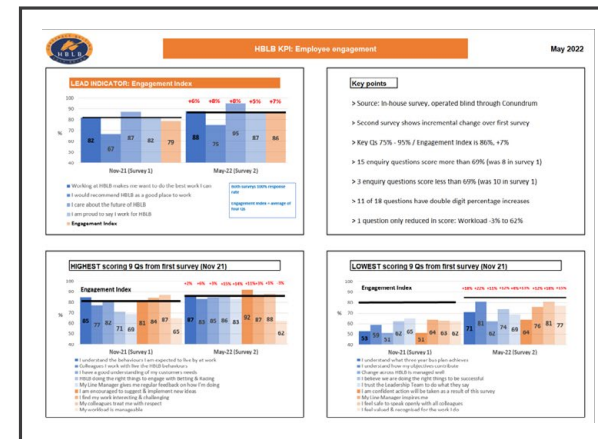
GRANT PERFORMANCE

Collects performance data against KPIs agreed as part of approved grants and monitors grant recipients against their delivery.

BUSINESS PLAN IMPLEMENTATION

Will measure delivery against the commitments made in the Business Plan.

An example of the format of how the KPIs will look is opposite, illustrating the approach being taken, which is consistent with the approach taken to Racing Outcomes. KPIs will be data-driven, graphical, and visually consistent. They will provide a one-page view of each KPI and be supported by a narrative.



HBLB AS AN EMPLOYER

HBLB IS AN EQUAL OPPORTUNITIES EMPLOYER WITH A SMALL TEAM OF JUST 16 ROLES.

There is a clear approach to continuously improving efficiency and effectiveness. This is demonstrated most recently through the 2021 organisational design review, now being implemented, the move to a new office location in the second half of 2022, which will approximately halve accommodation costs, and improving the IT hardware and services, which will continue to enable a flexible approach to working that served the effective running of operations well during COVID.

Data and cyber security is taken seriously and recent improvements such as attaining Cyber Essentials Plus accreditation have been made.



HBLB VALUES ARE TO BE

- **Proactive** - We listen, learn and lead
- **Trustworthy** - We are open, honest and fair
- **Confident** - We are proud of what we do
- **Appraising** - We put the wider sport and industry first
- **Supportive** - We treat others with respect
- **Sustainable** - We make a difference and look to the long-term
- **Outcome-focused** - We create the best outcome, together

RUNNING HBLB

HBLB's approach is to:

- Ensure the financial sustainability of the organisation for the long-term benefit of the sport
- Be compliant with regulations and requirements from Government for the use of public money and how it is managed
- Resource our team with the in-house skills required for the years ahead where sensible and put in place resilient partnerships where that makes better sense with service providers such as IT, HR and Internal Audit ensuring an effective use of public money
- Ensure all team members understand their roles, responsibilities and objectives, and actively manage delivery
- Modernise our processes and services in a continuous improvement cycle, delivering more digital working with the industry on projects such as Racing Digital
- Be informative and transparent about what we do and why we do it

HBLB BOARD & TEAM

Board

Paul Darling OBE KC, Chair, Government Appointed Member
Lord Risby, Government Appointed Member
Anne Lambert, Government Appointed Member
David Armstrong, Chief Executive, Racecourse Association, appointed by Racing
Julie Harrington, Chief Executive, BHA, appointed by Racing
Mike O’Kane, appointed by Betting
Julian Richmond-Watson, Chairman, Thoroughbred Breeders Association, appointed by Racing

EXECUTIVE

Alan Delmonte, Chief Executive & Accounting Officer
Craig Pemberton, Chief Finance Officer

Grants & Racing Team

Oversees distribution of c.£90m of grant expenditure; ensuring high levels of assurance of funding through robust compliance and assessment processes and using data and analysis to influence key approaches. Maintains key business relationships with grant recipients and with Racing and Betting stakeholders more widely. Assesses betting performance for all GB race fixtures and provides insight to optimise the fixture and race programme.

Vacancy, Head of Grants Management
Annie Dodd, Grants Manager
Neil Perry, Racing Manager
Rob Bailey, Operations Administrator

Finance Team

Ensures the effective use of resources and compliance with public sector regulations through regular reporting and manages key relationships with internal and external auditors, as well as specific third-party suppliers. Works in an analytical and evidence-based way to manage risk and performance across HBLB. Manages the payments to grant recipients and suppliers whilst ensuring Levy receipts are received in a timely manner and are accurate.

Bruce Mac Lennan, Financial Controller
Ferne Coulling, Finance Manager
Lisa Prangle, Levy Collections Officer
Anya Coppock, Racecourse Finance Officer
Montel Christopher, Assistant Accountant

Governance & Digital Team

Supports the Board, Executive, and Committee governance processes, and HR processes, of the organisation and promotes safe, compliant, and effective business operation via use of appropriate technology, policy, and practice.

Andrew Smith, Head of Governance & Digital
Martin Barrett, Board Secretary & Compliance Officer
Joanne Vydelingam, Systems Administrator
Josh Pope, Web Developer
Vacancy, IT Resource

