

# The Horserace Betting Levy Board Annual Report and Accounts 2019/20

HC 557

# **The Horserace Betting Levy Board Annual Report and Accounts 2019/20**

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

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Front cover: *Stradivarius and Frankie Dettori after winning the 2019 Gold Cup at Royal Ascot.*  
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## CONTENTS

	Pages
<b>Performance Report</b>	
<b>Overview</b>	
Chief Executive's statement	3
Chair's statement	5
Purpose and objectives	6
Principal risks	7
Going concern	9
<b>Performance Analysis</b>	
Priorities and performance	10
Financial summary	11
Improvement of horseracing	12
Advancement of veterinary science and education	16
Improvement of breeds of horses	17
Administration costs	18
Horserace Betting Levy Regulations 2017	18
<b>Accountability Report</b>	
<b>Corporate governance report</b>	
Board Members and Officers	19
Statement of Responsibilities of Members and the Accounting Officer of the Horserace Betting Levy Board	21
Governance statement	23
<b>Remuneration and staff report</b>	30
<b>Parliamentary accountability and audit report</b>	
Contingent liabilities	34
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	35
<b>Financial Statements</b>	
Statement of comprehensive net expenditure	38
Statement of financial position	39
Statement of cash flow	40
Statement of changes in reserves	41
Notes to the accounts	42



## CHIEF EXECUTIVE'S STATEMENT

2019/20 was the first year in many which began with the Horserace Betting Levy Board's agenda not focused on plans for its abolition. This new lease of life led the Board to begin a process of reviewing its operation, considering its future staffing structure, business planning, aims and objectives and risk management, cognisant that its overarching statutory objectives remained unchanged. A key first step in this process was the appointment of Craig Pemberton as Finance Director, the first time that the Board had had a permanent appointee in this role since 2017. The work of review continued through the year and into 2020/21.

As was noted in Paul Lee's chairman's statement in the 2018/19 report, the resolution of the issues surrounding the treatment for Levy purposes of particular types of bet offers added £5 million to the Board's cash reserves for 2019/20, which provided a sound basis from which to make expenditure decisions. The Board was able to budget to spend up to £93 million in calendar year 2020, an increase from £85 million in the previous year.

The Board's ability to forecast Levy income has improved due to a significantly enhanced process with the help of major bookmakers. The seven biggest operators now voluntarily provide, to a third party under contract to HBLB, monthly information on actual results to date. Pleasingly, indications from bookmakers throughout the course of the 2019/20 year suggested that Levy yield was trending at a higher level than in 2018/19, for which the outturn had been £83 million. This led the Board to adopt halfway through the year an estimate of up to £90 million Levy income for the full year, a figure which rose again in the third quarter. In the end, income reached £98 million, assisted by a strong run of results for bookmakers towards the end of the year.

This outturn for 2019/20 was the biggest in the three years since the Levy's reach was extended to capture betting with bookmakers outside Britain. The Board had already embarked on a policy of rebuilding reserves, which it had depleted in the run-up to the 2017 reforms taking effect. This recognised that the potential fluctuation in income, coupled with the Board's setting of expenditure for the year ahead before income for the previous year was confirmed, necessitated an appropriate cushion being retained. The combination of a prudent policy, allied to 2019/20 exceeding the initial forecast, contributed to an increase in the Board's reserves at 31 March 2020 to £58 million.

The benefit of the Board holding significant reserves was clear to see immediately at the outbreak of COVID-19 which forced the cessation of racing fixtures on 18 March, 13 days before the end of the Levy year. The Board had for some time identified in its strategic risks that a human pandemic was one of the most significant potential risks to Levy income.

The full details of the Board's support for Racing in response to the outbreak will be covered in next year's annual report but the outbreak was relevant to the 2019/20 year as the Board had to make some significant decisions in March 2020 about the principles of the assistance that it might be able to give. The outbreak then had a major impact on all of the Board's planning in the period that followed.

Together with the Racing Foundation, the Board began to discuss before the year-end what immediate funding could be provided. It then approved a significant cashflow and hardship package in April 2020. The amount of cash made available immediately by the Board exceeded £20 million, consisting of early payment to racecourses of already approved grants for raceday services, loans of up to

£200,000 per racecourse and the release of capital credit balances held on behalf of several racecourses.

During the year, the Board continued to keep a tight control of operating costs albeit that two exceptional items occurred. The first was the legal and professional fees associated with the resolution of the cash refund scheme, expenses that were greatly exceeded by the additional £5 million of Levy income received versus original declarations. The other was the move to new premises. This was necessitated by the previous office sharing arrangement with the Gambling Commission having to come to an end in the light of the Gambling Commission requiring additional space. The office move to smaller premises was completed successfully and on time with a reduction in expected running costs.

The Board had begun to review, in early 2020, its methods of inviting and assessing expenditure applications. Some changes were introduced but other aspects had to be put on hold as a result of COVID-19. It is intended to revisit this aspect of the Board's work for 2021.

Details of the Board's grants to a wide range of recipients are set out later in this report. These included substantial sums to prize money and to support the sport's regulation, as well as making commitments to some new areas. These included the important work of a new initiative to support the thoroughbred following the report of the recently formed Horse Welfare Board whose comprehensive report will require significant attention in the years ahead.

Funding in the area of veterinary science and education was a particular focus at the end of 2019 when the Board was approached by the Animal Health Trust which with the Board had had a relationship for some 40 years. Despite extensive liaison work with the charity over a six month period from early 2020, its financial position proved to be too difficult to

resolve and it closed in mid-2020. The Board is now part of the group discussing successor arrangements. Ensuring that key disease surveillance and diagnostic services remain available seamlessly to the equine sector is a high priority.

March 2020 saw the Board say farewell to Paul Lee, who stood down as chairman after over 10 years in the role. He was succeeded by Paul Darling, whose appointment by the Secretary of State was accompanied by Anne Lambert joining the Board as the third Government appointed member. The Board warmly expressed its gratitude to Paul Lee for his service and I myself would wish to thank him on behalf of all the team for his outstanding support, advice and good humour as we confronted the various challenges and complex issues through the years in which we worked together.

**Alan Delmonte**

Chief Executive

## CHAIR'S STATEMENT

It is a great pleasure for me to have been appointed as Chairman from 1 April 2020 having been a Government appointed member of the Board from 2008 to 2014. I would first wish to begin by paying tribute to Paul Lee for his extraordinary dedication to the Board and its well-being for more than a decade. His wise counsel was of great benefit to the organisation in the period when I was previously on the Board and he leaves an organisation that has been widely respected for carrying out its duties effectively and fairly. It was entirely fitting that he be recognised in the 2020 Queen's Birthday Honours list with an OBE for services to horseracing.

I have always been a great believer in the important role that the Levy Board can play. The racing and betting industries are different and separate but intertwined and it is in that intersection that the Board is a facilitator and bridgebuilder.

The gambling sector has undergone significant change in recent years and more will follow with Government's planned review of the gambling legislation. I look forward very much to playing my part in emphasising racing's role as a modern and progressive sport and betting on racing as an important and valuable leisure pursuit popular with millions. I shall of course have more to say about the Board in next year's report which will look back on my first year as chairman. For now, I would look to record my thanks to all those in betting and racing who have given me such a warm welcome in the role.

**Paul Darling OBE QC**

Chair

## Overview

This overview explains the main purpose and objectives of the Horserace Betting Levy Board, the key risks that the Board faces as well as summarising performance measures for the year.

## Purpose

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.

## Objectives

In accordance with its purpose, the Board has agreed six general objectives.

- 1) Support, as cost-effectively as possible, the provision, country-wide and year-round, of horseracing in a form which retains high standards of integrity and is attractive to the racehorse owner, the racegoer and the off-course punter.
- 2) Place emphasis on generating horserace betting turnover and thus gross profits, thereby enhancing the Levy and so the funds available for pursuing its objectives, whilst taking proper account of racegoers, the horse population and other stakeholder interests.
- 3) Ensure its financial support for the racing industry is cost-effective, value for money and carefully monitored.
- 4) Apply funds at an appropriate level to the improvement of breeds of horses and to veterinary science and education.
- 5) Manage and monitor its net assets and maintain adequate cash balances.
- 6) Continue to liaise constructively with the Racing and Betting industries to promote strong and trusted working relationships for the commercial benefit of both.

Given HBLB's renewed remit the Board conducted a strategic review of the purpose and vision of the organisation along with the outcomes for Racing it wanted to help generate and support. This work began towards the end of 2019/20 and continued into 2020/21. It will form the basis of the next Annual Report. This will be reported on further in the next Annual Report.

## Principal risks

The identification and evaluation of high-level business risks is an essential part of the Board's risk management framework. These risks are monitored through the Board's Strategic Risk Register. This is used in assessing the impact of risks and is a key component in determining the total value retained as reserves.

Given HBLB's renewed remit the Board conducted a strategic review of the risks for HBLB over the next three years. This work began towards the end of 2019/20 and continued into 2020/21. This will be reported on further in the next Annual Report.

This review has key stages as follows:

- 1) Reviewing the likely risks over the next three years.

- 2) Agreeing the current risk score (impact and likelihood) and tolerance level for each.
- 3) Agreeing mitigations for each risk to close the gap between the current score and the tolerance level. Each mitigation will have a named owner and timescale attached.

Whilst this review work continues, the risks are summarised in three overarching areas overleaf, with their potential causes identified and monitored by the organisation. A detailed risk mitigation plan is being implemented to reduce any risk gaps.

Ongoing risk management was performed by the Executive on a regular basis and included reporting to the Audit and Risk Assurance Committee.

### Risk 1 Income

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

#### What action has the Board taken?

The Board has developed two separate and independent monthly data reports for Levy income and has set up a monthly review of that data to support an evidenced-based recommendation to the Board each time it meets for the full year forecast. Additionally, a new extensive cashflow model has been developed and is updated monthly to ensure that expenditure is managed in alignment with the income forecast to ensure that the Board maintains sufficient cash and reserves whilst optimising decisions on funding.

### 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?

The Board commissioned a Board Effectiveness Review which will be considered during 2020/21 with any agreed actions to be implemented. Work has commenced on developing a new three-year business plan which will have as the central focus a range of planned Racing Outcomes that the Board wants to help generate and support over the period.

### 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?

A series of actions have been agreed working with Government, Racing and Betting so as to continue to focus on those key relationships. These include regular review sessions with DCMS as the sponsoring government department for the Board, working closely with Racing during the COVID-19 pandemic and a review and strengthening of the Betting Liaison Group. In addition, the recommendations arising from the Board Effectiveness Review will assist in developing further steps for increased liaison.

## Going concern

International Accounting Standard 1 and the Government Financial Reporting Framework 2019/20 (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 Principal Risks that the Board is exposed to, as set out on page 6, and how these are managed.

The outbreak of COVID-19 resulted in all racing in Great Britain being suspended from 18 March 2020 until 1 June 2020. As a result of this, the Board, together with the Racing Foundation, approved a significant cashflow and hardship funding package to racecourses (April 2020). The value of this package amounted to £20.1m (an amount of £5.4m was drawn down under this package) and consisted of:

- Advance payment to racecourses of grants for raceday services;
- Loans of up to £200,000 per racecourse; and
- Release of capital credit balances held by HBLB on behalf of the racecourses in cash on request.

A second support package was approved by the Board upon the resumption of racing (May 2020). This saw HBLB agree to increase its contribution to prize money by an estimated 23% for the first ten weeks of racing's fixtures

when the sport resumed behind closed doors on 1 June 2020. The main element of the funding was £16.3 million which in turn constituted the majority of prize money available during the ten weeks.

During July 2020, the Board agreed a substantial increase in its prize money allocation for the remainder of 2020 with its contribution from 1 September to 31 December 2020 budgeted to rise by 50% on the originally allocated sum for this period, from £17.7m to £27.6m.

The measures detailed above were possible due to the value of reserves held by the Board as well as due to the fact that bookmakers continued to pay their monthly instalments on account during the suspension of racing. The Board offered to reduce the value of the monthly instalments made by bookmakers by 25% to take into account the impact of the suspension and gave them a month's payment holiday in April 2020 by apportioning the expected Levy due over 11 months instead of the normal 12. These measures meant that whilst no income was received by the Board during April 2020, Levy income from bookmakers began to flow back in from May 2020. This had a significant impact in mitigating any liquidity concerns and helping the Board fund its support packages.

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 2019/20 Annual Report and Accounts.

## Priorities and performance

The accounts presented in this annual report show information for the financial year 2019/20 and income and expenditure are summarised on this basis, under the principal classifications. The Board, however, agrees the vast majority of its expenditure allocation on a calendar year basis and therefore all references to years in this Performance Report should be taken to refer to a calendar year, unless otherwise stated.

In a business environment, an organisation might measure its performance on the basis of income or profit. As the Board includes appointees of the payers and recipients of Levy funds, this makes such measures difficult to adopt. Instead the Board has agreed specific priorities and the Board measures successful performance by monitoring the outputs and outcomes of these priorities during the year.

Priority		Performance
1.	<b>Prize Money</b> <ul style="list-style-type: none"> <li>The Board will incentivise racecourses to increase their prize money contributions further, principally by linking its grants to a racecourse’s executive and sponsorship prize money contributions and Levy generation.</li> </ul>	2020 Prize money allocation (Budget): £59.3m 2019 Prize money allocation (Actual): £57.6m
2.	<b>Fixture Criteria</b> <ul style="list-style-type: none"> <li>The Board will carry out ongoing analysis of the Fixture List and race programme, including the analysis of betting and other relevant data, and make recommendations to optimise the Fixture Criteria, focusing on Levy generation.</li> </ul>	2020 Fixture Criteria Gaps: 1 2019 Fixture Criteria Gaps: 1  For the purposes of determining a Fixture Criteria gap, the Board disregards 23 to 25 December, when no racing is programmed, and that at present only three fixtures are programmed on Good Friday. More information on the Fixture Criteria can be found on the Board’s website ( <a href="http://www.hblb.org.uk">www.hblb.org.uk</a> ).
3.	<b>Integrity</b> <ul style="list-style-type: none"> <li>The Board will contribute to the provision of cost-effective technical, security and regulatory services for the protection of the integrity of racing, in the interests of the racing public, punter and participant.</li> </ul>	2020 Raceday Services Grants (Budget): £18.7m 2019 Raceday Services Grants (Actual): £18.9m
4.	<b>Financial support for the improvement of racecourses</b> <ul style="list-style-type: none"> <li>The Board will continue to support the financing of racecourse projects by Capital Credit grants.</li> </ul>	2019/20 Grants allocated to the capital credits scheme: £7.1m  2018/19 Grants allocated to the capital credits scheme: £7.9m  Further information on the operation of the capital credit grants scheme can be found on the Board’s website ( <a href="http://www.hblb.org.uk">www.hblb.org.uk</a> ).
5.	<b>Government</b> <ul style="list-style-type: none"> <li>The Board will work with the Department for Digital, Culture, Media and Sport on legislative and procedural requirements involving the further reform of the Horserace Betting Levy.</li> </ul>	The Horserace Betting Levy Board will continue to work with Government and the wider industry to maximise benefits of the reformed Levy which came into effect on 25 April 2017

## Financial summary

For the year ended 31 March 2020 total income was £98.2m (2018/19: £84.4m). Levy receipts during the year were £15.1m higher than the previous year. This is due to a number of factors which include bookmaker favourable results with greater margins for bookmakers especially in the online channel. The impact of the six-day shutdown of racing in February 2019 due to the Equine Influenza outbreak also had a negative impact on the prior year's Levy income by comparison and whilst the impact of COVID-19 is significant this will largely impact next year's results.

The 2019/20 surplus of £9.7m (2018/19: £1.7m surplus) resulted in the Board's reserves increasing from £48.0m on 31 March 2019 to £57.7m at 31 March 2020.

During the year, including all amounts held in interest bearing term deposit accounts (categorised as Financial Assets in this Annual Report), the Board incurred a negative cash flow of £16.5m (2018/19: positive cash flow of £32.3m)

## Improvement of horseracing

The table below sets out further details of the Board's 2020 budget and 2019 actual allocation to the Improvement of Horseracing on a calendar year basis.

Table 1 sets out the Board's contribution to fixture related expenditure, whilst Table 2 sets out the Board's contribution to non-fixture related expenditure.

**Table 1. Fixture related expenditure**

	2020 Budget Flat	2020 Budget Jump	2020 Budget Total	2019 Actual Total
	£'000	£'000	£'000	£'000
General Prize Fund - Racecourse fixtures	18,745	18,435	37,180	34,985
Additional fixtures	-	-	-	454
General prize money boost	-	-	-	202
Lead Fixture Fund	60	150	210	195
Transitional Fund	-	-	500	477
BHA floodlit fixtures	1,537	-	1,537	1,645
BHA Fixed Fixture Payment	30	30	60	-
Appearance money scheme	4,910	1,976	6,886	6,294
Upper Race Incentive Fund	4,457	1,948	6,405	6,096
Upper Race Incentive Fund boost	-	-	-	516
Lower Race Incentive Fund	1,988	1,242	3,230	3,094
Lower Race Incentive Fund boost	-	-	-	1,097
Divided race fund	-	-	585	94
NH MOPS and Elite Mares' Scheme	-	-	480	370
Plus 10	-	-	2,250	2,100
<b>Total prize money</b>			<b>59,323</b>	<b>57,619</b>
Raceday services grants			18,668	18,856
Fixture incentive fund			2,027	2,275
<b>Total – Fixture related expenditure</b>			<b>80,018</b>	<b>78,750</b>

**Table 2. Non-fixtured Related Expenditure**

	2020 Budget Total	2019 Actual Total
	£'000	£'000
Industry Recruitment, Training and Education	2,799	2,678
Promotion of Racing and Customer Growth	1,400	1,388
Ownership and Horse Population	341	550
Betting Industry Partnership	300	178
Point-to-Point	355	294
Equine Welfare	248	149
Retraining of Racehorses	100	100
Sectional Timing and Tracking	300	163
Brexit Steering Group	100	49
Great British Bonus Administration	300	185
Racing to School/Racing Together	359	260
Racing Futures		150
<b>Total: Non-Fixture Related Expenditure</b>	<b>6,602</b>	<b>6,144</b>
<b>Total: Fixture Related Expenditure</b>	<b>80,018</b>	<b>78,750</b>
<b>Total : Improvement of Horseracing</b>	<b>86,620</b>	<b>84,894</b>

## Fixture related expenditure

### Prize money

The Board's budgeted allocation to prize money in 2019 was £60.1m (2018: £57.5m), a figure reflecting additional Prize Money Boosts that were allocated by the Board to assist Racing in offsetting expected reductions in Executive Contribution (EC) from racecourses due to the closure of Licensed Betting Offices (LBOs) in 2019. The actual amount spent on prize money in 2019 was £57.6m (2018: £56.1m). The underspend was largely related to prize money retained from abandoned fixtures and the early end of Prize Money Boosts discussed below.

The General Prize Fund ('GPF') is the Board's largest prize money allocation and 2019 was the fifth year in which the existing GPF calculation process was in operation. The GPF mechanism applies a greater weighting (60%) of reward to EC than to betting turnover

generated (40%). 2019 was the first recent year in which a retrospective calculation was introduced, whereby a racecourse's actual EC for the last completed year, in this case 2018, was counted and applied to the GPF model.

The total prize money is split between the Flat and Jump codes in proportion to how much betting turnover is actually generated by each code. For 2019, the split remained set at 60% Flat and 40% Jump, based upon historic betting performance. Updated betting data is now being made available to the Board, but the 60/40 split remains in place for 2020, the final year of an agreed three-year funding proposal. An abandonment allowance of 1.6% was made for Jump, which means that the actual total Flat/Jump split was 58.4/41.6. The updated betting data will be utilised in future mechanisms to ensure that the split accurately reflects the actual betting performance of each code.

The Lead Fixture Fund (LFF) (£0.2m) 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 (TF) (£0.5m), which exists to assist those racecourses most affected by changes under the current funding structure remained in 2019, 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 allocation for the Upper Race Incentive Fund (RIF) for 2019 was £6.5m (2018: £6.2m) and for the Lower Race Incentive Fund (Lower RIF) was £3.2m (2018: £3.2m). The Fixture Incentive Fund was £2.3m (2018: £2.5m).

Lower RIF and the Appearance Money Scheme (AMS)(2019: £6.3m) were both introduced in 2018 to facilitate the flow of increased Levy income to the mid and lower tiers of the sport. The AMS saw qualifying races receive payments of at least £300 on the Flat and £350 over Jumps for horses finishing in fifth to eighth place. The Lower RIF offered an additional £400 in prize money. This means that there was a potential minimum £1,600 for Flat races and £1,800 for Jump races available.

However, in order to unlock and make these funds available, racecourses were required to invest £900 in prize money above the existing minimum race values.

### **Prize money boosts**

In March, the Board received a request from Racing for an additional £6.5m in prize money boost and certain changes to qualification for prize money funds from 1 April 2019 to 31 March 2020. The Board agreed, a decision made in expectation of declining media rights income for racecourses in 2019 and 2020 and the impact this would have on prize money levels. However, in light of the significantly reduced final Levy income for 2018/19, a decision was made to cease the additional expenditure on 1 July 2019. The only element

that remained in place was a reduction of the unlocking value for Lower RIF and AMS from £900 to £400.

Therefore, these payments totalled £1.8m, made through the following mechanisms; General Prize Money Boost (£0.2m), Upper RIF Boost (£0.5m) and Lower RIF Boost (£1.1m).

### **Raceday services grants**

The Board agreed an increase in Raceday Service Grants to £18.9m (£16.5m 2018), increasing the per fixture fee to £12,571 from £10,974.

### **2020**

In 2020, the Board had agreed to maintain its main prize money budgets at a broadly similar level to 2019, excluding the Boost payments. The GPF, LFF and TF have all been held, whilst the Floodlight Fund and Lower RIF budget were reduced slightly, taking into account a reduction in total fixture numbers. The AMS was held at its 2019 value, with the expectation that growing field sizes would lead to an increased take-up.

The Divided Race Fund (DRF) was increased to £0.6m after it was observed that the existing criteria for funding had led to a significant fall in the number of divided races in 2019, which was believed to be a loss for both Levy and Horsemen. Therefore, the fund was expanded in such a way that was modelled to be Levy generative by making a £1,000 payment to all divided races, increasing the budget by £0.5m, thereby maximising opportunities for the horse population,

Due to the impact of COVID-19 and the cessation of all fixtures from 18 March to 1 June 2020, all budgeted prize funds were suspended, and emergency funding mechanisms were put in place.

## Non-fixture related expenditure

### Industry training, recruitment and education

In 2019, the Board committed grants totalling £2.8m to training, recruitment and education in the racing and breeding industries, in line with a programme developed by the BHA in consultation with the TBA, the racing schools and other beneficiaries.

Over £1.5m was directed towards stable staff NVQ training and functional skills tuition. This was a significant rise on the previous year (2018: £1m) to cover a reduction in Government training provision, and the additional costs arising from the introduction of new apprenticeship standards and assessment processes. At the same time, careers, marketing and recruitment activity was scaled up to implement the Industry's strategy to increase the number of young people joining the two racing schools. Further investment, of approximately 7.5% of the total allocation, supported the National Stud's specialist training through the internationally respected Diploma Course for those wishing to work in the Thoroughbred breeding industry

Additional training opportunities are provided for 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, support for pony racing (for its role as an introduction to race riding) and the 'Racing to School' education scheme.

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

The Board continued its sponsorship of the BHA Graduate Programme. Aimed at graduates or final year degree students, this provides a comprehensive introduction to the many organisations and functions in racing, breeding and betting.

Funding continued for ongoing commitments to the Thoroughbred Racing Industries MBA course at Liverpool University. Together with the other industry sponsors, the Racing Foundation and the BHA, the Board was closely involved in monitoring the progress of the Racing MBA, maintaining contact with the students and advising on course content.

### Point-to-point

Point-to-Pointing is a popular, well-loved sport with two particular and important roles relating to National Hunt Racing; 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 £300,000 (2018/19: £267,000). This allowed the maintenance of the successful tiered fixture payment scheme, underpinning a balanced spread of fixtures over the entire season from November through to June.

The HBLB grant also covered training for raceday officials, provision for drug and alcohol testing of participants, jockey training, support for medical coverage at meetings and marketing initiatives such as the production of a promotion film extolling involvement with the sport and a revamp of the Go Pointing magazine, now available online.

### Ownership and Horse Population

£0.9m was made available to the Racehorse Owners Association (ROA) in 2019 to continue funding the Industry Ownership Strategy. This Strategy entered its second year focusing on the retention of existing racehorse owners, the attraction of new owners and the growth in number of horses in training. In total, across 2018 and 2019, £1.6m has been allocated to this project which is expected to have a positive impact on the ownership experience. Due to phasing of the project, there was a significant underspend on certain elements of the project.

In addition to this Ownership Strategy, £0.1m was again made available to the Brexit Steering Group to ensure that the industry is prepared for the exit of the United Kingdom from the EU.

### **Promotion of Racing and Customer Growth**

Great British Racing (GBR) is the sport's official marketing and promotional body, working with all of racing's stakeholders. Its objective is to grow interest and participation in horseracing and in 2019 the Board provided funding of £1.4m towards a new national campaign aimed at promoting the free entry for Under 18s to race meetings.

### **Betting Industry Partnership**

The Betting Liaison Group (BLG) is an industry wide body with representatives of betting operators, racecourses, horsemen and the BHA that now meets under the control of the Board to facilitate cooperation on betting strategy. In 2019, the Board made £0.3m available to fund the collection of betting data, led by the HBLB Executive.

From March 2019, this betting data was being provided monthly by contributing bookmakers, to the Board's data collection partner, PwC. This data has been essential to allow the Executive to conduct detailed analysis of race clashes, lead support for the introduction of non-standard race times, propose and oversee a trial of lunchtime fixtures and support the new Divided Race Fund. It is expected that the use made of the data will continue to grow and play an important part in the Board facilitating strong relationships between Racing and Betting.

### **Sectional Timing**

£0.3m was made available in 2019 for a new funding allocation to support the rollout of sectional timing and tracking at all GB racecourses over three years, so that sectional timing is available at every GB fixture. Of the 59 racecourses in GB, only two were not visited by tracking providers.

### **Racing Futures**

£0.15m was allocated to Racing Futures, a BHA led initiative to identify the purpose, vision, values and behaviours both of and for British Racing.

### **Equine Welfare**

The independently-chaired Horse Welfare Board received £0.15m, which was used to facilitate the publication of a new five-year Horse Welfare Strategy. This focuses on the ambition that every horse bred to race should lead – and be seen to lead – “a life well-lived”. The strategy includes 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.

## **Advancing veterinary science and education**

The Board approved a budget allocation of £2.0m for 2019 (2018: £1.8m) and endorsed the recommendations of its Veterinary Advisory Committee ('VAC') for expenditure in the year.

HBLB's veterinary research funding supports work aimed at benefiting the health and well-being of horses, particularly the Thoroughbred. The strategic research priorities are:

- Improved methods of preventing current and emerging infectious equine diseases by the development of more effective vaccines, diagnostic tools, biosecurity and management strategies.
- Increased safety, health and well-being of racehorses through the development of better training environment, stable and racecourse design and surfaces, riding strategies, management and husbandry, tack and equipment.
- Prevention or minimisation of musculoskeletal disease and injury in Thoroughbreds through advanced identification and management.

- Enhanced reproductive efficiency, health and well-being of the breeding Thoroughbred and youngstock.
- Identification of effective, appropriate and evidence-based methods to help the immediate post-racing transition of the racing Thoroughbred to new activities.

HBLB is guided as to which issues most concern and interest Racing by an Industry group including the BHA, NTF, ROA, RCA, TBA, BEVA and ARVS. This is important because the application assessment mechanism takes equal account of scientific rigour and of relevance to the racing, breeding and rearing of Thoroughbreds. Projects should address a clearly defined hypothesis with specific, measurable, attainable, relevant and timely objectives.

In 2019 work began on

- 4 major research projects
- 5 small research projects
- 1 equine post doctoral fellowship
- 2 scholarships

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 at the Animal Health Trust were maintained in 2019. These focus on equine influenza and, with additional funding from racehorse owners and breeders, infectious disease. This work is backed up by the Board's Codes of Practice on infectious disease that are updated annually.

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 2020 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

## Improvement of breeds of horses

The Board supports eleven Societies that are dedicated to preserving and improving the quality of pure-breeding among Britain's native breeds of horse and pony. Only breeds that are listed by the Rare Breeds Survival Trust are eligible for funding. The total budget allocation for 2019 was £115,000 (2018: £115,000) including support for the Rare Breeds Heritage Show. The event, which relies to a great extent on voluntary help, showcases the HBLB supported breeds with demonstrations and competitions. As in previous years, the Show attracted national media coverage and increasing support from individual breed societies.

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 2019/20 were £2.2m (2018/19: £1.9m), which represents a 18.5% increase on the previous year. The reason for this increase is predominantly due to the legal and professional fees associated with matters related to the cash refund scheme, the resolution of which saw HBLB receive additional Levy income of £5m for the 2018/19 Levy 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 2020, 96% of invoices, totalling £2.2m, 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 1,000m<sup>2</sup> of floor area or with fewer than 250 FTE staff are exempt from providing this information.

## Horserace Betting Levy Regulations 2017

The Horserace Betting Levy Regulations 2017 came into force on 25 April 2017, with the third period of assessment under the Regulations running from 1 April 2019 to 31 March 2020 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  
5 July 2021

## 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, Observers 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 31.

### Board Members

**Paul Darling OBE QC<sup>1\*</sup>**  
Chair

**Paul Lee<sup>2\*</sup>**  
Chair

**Lord Risby\***  
Government Appointed Member

**Anne Lambert CMG<sup>3</sup>**  
Government Appointed Member

**David Armstrong\*\***

**Julian Richmond-Watson\*\***

**Nick Rust\*\***

**Mike O'Kane\*\*\***

### Offices

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

### Observers

**Mark Chambers<sup>4</sup>**

### Board Executives

**Alan Delmonte**  
Chief Executive & Accounting Officer

**Craig Pemberton<sup>5</sup>**  
Finance Director

\*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

<sup>1</sup> **Appointed on 1 April 2020**

<sup>4</sup> **Until 4 December 2019**

<sup>2</sup> **Term expired on 31 March 2020**

<sup>5</sup> **Joined on 1 July 2019**

<sup>3</sup> **Appointed on 1 April 2020**

A Register of Board Members' Interests is available online ([www.hblb.org.uk](http://www.hblb.org.uk)) and note 17 on page 56 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  
5 July 2021

## 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 achievement of the Board's purpose and objectives, which are in accordance with the Betting, Gaming and Lotteries Act 1963 (as amended). This statement explains the key features of the Board's governance structure and how it has complied with the relevant principles and provisions of HM Treasury's recommended corporate governance 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.

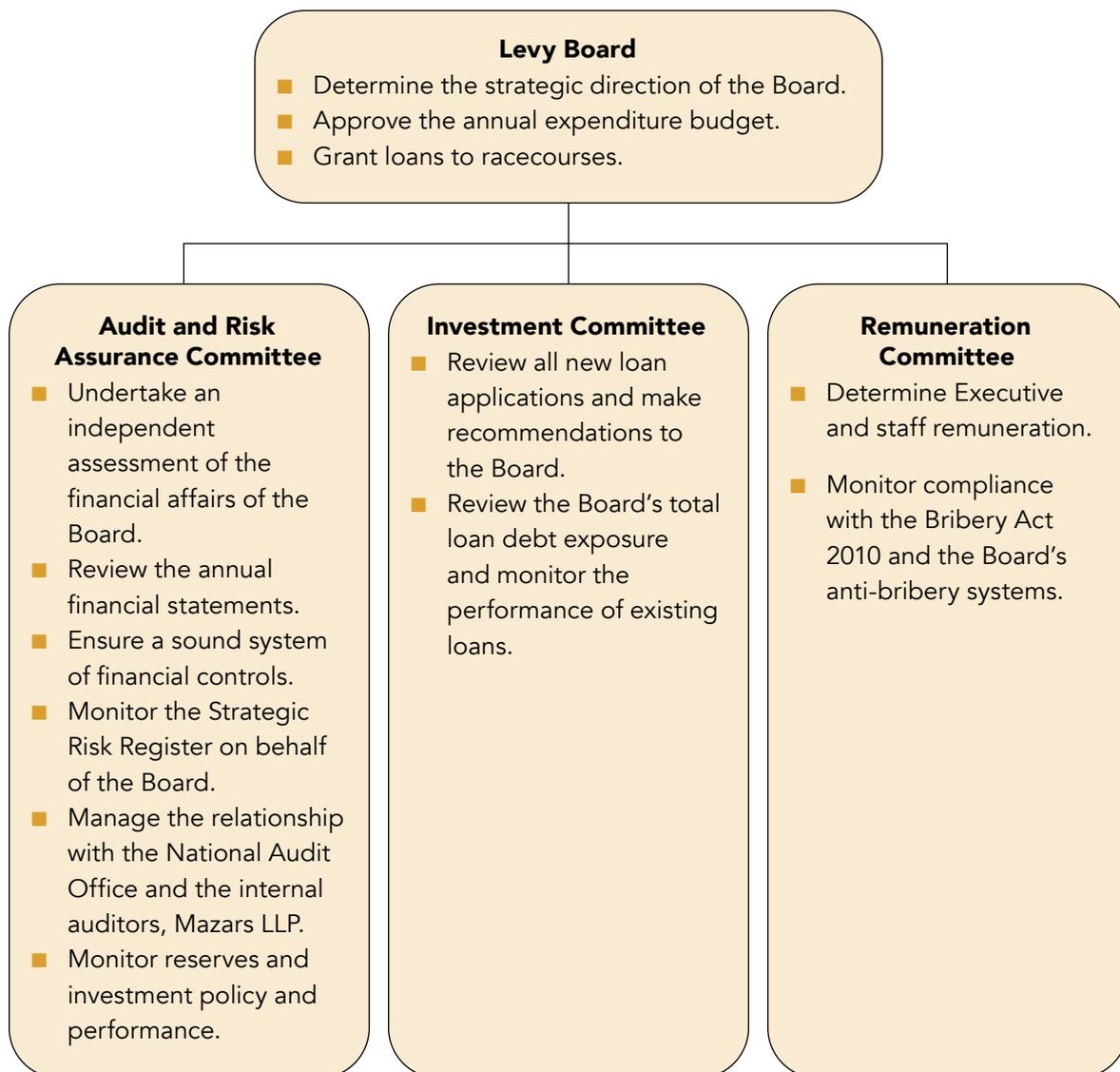
In June 2019, before it had been determined that the guidance applied to HBLB, HBLB appointed the current Finance Director with an effective start of employment of 1 July 2019. Following HM Treasury approval of the three past appointments, DCMS applied retrospectively for approval of the Finance Director's 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 £381 (£1,981 full year equivalent cost) in the 2019/20 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 2020, the Board was comprised of the Chair and one other Government Appointed Member 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. Paul Lee's term as Chair expired on 31 March 2020 and Paul Darling was appointed as his replacement on 1 April 2020. Anne Lambert was also appointed as a Government Appointed Member on 1 April 2020 filling the previously vacant position.

The Board Members who are appointed by the Jockey Club and the Association of British Bookmakers and the Remote Gambling Association 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 in May 2014. During the period where it was expected that HBLB would be abolished, no further review was commissioned. With a renewed remit the Board then commissioned a new review to be conducted by Mazars during 2020. A report will be considered by the Board in due course.

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](http://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](http://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 2019/20.

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 2019/20, the Audit and Risk Assurance Committee met on two 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 2019/20 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 register and approved the scope of work of Mazars LLP and reviewed their findings.

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 2019/20 Annual Report and Accounts and concluded

that taken as a whole these are fair, balanced and understandable and has advised the Board accordingly.

## The Investment Committee

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

The Investment Committee did not meet during the 2019/20 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 2019/20.

## The Remuneration Committee

The Remuneration Committee met once in 2018/19 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 2019/20.

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 2019/20 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 Lee <sup>1</sup> Chair	Secretary of State for Digital, Culture, Media and Sport	9	–	1	–
Lord Risby	Secretary of State for Digital, Culture, Media and Sport	7	3	1	–
David Armstrong	Jockey Club	9	3	–	–
Julian Richmond-Watson	Jockey Club	10	–	1	–
Nick Rust	Jockey Club	9	–	–	–
Mike O'Kane	Association of British Bookmakers and the Remote Gambling Association	10	3	1	–
<b>Total number of meetings</b>		10	3	1	0

<sup>1</sup> Term expired on 31 March 2020

## 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 Principal Risks on page 7). This process has been in place for the year ended 31 March 2020 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 2019/20.

## 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 is looking to put in place additional measures to improve the forecasting of the Levy.

## Risk management framework

The Board is assisted by the work of the annual internal audit assurance visit, undertaken by external advisors (Mazars LLP), which reports on the internal control and the assurance framework. During the year, Mazars LLP 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.

## Information management

The Board has suffered no protected personal data incidents during the year ended 31 March 2020 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](http://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 2020.

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 2019/20.

**Alan Delmonte**

Chief Executive and Accounting Officer  
Horserace Betting Levy Board  
5 July 2021

## Remuneration report

### (i) Unaudited information

#### Government Appointed Board Members

The Chair and the 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 Lee was re-appointed Chair until 31 March 2019 after his second term expired on 30 September 2017 and this was extended until 31 March 2020. 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 was the only other remaining Government Appointed Member of the Board. He was appointed with effect from 1 January 2016 on a fixed term contract for a period of up to four years. He has subsequently been re-appointed for a further two years until the end of 2021. Anne Lambert CMG was appointed as a Government Appointed Member on 1 April 2020 filling the previously vacant position. The total time commitment for the 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 2019/20, pension contributions totalling £17,634 (2018/19: £17,204) 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 2020 was 3.6 days (2018/19: 2.2 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.

	2019/20			2018/19 <sup>8</sup>		
	Salary	Benefit in kind (to nearest £100)	Total	Salary	Benefit in kind (to nearest £100)	Total
	£000	£	£000	£000	£	£000
<b>Board Members<sup>1</sup></b>						
Paul Lee – Chair	60-65	7,000 <sup>2</sup>	70-75	60-65	8,300	70-75
Lord Risby	15-20	100 <sup>2</sup>	15-20	15-20	100	15-20
Mike O'Kane	15-20	100 <sup>2</sup>	20-25	15-20	100	15-20
<b>Chief Executive and Accounting Officer</b>						
Alan Delmonte <sup>3</sup>	180-185 <sup>4</sup>	3,100 <sup>5</sup>	185-190	180-185	4,000	185-190
<b>Finance Director</b>						
David McCormick	5-10	–	5-10	110-115	600	110-115
Craig Pemberton <sup>6</sup>	110-115	400 <sup>7</sup>	110-115	–	–	–

### Note:

<sup>1</sup> The Jockey Club appointed Board Members do not receive any remuneration.

<sup>2</sup> 27.5% of Board members' expenses together with the corresponding PAYE and National Insurance contributions on these expenses are paid on their behalf by HBLB.

<sup>3</sup> Pension contributions totalling £17,634 (2018/19: £17,204) were paid to the Board's group personal pension plan on behalf of Alan Delmonte.

<sup>4</sup> Includes travel allowance of £10,000 (2018/19: £10,000) received during the year.

<sup>5</sup> Private medical insurance and cost of staff social expenditure and corresponding tax paid on behalf of Chief Executive.

<sup>6</sup> Pension contributions totalling £11,250 (2018/19: £Nil) were paid to the Board's group personal pension plan on behalf of Finance Director.

<sup>7</sup> Private medical insurance and cost of staff social expenditure and corresponding tax paid on behalf of Finance Director.

<sup>8</sup> These figures have been restated in order to account for benefits in kind that were previously not included in the prior year calculation.

The Chief Executive of the Board was the highest full time equivalent (FTE) earner in 2019/20. This was 3.49 times (2018/19: 4.17) the median remuneration of the workforce, which was £53,718 (2018/19: £53,299). The ratio is calculated by dividing the midpoint of the highest paid director’s remuneration band of £187,500 (2017/18: £222,500) 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:

	2019/20 FTE	2018/19 FTE
Permanent staff	11.31	10.2
Temporary staff	0.58	–
	<b>11.89</b>	<b>10.2</b>

The aggregate payroll costs of these persons were:

	2019/20 £000	2018/19 £000
Payroll staff salaries	850	753
Social security	99	88
Pension costs	83	55
Redundancy costs	–	–
Other staff costs	115	82
	<b>1,147</b>	<b>978</b>

## Breakdown of staff numbers – Subject to audit

The breakdown of staff numbers as at 31 March 2020 was as follows:

	Male	Female
Number of Board Members of each gender	6	0
Number of senior managers of each gender	2	0
Number of employees of each gender	4	6

There were no redundancy payments in 2019/20 (2018/19: Nil) and there were no off-payroll engagements during the year (2018/19: Nil).

## Parliamentary Accountability Disclosures – Subject to audit

### Losses Statement

	2019/20	2018/19
Total number of losses	–	–
Total value of losses	–	–

### Special Payments

	2019/20	2018/19
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 (2018/19: £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. Following an actuarial valuation of the Scheme as at 31 December 2008, the terms of the original agreement between the Board and the BHA were changed by a deed of amendment dated 30 October 2009.

Following the actuarial valuation of the Scheme as at 31 December 2011, a new deed of amendment was agreed, which was signed on 11 December 2012.

Accordingly, the Board has a contingent liability in the event of the BHA becoming unable to meet its obligations and has 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);
- 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: 31st 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.

The Board no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme (2009 agreement: up to a maximum of 7% per annum of pensionable salaries).

The Board has agreed to review the arrangement during 2020/21.

### Alan Delmonte

Chief Executive and Accounting Officer  
Horserace Betting Levy Board  
5 July 2021

## 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 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statement of Comprehensive Net Expenditure, 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. 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 2020 and of the surplus for the year then ended; and
- the financial statements 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2016. I am independent of the Horserace Betting Levy Board in accordance with the ethical requirements that are relevant to my audit and 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

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Horserace Betting Levy Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Horserace Betting Levy Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Horserace Betting Levy Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### 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 are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **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.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Horserace Betting Levy Board’s internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Horserace Betting Levy Board’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Horserace Betting Levy Board’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Horserace Betting Levy Board to cease to continue as a going concern.

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.

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.

### Other Information

The Board and the Accounting Officer are responsible for the 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 report thereon. My opinion on the financial statements does not cover the other information and 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, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the 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;
- 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 any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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
- 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.

### Report

I have no observations to make on these financial statements.

### Gareth Davies

Comptroller and Auditor General  
14 July 2021

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

## Statement of comprehensive income for the year ended 31 March 2020

	Notes	2020 £000	2019 £000
<b>Income</b>			
Levy income receivable for:			
Horserace Betting Levy Regulations		97,564	83,207
Previous years' Schemes		287	(488)
		<b>97,851</b>	<b>82,719</b>
Other income		–	1,314
Interest receivable		303	369
<b>Total income</b>		<b>98,154</b>	<b>84,402</b>
<b>Expenditure</b>			
Improvement of horseracing	4a	(84,585)	(79,334)
Other expenditure	4b	(3,808)	(3,385)
Loss on disposal of property, plant and equipment		(89)	–
<b>Total expenditure</b>		<b>(88,482)</b>	<b>(82,719)</b>
<b>Operating surplus</b>		<b>9,672</b>	<b>1,683</b>
Interest paid on lease liabilities		(7)	–
Income tax	6	–	–
<b>Surplus for the year</b>		<b>9,665</b>	<b>1,683</b>
<b>Total comprehensive income for the year</b>		<b>9,665</b>	<b>1,683</b>

The surplus for the year arose from continuing operations.

The notes on pages 42 – 58 form part of these accounts.

## Statement of financial position as at 31 March 2020

	Notes	2020 £000	2019 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	996	88
Loans	9a	192	111
<b>Total non-current assets</b>		<b>1,188</b>	<b>199</b>
<b>Current assets</b>			
Trade and other receivables	8	19,292	15,267
Loans due within one year	9a	–	1,428
Cash and cash equivalents	12	52,727	69,247
<b>Total current assets</b>		<b>72,019</b>	<b>85,942</b>
<b>Total assets</b>		<b>73,207</b>	<b>86,141</b>
<b>Current liabilities</b>			
Trade and other payables	13	(14,749)	(38,073)
Lease liabilities	14	(159)	–
Provisions	15	(73)	–
<b>Total current liabilities</b>		<b>(14,981)</b>	<b>(38,073)</b>
<b>Total assets less total current liabilities</b>		<b>58,226</b>	<b>48,068</b>
<b>Non-current liabilities</b>			
Lease liabilities	14	(503)	–
Provisions	15	(50)	(60)
<b>Total non-current liabilities</b>		<b>(553)</b>	<b>(60)</b>
<b>Total net assets</b>		<b>57,673</b>	<b>48,008</b>
<b>Reserves</b>	16	<b>57,673</b>	<b>48,008</b>

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

**Alan Delmonte**  
Chief Executive and Accounting Officer  
5 July 2021

**Paul Darling OBE QC**  
Chairman  
5 July 2021

The notes on pages 42 – 58 form part of these accounts.

## Statement of cash flows for the year to 31 March 2020

	Notes	2020 £000	2019 £000
<b>Cash flow from operating activities</b>			
Operating surplus for the year		9,665	1,683
<b>Adjustments for:</b>			
Depreciation	5, 7	129	27
Loss on disposal of property, plant and equipment		89	–
Interest payable		7	–
Interest receivable		(303)	(369)
Payment of lease liabilities	14	18	–
Fair value adjustment for loans receivable	4a, 9b	(4)	(14)
(Increase)/decrease in trade and other receivables	8	(4,025)	2,759
(Decrease)/increase in trade and other payables	13	(23,324)	17,511
Increase/(decrease) in provisions	15	63	(1,314)
<b>Cash consumed by operations</b>		<b>(17,685)</b>	<b>20,283</b>
Income tax	6	–	–
<b>Net cash flow from operating activities</b>		<b>(17,685)</b>	<b>20,283</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	7	(1,108)	(17)
Disposal of property, plant and equipment		(18)	–
Net loans repaid by racecourses	9b	1,351	1,692
Interest and investment earnings		303	369
<b>Net cash flow from investing activities</b>		<b>528</b>	<b>2,044</b>
<b>Cash flow from financing activities</b>			
Net amounts transferred from/(to) financial assets	11	–	10,005
Payment of lease liabilities	14	644	–
Interest payable on lease liabilities	14	(7)	–
<b>Net cash flow from financing activities</b>		<b>637</b>	<b>10,005</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(16,520)</b>	<b>32,332</b>
Cash and cash equivalents at 1 April		69,247	36,915
<b>Cash and cash equivalents at 31 March</b>		<b>52,727</b>	<b>69,247</b>

The notes on pages 42 – 58 form part of these accounts.

## Statement of changes in reserves for the year ended 31 March 2020

	Reserves* £000
At 1 April 2018	46,325
<b>Changes in reserves 2019</b>	
Surplus for 2019	1,683
<b>Total comprehensive income for 2019</b>	<b>1,683</b>
<b>Balance at 1 April 2019</b>	<b>48,008</b>
<b>Changes in reserves 2020</b>	
Surplus for 2020	9,665
<b>Total comprehensive income for 2020</b>	<b>9,665</b>
<b>Balance at 31 March 2020</b>	<b>57,673</b>

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

The notes on pages 42 – 58 form part of these accounts.

## NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 MARCH 2020

**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 2019/20. 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 2020.

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 2019/20 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.

### Change in accounting policies

IFRS 16 Leases has been implemented from 1 April 2019; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases.

For government bodies reporting under the FReM, IFRS 16 is due to be brought into effect on 1 April 2020 and replaces IAS 17 (Leases). DCMS and subsequently HBLB, have elected, with HMT authority, to early adopt IFRS 16.

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right-of-use') assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of the asset identified in a contract. There are new requirements for variable lease payments such as RPI/CPI uplifts; and there is an accounting policy choice allowable to separate non-lease components.

### Adoption of IFRS 16

The Board has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

The Board has elected not to recognise right of use assets and lease liabilities for the following leases:

- non-lease components of contracts where applicable;
- low value assets (these are determined to be in line with capitalisation thresholds on Property, Plant and Equipment except vehicles which have been deemed to be not of low value); and
- leases with a lease term of 12 months or less.

### Previous Treatment

Assets previously held as operating leases were not recognised in the Board's statement of financial position. Payments were recognised in the Statement of Comprehensive Net Expenditure (SoCNE) on a straight-line basis over the term of the lease. Lease incentives were recognised as an integral part of the total lease expense, over the term of the lease.

### Policy Applicable from 1 April 2019

At inception of a contract, the Board assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Board assesses whether:

- The contract involves the use of an identified asset;
- The Board has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and
- The Board has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Board allocates the consideration in the contract to each lease component on the basis of the relative standalone prices.

The Board assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The Board reassesses this if there are significant events or changes in circumstances that were anticipated.

#### Right of use assets

The Board recognises a right of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease.

The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value for the majority of leases (consistent with the principles for subsequent measurement of property, plant and equipment) except for those which meet one of the following:

- A longer-term lease that has no provisions to update lease payments for market conditions or if there is a significant period of time between those updates; and;
- The fair value or current value in existing use of the underlying asset is likely to fluctuate significantly due to changes in market prices.

The right of use assets are depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful

lives of the right of use assets are determined on the same basis of those of property plant and equipment assets.

The Board applies IAS 36 Impairment of Assets to determine whether the right of use asset is impaired and to account for any impairment loss identified.

#### Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate provided by HMT.

The lease payment is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Board's estimates of the amount expected to be payable under a residual value guarantee, or if the Board changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Board is reasonably certain to exercise, lease payments in an optional renewal period if the Board is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Board is reasonably certain not to terminate early.

When the lease liability is remeasured a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero.

The Board presents right of use assets that do not meet the definition of investment properties per IAS40 as right of use assets on the Statement of Financial Position. The lease liabilities are included within Lease liabilities within current and non-current liabilities on the Statement of Financial Position.

## 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 2020. 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.

#### *Other income*

Other income comprises of non-statutory contributions received from bookmakers recognised under the accrual basis of accounting.

#### *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 19.

### 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 2019/20, 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. HBLB 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 2020, the estimated Levy income represented less than 1% of the total Levy income.

## 4. Expenditure costs

### 4a. Improvement of horseracing

	2020 £000	2019 £000
<b>Horsemen</b>		
Prize money	47,598	46,825
Prize money for divided races	153	211
Plus 10	2,090	1,530
NH Elite Mares' Scheme	189	146
NH Mare Owners' Prize Scheme	174	209
Appearance Money scheme	6,295	6,208
Transitional Fund	460	440
Great British Bonus Scheme	220	-
	<b>57,179</b>	<b>55,569</b>
<b>Racecourses</b>		
Fixture incentive scheme	2,212	2,259
Fair value adjustment to racecourse loans	(4)	(14)
	<b>2,208</b>	<b>2,245</b>
<b>Raceday services</b>		
Raceday services	18,744	17,076
	<b>18,744</b>	<b>17,076</b>
<b>Training</b>		
Industry recruitment, training and education	3,389	2,307
	<b>2,307</b>	<b>1,261</b>
<b>Other</b>		
Point-to-point meetings	286	389
Ownership & Horse Population	651	735
Promotion of Racing & Customer Growth	1,388	795
Betting Industry Partnership	152	103
Sectional Timing & Tracking	228	-
Racing Futures	150	-
Equine Welfare	204	-
Equine Influenza	5	115
Miscellaneous	1	-
	<b>3,065</b>	<b>2,137</b>
	<b>84,585</b>	<b>79,334</b>

**4b. Other expenditure**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Breed societies	145	115
Advancement of veterinary science and education	1,547	1,256
Administration costs	2,205	1,867
Replacement of Horserace Betting Levy Costs	-	145
Charitable payments	-	2
	<b>3,897</b>	<b>3,385</b>

**4c. Staff costs – Included within Administration costs**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Payroll staff salaries	850	753
Social security	99	88
Pension costs	83	55
Redundancy costs	-	-
Other staff costs	115	82
	<b>1,147</b>	<b>978</b>

**5. Surplus**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
This has been arrived at after charging:		
Remuneration of Board Members and Chief Executive	293	306
Depreciation	129	27
Auditors' remuneration – no charge for non-audit services:		
– External audit	47	45
– Internal audit and other services	14	5

**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 (2018/19: £Nil).

## 7. Property, plant and equipment

	Leasehold improvements £000	Furniture and equipment £000	Right-of-use other £000	Total £000
<b>Cost:</b>				
At 1 April 2019	329	80	-	409
Additions	365	70	673	1,108
Disposals	(329)	(47)	-	(376)
<b>At 31 March 2020</b>	<b>365</b>	<b>103</b>	<b>673</b>	<b>1,141</b>

<b>Depreciation:</b>				
At 1 April 2019	258	63	-	321
Charge for the year	42	9	78	129
Disposals	(269)	(36)	-	(305)
<b>At 31 March 2020</b>	<b>31</b>	<b>36</b>	<b>78</b>	<b>145</b>

<b>Net book value:</b>				
At 31 March 2019	71	17	-	88
<b>At 31 March 2020</b>	<b>334</b>	<b>67</b>	<b>595</b>	<b>996</b>

	Leasehold improvements £000	Furniture and equipment £000	Total £000
<b>Cost:</b>			
At 1 April 2018	329	183	512
Additions	-	17	17
Disposals	-	(120)	(120)
<b>At 31 March 2019</b>	<b>329</b>	<b>80</b>	<b>409</b>

<b>Depreciation:</b>			
At 1 April 2018	238	176	414
Charge for the year	20	7	27
Disposals	-	(120)	(120)
<b>At 31 March 2019</b>	<b>258</b>	<b>63</b>	<b>321</b>

<b>Net book value:</b>			
At 31 March 2018	91	7	98
<b>At 31 March 2019</b>	<b>71</b>	<b>17</b>	<b>88</b>

**8. Trade and other receivables**

	2020 £000	2019 £000
Trade and other receivables	121	168
Amounts due from bookmakers in respect of Levy income	19,037	15,021
Prepayments	134	78
	<b>19,292</b>	<b>15,267</b>

All the above amounts are due within one year.

**9a. Loans**

	2020 £000	2019 £000
<b>Secured:</b>		
Repayable within five years	78	1,394
<b>Unsecured:</b>		
Repayable within five years	117	152
<b>Total loans at historic cost</b>	<b>195</b>	<b>1,546</b>
Fair value adjustment	(3)	(7)
<b>Total loans at net present value</b>	<b>192</b>	<b>1,539</b>
<b>Loans included above due within one year</b>	<b>-</b>	<b>1,428</b>
<b>Loans due in more than one year</b>	<b>192</b>	<b>111</b>

Loans granted after 1 April 2012 attract an interest charge of 4% per annum. At the year end, £78,575 of the notional loan balance (2018/19: £1,394,049) was secured against the racecourse assets of the borrowers.

The loans are stated at net present value. In 2019/20, the discount rate prescribed by HM Treasury, 0.7%, has been utilised (2018/19: 0.7%).

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

	2020 £000	2019 £000
Balance at 1 April	1,539	3,217
Loan interest	22	79
Loans made to racecourses	-	150
Loans repaid by racecourses	(1,373)	(1,921)
Fair value adjustment to racecourse loans	4	14
<b>Balance at 31 March</b>	<b>192</b>	<b>1,539</b>

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 2018/19 or 2019/20.

## 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 38.

**11. Financial assets**

Financial assets comprise fixed term cash deposits that mature in greater than three months. All of these cash deposits are held in interest bearing bank accounts with duration of no more than twelve months, and therefore the effect of the time value of money is not considered material and so these balances have not been amortised and are shown at present value.

	2020 £000	2019 £000
Balance at 1 April	-	10,005
Net change in financial assets	-	(10,005)
<b>Balance at 31 March</b>	<b>-</b>	<b>-</b>

**12. Cash and cash equivalents: Movement in the year**

	2020 £000	2019 £000
Balance at 1 April	69,247	36,915
Net change in cash and cash equivalent balances	(16,520)	32,332
<b>Balance at 31 March</b>	<b>52,727</b>	<b>69,247</b>

**12a. Cash and cash equivalents**

	2020 £000	2019 £000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	52,727	69,247
	<b>52,727</b>	<b>69,247</b>

**13. Current liabilities: Trade and other payables**

	2020 £000	2019 £000
Capital credit grants	6,349	5,008
Accruals	1,656	2,883
Amounts due to bookmakers in respect of Levy income	6,506	29,815
Trade and other creditors	203	336
Social Security	35	31
	<b>14,749</b>	<b>38,073</b>

Capital credit grants comprise grant payments to racecourses that are allocated for future capital projects but have not been drawn down at 31 March 2020.

#### 14. Lease liabilities

From 1 April 2019, the Board adopted IFRS 16 Leases. Reclassification of the 21 Bloomsbury Street lease was not required at 1 April 2019 due to qualifying as a short-lease and terminated in November 2019.

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.

	<b>2020 £000</b>
Additions	673
Interest	7
Payments	(18)
<b>Balance at 31 March 2020</b>	<b>662</b>

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

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

## 15. Provisions

A provision was created in 2014, with an undiscounted value of £55,000, to provide for the costs that the Board will 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 and the expected cash outflow for the dilapidations work falls within one year. Following professional valuation of the dilapidations work, the provision was increased in 2019/20 to an undiscounted value of £73,200 (2018/19 £55,000).

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.

From 2019/20, the provision is held at carrying value, in accordance with IAS 37 the time value of money is not material to HBLB. In 2018/19 the discount rate adopted was -2.42% and the provision had a discounted value of £60,000.

	Provision for Dilapidation £000	Total £000
Balance at 1 April 2019	60	60
Increase provision	68	68
Unwinding of discount	(5)	(5)
<b>Balance at 31 March 2020</b>	<b>123</b>	<b>123</b>

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

	2020 £000	2019 £000
Non-current	50	60
Current	73	-
	<b>123</b>	<b>60</b>

## 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 payments to the British Horseracing Authority (BHA) amounting to £600,861 for a variety of different services rendered during the year. The BHA is a related party by virtue of its Chief Executive being a Board member of HBLB.

- The Horserace Betting Levy Board made payments to the Racehorse Owners Association (ROA) amounting to £676,191. 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. At 31 March 2020 an amount of £75,035 was still payable to the ROA.
- The Horserace Betting Levy Board made payments to the Thoroughbred Breeders Association (TBA) amounting to £228,769. These were grant payments towards the TBA Education and Employment programme. The TBA is a related party by virtue of Julian Richmond-Watson, and previously Philip Freedman, being a member of the TBA and one of the Board members of HBLB.
- During the year the Gambling Commission paid the Horserace Betting Levy Board £46,387. These receipts were in relation to costs for office space sub-let to the Gambling Commission 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).

As per the restriction in 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 2020, are £4.4m (2018/19: £4.2m). 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 2020, analysed by the period during which the commitment expires, are as follows:

	2020 £000	2019 £000
Within 1 year	2,436	2,019
After 1 year but not more than 5 years	1,955	2,131
<b>Total financial commitments</b>	<b>4,391</b>	<b>4,150</b>

During the year, the Board approved four loans to racecourses totalling £Nil (2018/19: £1.2m). As at 31 March 2020 only one of these loans, with a total of £0.2m, 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. Following an actuarial valuation of the Scheme as at 31 December 2008, the terms of the original agreement between the Board and the BHA were changed by a deed of amendment dated 30 October 2009.

Following the actuarial valuation of the Scheme as at 31 December 2011, a new deed of amendment was agreed, which was signed on 11 December 2012.

Accordingly, the Board has a contingent liability in the event of the BHA becoming unable to meet its obligations and has 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*);
- 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: 31st 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.

The Board no longer has a contingent liability in respect of the BHA's future service contributions to the Scheme (*2009 agreement: up to a maximum of 7% per annum of pensionable salaries*).

## 20. Events after the Reporting Period

The outbreak of COVID-19 in the UK led to horseracing being suspended from 18 March 2020 until 1 June 2020.

Racing resumed behind closed doors on a changed fixture programme from that date. The impact of this suspension will reduce Levy yield for the 2020/21 year although the amount of reduction will not be known until year-end.

HBLB, together with the Racing Foundation, agreed a series of cashflow and hardship funding support offers. These included: advance payment to racecourses of grants for raceday services; loans to racecourses and permitting those racecourses with capital credit balances to draw on them to assist with immediate cash requirements. The total value of the offers was a maximum of £20.1m. Actual drawdown of the facilities offered, as at 30 June, amounted to £5.4m. HBLB also agreed to increase its contribution to prize money by an estimated 23% for the first ten weeks of racing's fixtures when the sport resumed on 1 June 2020. During July 2020, the Board agreed a substantial increase in its prize money allocation for the remainder of 2020 with its contribution from 1 September to 31 December 2020 set to rise by 50% on the originally allocated sum in this period. This will see HBLB contribute £26.6m over the four months instead of the £17.7m originally planned.

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

