



Horserace Betting Levy Board Annual Report and Accounts 2021/2022

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Horserace Betting Levy Board Annual Report and Accounts 2021/2022

For the period 1 April 2021 to 31 March 2022

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Lotteries Act 1963.

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Front cover:

**Baaeed and Jim Crowley win the Edmondson Hall Solicitors
Sir Henry Cecil Stakes (Listed Race) at Newmarket in
July 2021.**



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CONTENTS

	Pages
Performance Report	
Overview	
Chief Executive's statement	3
Chair's statement	15
Overview	20
Purpose, Vision and objectives	23
Strategic risks	25
Going concern	35
Performance Analysis	
Financial summary	38
Improvement of horseracing	40
Advancement of veterinary science and education	56
Improvement of breeds of horses	59
Administration costs	60
Horserace Betting Levy Regulations 2017	61
Accountability Report	
Corporate governance report	
Board Members and Officers	63

Statement of Responsibilities of the Accounting Officer of the Horserace Betting Levy Board	66
Governance statement	69
Remuneration and staff report	84
Parliamentary accountability and audit report	
Parliamentary Accountability Disclosures	95
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	96
Financial Statements	
Statement of comprehensive expenditure	111
Statement of financial position	112
Statement of cash flows	114
Statement of changes in reserves	115
Notes to the accounts	116

CHIEF EXECUTIVE'S STATEMENT

A sense of normality began to return to the racing and betting industries through 2021/22 as the impact of the Covid outbreak started to recede. However, challenges remained through the year and the Board was determined to continue to be flexible and provide additional support for the sport for as long as possible.

The strategy adopted by the Board was to continue to draw on its reserves in a pragmatic and balanced way, incurring a substantial annual operating deficit for a second consecutive year, while ensuring that the organisation's own financial stability was not jeopardised.

In the event, the Board was able to go significantly further than initially expected due to its decision in spring 2021 to take a loan from Government's Sport Survival Package. The SSP was launched by the Government in late 2020 with the stated aim of supporting "the immediate future of major spectator sports" that had suffered revenue losses as a result of the absence of spectators due to Covid restrictions.

It was a bespoke arrangement in these highly unusual circumstances for the loan monies to come to an arm's length body of Government rather than directly to a sport itself. This came about as a consequence of Racing indicating that there were structural difficulties with Racing taking up the Government's support directly, including that individual racecourses were unwilling or unable to take on additional debt, and that it considered HBLB the most appropriate vehicle to do so thus benefiting the whole of the sport.

After a process in which the loan administrators assessed which HBLB costs were deemed eligible against which to borrow sums, a total of £21.5m was approved.

The Board then worked with Racing on how the additional financial resources now available should best be spent in accordance with HBLB's statutory duties. A total of £7.5m was directed towards prize money allocations, split approximately 60% to Flat racing and 40% to Jump, in line with the composition of the fixture list and the pre-Covid proportion of betting turnover attributable to each code of the sport, and was targeted to support the upper tiers of racing and developmental races. A further £7.5m was used to support the raceday

integrity costs incurred at fixtures. The remaining balance was effectively utilised via giving the Board the comfort to maintain its already higher than usual contributions to prize money for a longer period.

Taking into account the additional SSP contributions, HBLB's 2021 prize money expenditure was £72m. For 2022 as a whole, total prize money contribution from HBLB is estimated to be £71m plus a further £3m arising from the SSP funds. This compares to pre-Covid levels of around £60m. Inevitably, there will need to be a retrenchment in 2023 and beyond. The aim is to have a managed and gradual reduction, matched or bettered by an increase in racecourses' contributions as they recover economically from Covid. In autumn 2022, the Board agreed a budget of £66m for 2023, which was considered to provide the appropriate balance of stability and prudence.

It will be necessary for HBLB to return to breakeven budgets in the near future, having incurred deficits of £14.2m in 2020/21 and £13.6m in 2021/22. The underlying HBLB financial position at the end of 2021/22, with reserves of £29m, remained sound. The cash position was

better than this but was necessary having in mind the likelihood of a request from Racing during 2022/23 for substantial loan funds towards a major racecourse-wide project to develop and improve weighing rooms, which was announced by Racing in late 2021.

The Board was pleased to see the continuation of a number of aspects of race planning and fixture-related developments that arose after the return of racing in June 2020. These included greater flexibility around the programming of races and the maintenance of the prize money ‘ratecard’ system by which HBLB’s contribution to prize money is paid on a per-race basis rather than as a block sum per fixture. This gives greater clarity and flexibility to HBLB’s funding. The latter was adopted fully as the permanent new way of allocating HBLB prize money for 2022 onwards.

After contributions to prize money and to regulation and integrity, the biggest element of the Board’s grant expenditure is towards Racing and Breeding’s people recruitment, training and retention initiatives. The Board carried out a review of each of the areas that it funded, in order to ensure appropriate assurance was in place. This represented the first part of a planned multi-stage

process. The second stage was to work with the Racing Foundation on a jointly commissioned piece of work with the ultimate intention the development of a detailed people strategy and industry-wide plan.

The Board and the Racing Foundation, as the principal funders in this area, were keen to ensure that there was a detailed long-term plan in place in this key area and worked with the BHA to put in place the building blocks to achieve it. The Board was extremely grateful for a £3m contribution from the Racing Foundation during the year which helped free up funds in other areas.

This development process continued into 2022/23 and culminated in the appointment of Neil Hayward as the chair of a new Industry People Board which will take full shape in 2023. The intention is that this should provide more impetus and independence in this key area and by extension improve the work undertaken and the resulting outcomes. As with any new initiative in the interdependent sport of racing, key will be getting the balance right between independence and tethering the work to the sport more widely.

For the year as a whole, the welcome return of a full-year racing programme in 2021 after the ten-week hiatus in 2020 helped Levy income for the year to 31 March 2022 reach over £97m. This was in the Board's expected range, having said, in its published update in December 2021 after the first nine months of the year, that the £96m to £100m band was considered the likeliest outcome. It was pleasing and reassuring that betting turnover on British horseracing has seemed largely unaffected by Covid with levels of activity comparable to pre-Covid levels.

The overall £97.6m outturn was an increase on the £82m in 2020/21 when no racing took place for the first ten weeks of the Levy year. The 2019/20 yield was £98m and, on the basis of £82m over the ten-month active racing period in 2020/21, it might be assumed that a figure of around £95m to £100m can be considered the norm.

While this would seem a reasonable assumption, there may be more immediate threats to this figure than opportunities for it to rise. Among these is a deteriorating macroeconomic picture and another is the overall competitiveness of races. There were some well publicised issues around small field sizes and uncompetitive races in the first quarter

of 2022, which continued in the second quarter, and the challenges in solving these problems are uppermost in the minds of racing's key organisations. Although the 2022/23 year began with a particularly positive result for Levy yield with outsider Noble Yeats winning the Randox Grand National, this has masked weaker results elsewhere that leave underlying concerns about competitiveness. A review was announced by BHA on behalf of the sport in 2022 with the intention of developing a strategy for the sport around its fixture list and other key areas.

In the course of the year, the Board produced an updated version of the guidance notes to assist bookmakers in calculating Levy liability. With the new Levy Regulations introduced in 2017, HBLB has regularly produced guidance notes to assist bookmakers, albeit recognising that the legislation itself has primacy. The notes are updated in light of the Board's consideration of particular bet types or eventualities or where it becomes aware that different bookmakers may be treating certain situations in dissimilar ways, making it beneficial to issue guidance to ensure consistency.

The key changes related to double results (paying out on both first past the post and on the official winner (if different)) and discretionary returns where a payment is made by the bookmaker (either as a refund of stake or otherwise) on a losing bet as though it is not a losing bet.

Work also continued on successor arrangements to those provided by the Animal Health Trust, the closure of which in 2020 was noted in last year's annual report. During the year, the Board led in implementation of key steps towards re-establishing on a long-term basis the essential equine infectious disease surveillance provision that had been performed by the AHT.

Acting on the recommendations of an industry-wide committee set up to assess options for the future, the Board concluded an agreement from August 2021 with Rossgdale Ltd to provide the diagnostic microbiology testing capacity, arrangements that work in conjunction with the epidemiological surveillance and monitoring unit now based at the University of Cambridge Veterinary School.

After the closure of the AHT, the surveillance services were provided by the former AHT team headed by Dr Richard Newton on a temporary

basis under contract to the British Horseracing Authority (BHA). This team are now employed by Cambridge University under the new agreement and will continue to respond to disease outbreak incidents and to produce daily updates on infectious disease reports worldwide for the benefit of the health of all horses, Thoroughbred and non-Thoroughbred. Full coverage has therefore been maintained, meaning that the team has been able to respond promptly and effectively to any incidents of disease.

The new arrangements will span an interim period of at least two years while options for the longer term are considered and developed. Funding is being provided, as previously, by the Board, racehorse owners and the Thoroughbred Breeders' Association (TBA). Discussions are also being held with the sport and leisure horse interests regarding potential contributions in the future.

In addition, the Board formed a representative oversight committee, with one of its Government Appointed Members, Anne Lambert, as its chair. The membership includes representatives from HBLB's Veterinary Advisory Committee, the TBA, the Racehorse Owners Association, the BHA

and the non-Thoroughbred sport and leisure sectors. This committee has responsibility for monitoring the service in its initial phase and for designing plans for future, with the paramount objective of safeguarding the national herd. Full engagement between the Thoroughbred and non-Thoroughbred sectors in respect of infectious disease management will underpin the work which includes the development of an epidemic risk management plan.

The Board continued to refine its grant application and assessment processes during the year, building on the guidance notes issued to applicants in 2020/21. This area will be addressed further in 2022/23 including with reference, where practicable, to the Government Functional Standards on grants. The suite of GFS documents, covering a range of operational activities designed to provide an overall working framework for public bodies, will be reviewed and taken into account as appropriate.

In the governance area, the Audit and Risk Assurance Committee took the view that it was timely to have a tender for the internal auditing arrangements. After an open process, MacIntyre Hudson were appointed. I would like to thank

Mazars, who decided not to tender for the contract, for the highly professional service that they provided for the previous eight years.

The Board continued to work on the implementation of the recommendations from its Board Effectiveness Review and held a strategy day during the year and work continued on the development of a three-year business plan for the organisation which will be concluded and published in 2022/23.

HBLB continues to chair quarterly meetings of the Betting Liaison Group, which acts as a bridge between Betting and Racing and allows key data and information to be shared. This is made possible by the continued voluntary provision of race-by-race betting data from the majority of the largest betting operators, to whom the Board expresses its gratitude.

Overall, the organisation's costs continued to be tightly controlled with total administrative expenditure of £1.9m, down slightly from £2m in 2020/21. These costs will however rise as a result of the filling of vacancies and a small increase in resource in the course of 2022/23, consequent upon the implementation of the conclusions of the Board's organisational design project.

Nevertheless, these costs will be offset to a significant extent through ongoing savings in office accommodation from autumn 2022. The move away from central London to smaller premises in Canary Wharf will save approximately £100,000 annually on a like for like basis.

Alan Delmonte
Chief Executive

CHAIR'S STATEMENT

It was another busy year for the Board as Racing turned its attention from survival to recovery after the major disruptions caused by Covid. My Board member colleagues and I were asked to deal with a significant number of challenges, including novel funding proposals from Racing, while at all times ensuring that the Board was maintaining a sensible and measured approach to its management of funds.

It was a pleasing feature of betting activity since the resumption of racing in June 2020 that turnover levels were at their pre-Covid levels. The prospect of an outturn of over £97 million for 2021/22 would have been enthusiastically welcomed at the start of the year.

Our ability to maintain and even increase our contributions to racing was given further impetus with our decision to take a loan from Government's Covid support fund. That the Board took this loan is a reflection of the confidence of both Government and Racing in the Board but also of the complexity of Racing's structures. It might be expected that the sport would have wanted to have access to additional funds to help its recovery

especially when these were being offered at interest rates of 2%. Yet the complexity of racing's structure meant that it could not find a vehicle willing or suitable to take this on.

I and my Board colleagues were persuaded to step in only on the basis that there was a very clear understanding in Racing that the Board's ability to make contributions in future years to key areas would be curtailed to an extent by the need to repay £3m for eight consecutive years from 2023.

A further potential major factor for the Board to consider, as far as future income and expenditure is concerned, is the impact of the review of gambling legislation. At the time of writing the paper has not been published. When it is, we will make an assessment of what it could mean for the income available for investment into racing and will convey to Government our views about potential impact of the proposals.

As far as the period ahead is concerned I will be looking to ensure that there is a greater understanding of the very wide range of activities that the Board supports. It can be overlooked – at a time when the Board has been credited with its role during Covid in supporting prize money,

providing loans and giving overall confidence to the sport – that there are many other key areas that are supported in one way or another by Levy funds.

It must also be recognised by recipients of funds that the expectations of Parliament and Government upon organisations managing and distributing public money continue to grow. Done proportionately and sensibly, asking for supporting detail and evidence of a clear implementation plan and monitoring arrangements are beneficial because this enables better decisions to be made on a more informed basis. In saying this, I recognise that taking a safety first approach can have the unintended consequence of strangling innovation and minimising risk.

One key upcoming development likely to affect how Levy is distributed in future years is the strategic review that racing announced in summer 2022. It is expected that this will seek to focus principally around fixtures and the overall presentation of the racing product. We look forward to seeing the outcomes and indeed in participating in the process where appropriate, respecting the need to get the balance right between being at one level removed from the

day-to-day activities of racing and betting but on the other encouraging a strong and involved relationship between the parties. it will be very helpful if Racing does develop some key objectives which can complement the Racing Outcomes that were developed and adopted by the Board.

I would like to thank my Board colleagues for their work over the past year. Notwithstanding the disparate interests represented around the table, meetings are generally constructive and held in a positive environment. On behalf of those colleagues I wish to thank the Executive and all the staff of the organisation who continue to provide a high quality service to the Board and to the sport as a whole. Major bookmakers continue to show confidence in the team in providing confidential trading information which helps to grow Levy and develop positive initiatives to help the sport and I am grateful to them again. I am also grateful to the Racing Foundation for its exceptional generosity in providing £3m in funds towards the sport's people development activities overseen by the Board, which has enabled us to utilise funds elsewhere.

The cost of living challenges, the gambling review and ongoing concerns about British racing's competitiveness including race field sizes are risks for the organisation and for the sector more widely. However the Board's underlying financial position remains sound. We will look to continue to provide reassurance to our stakeholders, along with constructive challenge, in the year ahead.

Paul Darling OBE KC
Chair

Overview

This overview explains the main purpose, vision and goals of the Horserace Betting Levy Board, the key strategic risks that the Board has identified as well as summarising performance measures for the year.

About HBLB

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

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

- The improvement of breeds of horses
- The advancement or encouragement of veterinary science or veterinary education
- The improvement of horseracing

HBLB Board & Staff

Board

Paul Darling OBE KC – Chair, Government

Appointed Member*

Lord Risby – Government Appointed Member*

Anne Lambert CMG – Government

Appointed Member*

David Armstrong – Chief Executive, Racecourse Association**

Julian Richmond-Watson – Chairman, Thoroughbred Breeders Association**

Julie Harrington – Chief Executive, BHA**

Mike O’Kane***

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

**Appointed by the Jockey Club

***Appointed by the Betting and Gaming Council

Executive

Alan Delmonte – Chief Executive & Accounting Officer

Craig Pemberton – Chief Finance Officer

Grants & Racing

Head of Grants Management

Grants Manager

Racing & Betting Manager

Operations Administrator

Finance

Financial Controller

Finance Manager

Levy Collections Officer

Racecourse Finance Officer

Governance & Digital

Head of Governance & Digital

Board Secretary & Compliance Officer

Systems Administrator

Web Developer

Business Plan

The Board will publish in 2022/23 a three-year Business Plan. This will report on key developments over the last three years since HBLB last published a business plan and will set out HBLB's approach to collection, funding and decision-making alongside key projects and deliverables in the years ahead. The Business

Plan will be focused on HBLB's statutory objectives and HBLB's Purpose & Vision as developed to meet those objectives.

Purpose

Collect and allocate Levy funds effectively and transparently to sustain and improve British horseracing, breeding and veterinary research for the benefit of the sport.

Vision

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

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

Goals measured by Racing Outcomes

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

These Racing Outcomes are the Board's ambitions for achievement by Racing. The Board's grants and loans are designed to support these outcomes over a multi-year period. They will be aligned to Racing strategies where those exist

and will be evidence-based. The four goals of which the 13 Racing Outcomes are measures are to: generate interest in Racing; sustain valued employment in racing; drive high quality care and support for the horse in Racing; and continually enhance the reputation of Racing.

Generate interest in Racing

As demonstrated by an increase in:

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

Sustain valued employment in Racing

As demonstrated by an increase in:

- 5) Number of British-bred foals
- 6) Number of vacancies filled in Racing's key roles
- 7) Racing's diversity and inclusion
- 8) People wellbeing

Drive high quality care and support for the horse in Racing

As demonstrated by an increase in:

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

Continually enhance the reputation of Racing

As demonstrated by an increase in:

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

Strategic risks

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

Each of the three risks (Income, Organisation and Stakeholders) were assessed for current score and tolerance level and an individual risk gap calculated. These gaps were to be mitigated through 72 specific risk mitigations (some of these mitigations aligned to more than one risk or cause). The mitigations have been progressively

implemented in order to reduce each risk gap and bring risk scores down to the Board's tolerance levels. The implementation of these mitigations is monitored through the Board's Strategic Risk Framework by the Executive on a monthly basis and reported to the Audit & Risk Assurance Committee quarterly and to the Board twice-yearly. The risks, together with a summary of the key mitigations, are summarised below.

Risk 1 – Income

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

Risk mitigations

By March 2022 the four planned mitigations were completed.

Levy compliance not in line with spirit and letter of regulation:

- Actively monitor market developments taking legal advice as required
- Annual update to Levy guidance issued
- Analytical review of Levy returns versus trend and report to Audit & Risk Assurance Committee
- Review bookmaker submissions and report to Audit & Risk Assurance Committee

The risk was assessed as within tolerance.

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

Risk 2 – Organisation

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

Risk mitigations

By March 2022 a total of 23 mitigations were agreed with 10 of those completed:

The Board operating optimally:

- Complete an externally led Board Effectiveness Review (BER) every three years
- Chief Executive reports internally and externally on key decisions made by Board
- Structured discussions between Chair and Members around performance and contribution

Strategic level risks not being identified or managed:

- Audit & Risk Assurance Committee sessions updated on risk management
- Board updated on risk management
- Board annual horizon-scan exercise

Lack of capacity and capability on people resource:

- Conduct an effectiveness and efficiency review of key pilot processes
- Conduct an effectiveness and efficiency review of key processes – Design
- Conduct an effectiveness and efficiency review of key processes – Implementation

People performance management systems:

- Re-introduce staff appraisals based around agreeing objectives aligned to business plan

The risk was assessed as closer to tolerance with the remaining mitigations yet to be implemented but on plan for their end date.

Risk classification	Mitigations	% of total
Blue/Purple – Completed	10	44%
Green – On track	4	17%
Amber – Minor delays	5	22%
Red – Delayed	4	17%

Risk 3 – Stakeholders

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

Risk mitigations

By March 2022 a total of 45 mitigations were agreed with 27 of those completed:

Capital or Revenue funding not sufficiently evidence-based:

- Create and mandate a common funding application business case template
- Agree grant funding subject to formal intermittent audit measurement and review

Lack of alignment on expected ROI to strategic outcomes:

- Assessment process updated for non-fixture related applications

Funding used by unauthorised people:

- Named individuals to sign-off expenditure included on funding application
- Named individuals to sign-off expenditure included on funding application – design

- Named individuals to sign-off expenditure included on funding application – implementation
- Due diligence on orgs with a funding relationship of less than two years
- Due diligence on orgs with a funding relationship of less than two years – design
- Due diligence on orgs with a funding relationship of less than two years – implementation

Funding used for unauthorised purposes:

- Cease annual funding in advance / replace by quarter v agreed reporting
- Cease annual funding in advance / replace by quarter v agreed reporting – design
- Cease annual funding in advance / replace by quarter v agreed reporting – implementation
- Projects to have a nominated HBLB client manager where appropriate
- The obligations on recipients updated in a new funding agreement
- The right to independent audit enshrined in a new funding agreement
- Formal closure report required from each grant or loan – design

- Require an options paper on pension scheme from BHA
- Ascertain BHA Pensions decision approvals required within central government
- Board discussion of the options / business case and a preferred decision made
- Require BHA to report on the health of the BHA Pension Scheme to the Board annually

Relationships with Betting:

- Annual update to Levy guidance issued
- Betting Liaison Group membership agreed and new Chair appointed
- Clear resolution of Authorised Betting Partners rebate issue
- Chief Executive reports internally and externally on key decisions made by Board

Relationships with Racing:

- Chief Executive reports internally and externally on key decisions made by Board

Relationship with DCMS / rest of government:

- Chief Executive reports internally and externally on key decisions made by Board
- Formal quarterly reviews between HBLB Executive and DCMS relevant officials instigated

The risk was assessed as closer to tolerance with the remaining mitigations yet to be implemented but on plan for their end date.

Risk classification	Mitigations	% of total
Blue/Purple – Completed	17	60%
Green – On track	6	13%
Amber – Minor delays	4	9%
Red – Delayed	8	18%

Going concern

International Accounting Standard 1 and the Government Financial Reporting Framework 2021/22 (FReM) require the Board Members to assess the Board's ability to continue as a going concern. In order to do this, the Board Members are required to make a judgment, at a particular point in time, about inherently uncertain future outcomes of events or conditions.

The Board, in considering going concern, took into account the financial projections for the twelve-month period from the date of approving the accounts and referenced the strategic risks that the Board is exposed to, as set out on page 25, and how these are managed.

The past year has seen the easing of Covid related restrictions that impacted heavily on both retail LBOs and attendances at racecourses and as at the end of the financial year no Covid related rules and restrictions are in place. Further, during the 2021/22 year there was no suspension of racing as had been the case in the prior year for a period of just over 2 months.

This has had a positive impact on the Levy yield for 2021/22 which has increased by £15.6m to £97.6m. During the 2021/22 year, the Board continued to make over and above normal contributions to prize money in recognition of the sport's continuing recovery from the effects of Covid. Total expenditure for the year was £113.9m. This includes the additional grants for prize money and regulation and integrity made possible by the receipt of a £21.52m loan under the Government's Sport Survival Package. The loan will be repayable over 10 years with a two-year repayment holiday at a total cost of £24.1m including interest.

At the statement of financial position date, the Board's reserves totalled £29.9m and cash balances exceeded £60m.

Forecast Levy income for the 12 months to March 2023 is currently agreed as a range between £91m and £105m. The forecast process and approach has adopted a range, rather than a spot figure, in order to provide higher levels of confidence for the Board when making financial decisions. This forecast takes into account current data from bookmakers and has been used for the past two years and has proved accurate however,

Levy income is difficult to predict accurately and the challenges from the past 18 months make this even more so. The forecast is reviewed and updated each month, taking account of new data, and agreed with the Board at each of its sessions.

Total forecast expenditure for the year to 31 March 2023 is £108.8m. It is expected that this will result in a deficit for the year of £6.8m, assuming a Levy yield of £97.5m. This would result in reserves of £23m and a forecast cash balance of £51m. The significant difference between 2022/23 forecast reserves and the cash balance is due to the Board taking on a £21.52m loan under the Government's Sport Survival Package during the 2021/22 financial year.

The Board has concluded that it has a reasonable expectation that the Board will continue to operate and meet its liabilities, as they fall due, for the next twelve months from the date of this report. Accordingly, the Board continues to adopt and considers appropriate the going concern basis in preparing the 2021/22 Annual Report and Accounts.

Financial summary

For the year ended 31 March 2022 total income was £100.6m (2020/21: £82.0m). Levy receipts during the year were £15.6m higher than the previous year. This increase in Levy receipts is attributed to the easing and ultimate removal of Covid regulations during the year and almost perfectly counters the £15.7m decrease in Levy during the 2020/21 year which was caused by the 2-month suspension of racing in Spring 2020 and the impact of Covid restrictions on LBOs and the retail market.

During the year, HBLB received £3m from the Racing Foundation and will receive a further £3m in the 2022/23 year. These funds were in support of HBLB's grants to various entities and initiatives contained within the Industry Recruitment, Training and Retention (IRTR) activities overseen and promoted by BHA in the year. The funding was only used for supporting approved IRTR projects and the only condition of the funding was that both HBLB and the Racing Foundation would jointly sponsor a review of the IRTR area within Racing including its governance and purpose. This review was completed in summer 2022.

The 2021/22 deficit of £13.6m (2020/21: £14.2m deficit) resulted in the Board's reserves decreasing from £43.5m on 31 March 2021 to £29.9m at 31 March 2022. The size of the deficit in the 2021/22 year was caused by an over and above normal contribution to prize money during the year together with a continuation of certain Covid related grants to assist the sport in its continued recovery from the pandemic.

Cashflow

During the year, the Board incurred a positive cash flow of £25.1m (2020/21: negative cash flow of £17.0m).

As at 31 March 2022, HBLB had cash and cash equivalents of £60.8m (2020/21: £35.7m).

Improvement of horseracing

The Board took a phased approach to agreeing its prize money budget in 2021, aligning periods of expenditure with the programming of the race calendar.

Table 1 shows budgeted and actual prize money spend. Table 2 sets out Fixture-related expenditure; Table 3, Breeding-related expenditure; and Table 4, expenditure agreed as part of the Sport Survival Package (SSP) loan agreement.

Table 1

Prize Money	2021 Budget	2021 Actual
	£'000	£'000
Ratecard Plus	65,970	64,602
Appearance Money Scheme	7,000	6,473
Divided Races	1,475	937
Total	74,445	72,012

Table 2

Annual fixture related expenditure	2021 Budget	2021 Actual
	£'000	£'000
Raceday Services Grants (RSGs)	18,575	18,605
Fixture Incentive Fund	1,350	1,508
Total	19,925	20,113

Table 3

British breeding related expenditure	2021 Budget	2021 Actual
	£'000	£'000
Great British Bonus	3,100	2,711
Plus 10	400	32
Total	3,500	2,743

Table 4

Sport Survival Package (SSP)	2021 Budget	2021 Actual
	£'000	£'000
SSP – Prize Money	3,750	3,470
SSP – RSGs	3,750	3,685
Total	7,500	7,155

Fixture related expenditure

Prize Money

The Board's budgeted allocation to prize money in 2021 was £74.4m (2020 actual £60.7m), the increased support recognising that Racing remained in recovery from the impacts of Covid. Actual prize money expenditure in 2021 was £72.0m, much of the underspend being a combination of retained prize money, where fixtures were abandoned early in-year, and lower than expected spend on divided races.

Leading into and throughout 2021, the Board continued its phased approach to prize money allocation, reflecting ongoing uncertainty around Levy income and the potential for further Covid impacts; regarding the latter, Licensed Betting Offices (LBOs) were closed from Jan 1 – April 12 (April 26 in Scotland), then operated under restriction until May 17.

In October 2020, the Board also agreed to continue with the per-race rate card funding mechanism, which it had introduced from June 2020, for Programme Book 1 2021 (PB1). To maintain support to Racing as it continued to manage issues caused by Covid, the Board agreed to provide funding for PB1 2021 at the same levels as 2020.

In order to then deliver a phased return of Board prize money expenditure towards more usual levels, the Board reduced its per-race funding for Programme Book 2 (PB2), with the allocation to the rate card reduced to 80% of the PB1 level. This did not have a downward effect on overall prize money, as racecourses increased their own executive contributions (EC). PB2 also saw an increase in minimum prize money values for the

highest class of races, with Class 1 Minimum Values returning to 100% of their pre-Covid level, in line with all other race classes.

This approach continued in Programme Book 3 (PB3), with a further reduction in rate card values to 70% of their PB1 value.

The £74.4m full year budget reflected the Board's continued prioritisation of prize money and was made possible by a further significant call on its reserves.

The rate card was the primary method, and largest component, of prize money allocation, with several funds closed. The only other schemes in operation in 2021 were the Appearance Money Scheme (AMS) (£7m) and the Divided Race Fund (£1.5m). AMS was designed to ensure that any horse finishing down to 8th place in an eligible race would receive a minimum of £300 (Flat) and £350 (Jump). The purpose of the scheme was two-fold: (i) to improve returns to owners by encouraging racecourses to invest their own funds in prize money at the grassroots of the sport and (ii) to boost field sizes.

HBLB funding for divided races was provided at 70% of the prevailing rate card value, thus approximately halfway between pre-Covid funding and the full rate card funding that applied in 2020.

Historically, the Board has attempted to allocate budgeted prize money between the Flat and Jump codes in proportion to the share of betting turnover generated by each code, a split set at c.60% Flat and c.40% Jump. With the approach taken in 2021 to prize money decisions, it was not possible to manage this split directly through the year; the final allocation was 65%/35%. The effects of this will be addressed in distributions for 2022 and 2023 to redress the balance.

Raceday Services Grants

For 2021, the Board agreed to hold the per fixture grant at £12,571, generating a total budget of £18.6m across 1,478 fixtures.

Schemes to benefit British breeding

2021 was the first year in which the Board allocated funding towards the Great British Bonus (GBB, £3.1m). GBB is an industry-wide prize scheme for breeders and owners of British-bred

Flat and Jump fillies. Owners, breeders and winning connections of each horse can win up to £20,000 per eligible race.

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

2021 was the final year of the Plus10 scheme. To manage the winding down of the scheme £0.4m was allocated, however due to actual results only £0.03m was spent.

Fixture Incentive Fund

The Board offers Fixture Incentive payments to racecourses to ensure that the Fixture Criteria is achieved. The payments incentivise racecourses to stage fixtures on days which may be unattractive to racegoers but are important to both the generation of off-course betting turnover and the provision of opportunities for the horse population. Payments in 2021 were reduced by 25%, in recognition of the absence of spectators (due to Covid restrictions) and the consequent

reduction in costs to racecourses. A total budget of £1.35m was allocated and £1.5m was spent (including on additional fixtures).

Sport Survival Package Loan

In July 2021, the Board borrowed £21.5m from the UK Government's Sport Survival Package (SSP) fund, to support British racing in its recovery from the pandemic and provide immediate confidence to the sport's investors. The SSP was launched in late 2020 with the stated aim of supporting "the immediate future of major spectator sports" that suffered revenue losses resulting from the absence of spectators. British racing developed its expenditure proposal of £15m to be spent between July 2021 and June 2022, with the Government's overarching objective in mind.

The proposal recommended an even split of expenditure between prize money and raceday services grants. With the aim of supporting engagement levels and maximising the retention of horse numbers in 2021 and beyond, SSP prize money was targeted in two areas: the first of these was Black Type races, which received matched funding for every pound of prize money offered above Minimum Values, up to a maximum amount determined by race class. Qualifying races were,

on the Flat, Group 2, Group 3 and Listed Races; and over Jumps, Grade 1 and Grade 2 races, including Novice races. The aim of this funding was to support British racing's international prize money competitiveness.

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

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

Budgeted SSP spend in 2021 was £7.5m; the final spend was £7.2m. It is estimated that, to the end of June 2022, there will be a slight underspend against the £15m allocation. The remainder of the £21.5m has been utilised in support of the Board's higher than usual expenditure on prize money in the post-Covid period.

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

Non-fixture Related expenditure

As with all HBLB expenditure in 2021/22, the overlying theme for the year was the continuing recovery from the impact of the Covid pandemic. The sport pulled together to provide a fixture programme as near to normal as possible, and this was supported by a £1.2m HBLB grant towards the extraordinary costs incurred in keeping racing going while attendances were restricted. This funding was used to help courses maintain a Covid-safe environment for participants and, as the year progressed, racegoers. This was a substantial exercise, achieved through collaboration on all sides.

A new initial appraisal system was introduced for the 2021/22 non-fixture related grant applications designed to ensure a consistent approach across all the various interest areas. Guidance was issued to all potential applicants setting out what detail and background information was needed in order to assess proposals appropriately. Preliminary examination of each application by the Board's

Executive sought to measure each in terms of governance and compliance; alignment with the agreed Racing Outcomes; and deliverability. This was a valuable process, enabling an objective review of all the proposals.

In total, the non-fixture related expenditure budget for 2021/22 totalled £6.2m.

Industry Recruitment, Training and Retention

For 2021/22, the Board was pleased to be able to restore support for training, recruitment and education in the racing and breeding industries to the pre-Covid level of £2.8m. This investment includes provision for stable staff NVQ training and functional skills tuition, which is the largest element, and funding for careers marketing and recruitment. Support was also provided to the Thoroughbred breeding industry in two ways: direct to the National Stud to underpin specialist training through the internationally respected Diploma Course and to the TBA to progress its education and employment initiatives.

The Board's funds also provided for additional training opportunities such as jockey coaching and continuation tuition; nutritional education; and courses for amateur riders, assistant trainers and senior staff. The programme includes the provision

of up-to-date health and safety advice to the industry and support for pony racing for its role as an introduction to race riding.

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

HBLB also helps to fund Racing to School's extensive schedule of educational events for school students at racecourses and elsewhere, and Racing Together, which organises a partnership of charities and organisations supporting and sharing community engagement. Funding for both streams was restored to the pre-pandemic level of £360,000.

Funding was also maintained for the Thoroughbred Racing Industries MBA course at Liverpool University. Ongoing travel limitations meant that teaching was again largely virtual, but the curriculum was maintained. The mix of on-line and in person activity was restored when practicable. Together with the University of Liverpool Management School and the other industry sponsors, the Racing Foundation and the BHA, the Board is involved in an in-depth review of the programme, taking into account how the achievement of the Racing MBA contributes

to career progression within the industry and examining how the offering might adapt to future needs.

The Board received £3m from the Racing Foundation during 2021/22. These funds were in support of HBLB's grants to various entities and initiatives within the Industry Recruitment, Training and Retention (IRTR) activities overseen and promoted by the BHA. This funding is only for supporting approved IRTR projects which fall within the charitable remit of the Racing Foundation. A condition of the funding was that both organisations would jointly sponsor a review of the IRTR area within Racing, including its governance and purpose. This review was completed in summer 2022 and recommendations from the review will influence how future funding decisions in this area will be made and performance managed. In light of this work the Racing Foundation agreed to make a repeat contribution of £3m to this area in the 2022/23 year.

Point-to-point

With the rescheduling of the HBLB's budget year in certain areas to span the April to March period rather than, as up to then, the calendar

year, the opportunity was taken to re-organise the Board's grant to Point-to-Pointing. Historically, the award had been, in effect, in arrears with the anomaly becoming more stark with the earlier starts to the Point-to-Point season. From 2021/22, the grant applied wholly to the year to come, meaning that the total allocation would be known before the season starts. This has made fixture planning simpler.

The total grant for 2021/22 was increased to £402,550 (2020/21: £186,000). This covered fixture support, increased medical provision costs, extraordinary costs incurred when fixtures were closed to the paying public and for abandonments, and a new drug and alcohol testing protocol for participants.

Promotion of Racing and Customer Growth

The Board was pleased to be able to support the new Great British Racing campaign 'Everyone's Turf' with an allocation of £1.35m in the 2022 calendar year. The initiative, being run on behalf of the racecourses, aims to maintain and grow attendance during the key summer period, highlighting the variety of experiences on offer. The promotion emphasises that Racing welcomes everyone, from those new to the sport who are

looking for a great day out to the experienced and knowledgeable fans. The concept had originally been considered for 2021, but had had to be put on hold until all the Covid restrictions were lifted.

Betting Industry Partnership

The Betting Liaison Group (BLG) is an industry-wide body chaired by HBLB and attended by representatives of betting operators, racecourses, the Thoroughbred Group and the BHA. In 2021, the Board made £0.3m available to fund the collection and analysis of race-by-race betting data voluntarily provided by Bet365, Betfred, Entain, Flutter and William Hill. The actual cost for the year was £0.2m.

Betting data was provided monthly by contributing bookmakers to the Board's data collection partner, PwC. The data has been essential in allowing the Executive to analyse, in detail, the likely and actual performance of new initiatives such as the Sunday Series and Racing League; to input into the Quality Jump Racing Review; to assess fixture performance and, from this, update the Fixture Criteria; and to illuminate the post-Covid landscape in support of fixture and race planning. The use of this data in areas of mutual interest for

Racing and Betting will continue to grow, playing an important part in the Board facilitating strong relationships between the two parties.

Sectional Timing

2021/22 represented the final year of a three-year funding agreement to support the roll out of sectional timing and tracking technology to all British racecourses; at the time of the agreement, this facility was limited to eight racecourses. £150,000 was made available in 2021/22 to support the continued roll out, with £144,000 actually spent; the high take up reflects the fact that by 31 March 2022, tracking was being undertaken at all British racecourses, a key objective in the original plan.

Brexit Steering Group

The Board has continued to support the industry's Brexit Steering Group to ensure that horseracing is able to manage the necessary arrangements following the UK's departure from the EU, in particular those relating to the cross-border movement of horses for racing and breeding. A budget of £50,000 was set (and spent) for 2021/22.

Equine Welfare

HBLB supports the activity of the Horse Welfare Board (HWPB) in two ways: first, it funds the costs of running the HWPB itself, and, secondly, it covers the communications activity carried out on behalf of the Horse Welfare Board by Great British Racing. Taken together, the two strands totalled £398,000 for the year to end March 2022.

The Board remains committed to working closely with the HWPB and with other funders in this area to achieve the objectives outlined in 'A Life Well Lived', the strategy published in early 2020.

Retraining of Racehorses

In addition to supporting the Horse Welfare Board, HBLB also provided funds of up to £100,000 to help with the costs of staging educational and promotional initiatives designed to demonstrate the versatility of ex-racehorses for alternative activities. Examples include the Showcase sessions focusing on issues such as how to match with a suitable ex-racehorse and the first steps in retraining.

Advancement of veterinary science and education

After suspension of the Board's new grant application round in 2020 due to the financial constraints arising from Covid, no new research projects or educational awards started in 2021/22. However, the restoration of stability during 2021/22 meant that the usual annual grant application round could be resumed within the budget allocation of £2.0m (2020: £2.0m).

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

- Best possible quality of life, which include all aspects of healthcare, husbandry and disease control (e.g. improved methods of disease diagnosis, more effective vaccines, biosecurity and disease prevention strategies, antimicrobial and anthelmintic resistance)

- Best possible safety and well-being during breeding, training and racing (e.g. enhancement of diagnostic methods and restoration techniques after musculo-skeletal disease and injury, safer training and racing practices, minimisation of fatal and non-fatal injury)
- Lifetime responsibility for equine health (e.g. optimal health of breeding Thoroughbreds and youngstock, reproductive efficiency, evaluation of factors affecting transition to post-racing careers)

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

The membership of the Committee at 31 March 2022 was as follows:

Professor Sandy Love BVMS PhD MRCVS (Chair)

Professor Gary Entrican BSc PhD

Professor Colin Farquharson BSc PhD

Miss Caroline George BVMS MRCVS

Dr Rob van Pelt BSc BVSc MRCVS Cert EP

Professor Chris Proudman MA Vet MB PhD Cert
EO FRCVS RCVS

Professor Matthew Allen MA Vet MB PhD

Professor Falko Steinbach PhD MRCVS

Professor Tom Stout MA Vet MB PhD MRCVS
Dipl ECAR KNMvD

Equine Infectious Disease

As explained in the Chief Executive's report, the Board has been instrumental in setting up an interim equine infectious disease surveillance programme to replace that formerly provided by the Animal Health Trust. Effective monitoring and reactive capability are essential to the maintenance of high quality health and welfare amongst Britain's equines. The current provision has two parts: the microbiology testing facility, which is being provided by Rosssdales in Newmarket; and the surveillance unit itself, which is based at the Department of Veterinary Medicine, University of Cambridge.

During the initial contractual periods, the industry is working closely with the non-Thoroughbred sport and leisure interests to establish the ideal surveillance programme of the future and considering how this should be funded. In 2021/22

HBLB's financial commitment was £357,000 (2020/21: £357,000) backed up with further funding input from racehorse owners and the TBA. The overall approach to disease monitoring and management is supported by the Board's Codes of Practice on infectious disease that are updated annually.

Improvement of breeds of horses

As part of the fulfilment of its statutory requirement to support breeds of horse, the Board continued to provide grants to a number of British native breeds. Drawing on detailed reports from the individual breed societies and advice from the Rare Breeds Survival Trust, the Board supports the preservation of vulnerable breeds and the improvement of pure-breeding quality. The total grant funding 2021/22 was £165,000 (2020/21: £36,000).

Breed societies use their grants in a variety of ways, such as stallion and mare premiums, youngstock grants, DNA testing or blood typing and artificial insemination/semen collection schemes. The Board expects the Societies to actively encourage their members to adhere to

the highest standards of disease prevention and management partly in their own interests, and also to reduce risk to the British Thoroughbred herd.

Administration costs

The Board strives to provide a highly cost-effective service to its stakeholders. The Board's administration costs in 2020/21 were £2.0m (2020/21: £2.1m), which were slightly lower than the previous year.

Compliance with public sector payment policy

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

The Levy Board and the Environment

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

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

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

Information Technology

HBLB is committed to the best use of technology to enable effective, efficient and safe operation. In the past year HBLB has developed a new web service for bookmakers, it has automated more internal processes, refreshed its System Use and Home Working Policies and achieved Cyber Essentials Plus certification.

HBLB will aim to equip staff with new hardware to better support flexible working, move core systems to a new secure environment, improve core systems to reduce maintenance complexity and start a programme of application development that will significantly broaden the range of web services offered by the organisation.

Horserace Betting Levy Regulations 2017

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

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
26 January 2023

Overview

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

Board Members and Officers

The Board Members and Board Executives are as follows. Full details of Board Members who served during the year or were in post at date of signing are shown on page 78.

Board Members

Paul Darling OBE KC*

Chair

Lord Risby*

Anne Lambert CMG*

David Armstrong**

Julian Richmond-Watson**

Julie Harrington**

Mike O’Kane***

Board Executives

Alan Delmonte

Chief Executive & Accounting Officer

Craig Pemberton

Chief Finance Officer

Offices

10 South Colonnade

Canary Wharf

London

E14 4PU

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

** Appointed by the Jockey Club

***Appointed by the Betting and Gaming Council

A Register of Board Members' Interests is available online (www.hblb.org.uk) and note 15 on page 147 provides details of transactions during the year in which there was a related interest.

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

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

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

- 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 take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer of the Department for 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.

Information given to auditors

I as Accounting Officer and each of the Members of the Board have confirmed that, so far as we are aware, there is no relevant information of which the Board's auditors are unaware and that they have taken all the steps that they ought to

have taken in order to make themselves aware of any relevant information and to establish that the Board's auditors are aware of that information.

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

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board
26 January 2023

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 in Central Government Departments: Code of Good Practice ('the Code'), where they are relevant to the Board, including 'Managing Public Money', the Sponsorship Code of Good Practice and the 'Nolan Principles', the seven principles of public life. There were no departures from the Code in 2021/22.

During 2020 the Board commissioned a formal external Board Effectiveness Review that was conducted by Mazars the results of which were reported in the prior year annual report and accounts. The Board will once again perform an effectiveness review between October and

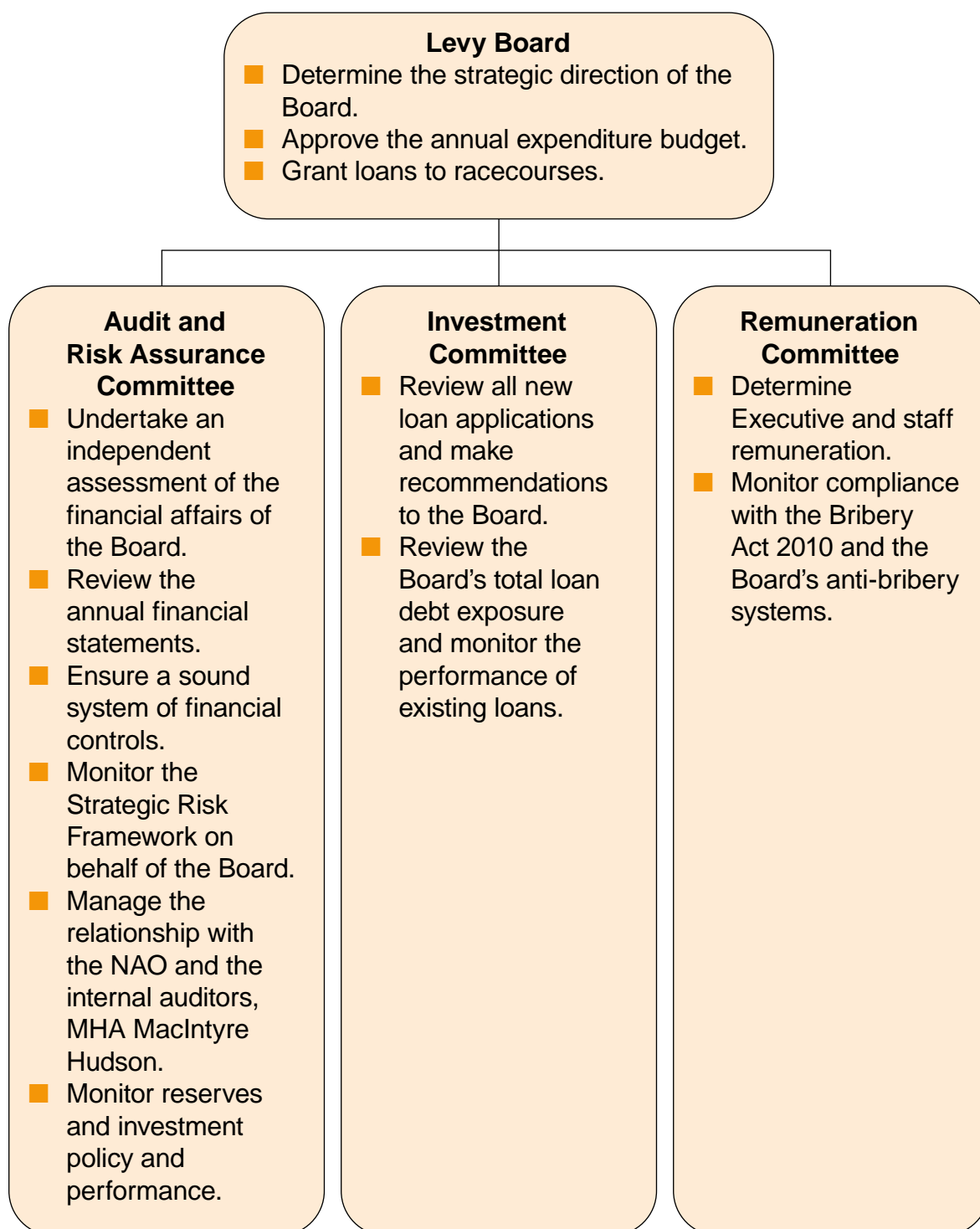
December 2022. This review will be conducted internally by the Board and will focus on the Board's effectiveness in the areas of strategy, organisational culture, risk management, performance management and value for money, stakeholder relationships, the operation of the Board, and the work of its standing committees. This review will provide the basis for carrying out Board appraisals which will take place in the fourth quarter of the performance year, which for HBLB covers the period January to March 2023.

The Board received £3m from the Racing Foundation during 2021/22. These funds were in support of HBLB's grants to various entities and initiatives within the Industry Recruitment, Training and Retention (IRTR) activities overseen and promoted by the BHA. This funding will only be used for supporting approved IRTR projects which fall within the charitable remit of the Racing Foundation. A condition of the funding was that both organisations would jointly sponsor a review of the IRTR area within Racing, including its governance and purpose. This review was completed in summer 2022 and recommendations from the review will influence how future funding decisions in this area will be made and overseen. In light of this work, the Racing Foundation agreed

to make a repeat contribution of £3m to this area in the 2022/23 year. The Board, having initially recognised the potential for conflicts of interest resulting from the voluntary contributions received from the Racing Foundation, was satisfied with the arrangement put in place as HBLB retained full autonomy to determine which initiatives in this area were funded, decisions over which the Racing Foundation had neither sought nor had influence.

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 2022, the Board was comprised of the Chair and two other Government Appointed Members appointed by the Secretary of State for Digital, Culture, Media and Sport; three Board Members appointed by the Jockey Club; and one Board Member appointed by the Betting and Gaming Council.

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

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

The Board's performance, including its effectiveness, was reviewed by Mazars in 2020. A report highlighting the strengths and recommendations for the Board to implement was presented to the Board in December 2020 and the

review was completed in March 2021. The Board invited Mazars to its Strategy Day in October 2021 to discuss work completed since, which constituted the 2021/22 review.

The Members of the Board have made a declaration of their personal interests relevant to their responsibilities as Members of the Board. The register of Members' interests, which may be viewed at the Board's offices on request, is also available on the Board's website, www.hblb.org.uk.

The Audit and Risk Assurance Committee

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

A Government Appointed Member other than the Chair of the Board usually takes the position of Committee Chair. Anne Lambert was Chair of the Audit and Risk Assurance Committee for the 2021/22 year.

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

In 2021/22, the Audit and Risk Assurance Committee met on four occasions. Each meeting was attended by the Chief Executive, the Chief Finance Officer and the Financial Controller. Representatives from the National Audit Office (external auditors) and MHA McIntyre Hudson (internal auditors) attended when required. The programme of work in 2021/22 is set out below.

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

the Executive in relation to the implementation of Government Functional Standards, the work of which will continue into the new financial year.

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

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

Since the year-end, the Committee has considered the Completion Report presented by the National Audit Office and the 2021/22 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 2021/22 financial year as no new loan applications were received.

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

The Remuneration Committee

The Remuneration Committee met once in 2021/22 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 2021/22.

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 2021/22 Members' attendance at Board and Committee meetings is shown in the table below

Board member	Appointed by	Board Meetings	Audit and Risk Assurance Committee	Remuneration Committee	Investment Committee
Paul Darling Chair	Secretary of State for Digital, Culture, Media and Sport	10	–	1	–
Lord Risby	Secretary of State for Digital, Culture, Media and Sport	10	4	1	–
Anne Lambert	Secretary of State for Digital, Culture, Media and Sport	10	4	–	–
David Armstrong	Jockey Club	9	2	–	–
Julian Richmond-Watson	Jockey Club	10	–	1	–
Julie Harrington	Jockey Club	10	–	–	–
Mike O'Kane	Association of British Bookmakers and the Remote Gambling Association (now the Betting & Gaming Council)	10	4	1	–
Total number of meetings *(Includes Board Strategy Day)		10*	4	1	–

Internal control and risk management

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Board's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process to identify the principal risks to the achievement of the Board's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically (see Strategic Risks on page 25). This process has been in place for the year ended 31 March 2022 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 2021/22.

Quality of data

Management reporting systems are in place to provide Board members with detailed information to assist in the decision-making process. Although the quality of data concerning expenditure is considered sufficient for the needs of the Board, it is acknowledged that, under the arrangements of the Levy Regulations, whereby the final Levy yield is not known until some months after the Levy period has ended, there is a degree of estimation in respect of income. This is an unsatisfactory situation; however, the Board is required to work within the constraints of the Levy Regulations. The Board strengthened its processes in this area by putting in place an internal Levy Forecasting Panel during the 2020/21 year. This panel continued to meet on a monthly basis during 2021/22 to review data from multiple sources and provide the Board with regular updates on the expected Levy forecast.

Risk management framework

The Board decided to put the internal audit services contract up for re-tender in early 2021. A selection of firms were asked to tender for the provision of internal audit services to HBLB. The Board approved the appointment of MHA MacIntyre Hudson as internal auditors to HBLB in July 2021. This appointment is for a period of up to four years with a break clause after one year exercisable by either party

The Board is assisted by the work of internal audit which reports on the internal control and the assurance framework. During the 2021/22 year, MHA McIntyre Hudson were the internal auditors of HBLB and they undertook reviews on:

- Cyber security health check to provide assurance and advice over the IT arrangements and the security of IT operations within HBLB.
- Review of HBLB's internal controls and how effective they are with staff working in a remote/flexible environment. The work including the review of controls over the accounting system, approval of payments, banking, account reconciliations and the month end process.

Information management

The Board has suffered no protected personal data incidents during the year ended 31 March 2022 or prior years and has made no reports to the Information Commissioner's office.

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

Regularity of expenditure

I confirm that there were no instances of material irregularity, losses or special payments in the year ended 31 March 2022.

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 2021/22.

Alan Delmonte

Chief Executive and Accounting Officer
Horserace Betting Levy Board
26 January 2023

Remuneration and staff report

(i) Unaudited information

Government Appointed Board Members

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

Paul Darling OBE KC was appointed as Chair on 1 April 2020. His contract provides for approximately five days' work per month on average, not including attendance at race meetings and associated events.

Lord Risby and Anne Lambert CMG serve as the other Government Appointed Members of the Board. Lord Risby was appointed with effect from 1 January 2016 on a fixed term contract for a period of up to four years. He was re-appointed for a further two years until the end of 2021 and subsequently re-appointed again in August 2021 for a further 4 years until 31 December 2025.

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

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

The appointments of the Chair and other Government Appointed Member of the Board may be terminated at any time by either party giving written notice. These positions are not pensionable and none of their salary is performance related.

Jockey Club Appointees

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

Chief Executive

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

The Chief Executive is not eligible to receive a bonus payment and none of his salary is performance related. During 2021/22, pension contributions totalling £17,987 (2020/21: £17,781) 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 2022 was 3.6 days (2020/21: 3.5 days).

Equality

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

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

(ii) Information subject to audit

The table below provides details of the salaries and benefits in kind of the Board members who are remunerated as well as the Chief Executive

and Chief Finance Officer. The Chief Executive also receives a car allowance that has been included within his salary in the table below. None of these individuals are entitled to receive performance related bonuses.

	2021/22		Total	2020/21		Total
	Salary	Benefit in kind (to nearest £100)		Salary	Benefit in kind (to nearest £100)	
	£000	£	£000	£000	£	£000
Board Members¹						
Paul Darling – Chair	35-40	–	35-40	35-40	–	35-40
Lord Risby	15-20	–	15-20	15-20	–	15-20
Anne Lambert	15-20	–	15-20	15-20	–	15-20
Mike O’Kane	20-25	–	20-25	20-25	–	20-25
Chief Executive and Accounting Officer						
Alan Delmonte ²	185-190 ³	2,860 ⁴	190-195	185-190	3,200 ⁴	190-195
Chief Finance Officer						
Craig Pemberton ⁵	150-155	– ⁶	150-155	150-155	2,100 ⁶	155-160

Note:

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

2 Pension contributions totalling £17,987 (2020/21: £17,781) were paid to the Board's group personal pension plan on behalf of Alan Delmonte.

3 Includes travel allowance of £10,000 (2020/21: £10,000) received during the year.

4 Private medical insurance paid on behalf of Chief Executive.

5 Pension contributions totalling £15,300 (2020/21: £15,125) were paid to the Board's group personal pension plan on behalf of Chief Finance Officer.

6 Private medical insurance paid on behalf of the Chief Finance Officer. These payments were ceased from 1 April 2021.

	2021/22	2020/21
Band of highest paid director remuneration band £'000	190-195	190-195
Median remuneration	50,313	59,160
Ratio	3.83	3.25
25th percentile remuneration	43,899	49,430
Ratio	4.39	3.89
75th percentile remuneration	68,860	71,429
Ratio	2.80	2.69

The Chief Executive of the Board was the highest full time equivalent (FTE) earner in 2021/22.

This was 3.83 times (2020/21: 3.25) the median remuneration of the workforce, which was £50,313 (Restated 2020/21: £59,160). The ratio is calculated by dividing the midpoint of the highest paid director's remuneration band of £192,500 (2020/21: £192,500) 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, excluding the Government Appointed Board Members, and 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.

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

The percentage change in the highest paid director's salary and allowances from the previous financial year was -0.19%.

For employees of the entity taken as a whole, the average percentage changes from the previous financial year of salary and allowances was -8.6%.

The change in the median and average salaries of employees of the organisation mainly result from staff turnover and the recruitment of new employees to fill these vacancies.

Staff numbers and costs

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

	2021/22 FTE	2020/21 FTE
Permanent staff	12.38	11.60
Temporary staff	0.33	–
	12.71	11.60

Two members of staff left HBLB during the year resulting in a staff turnover percentage of 17% during the 2021/22 year.

The aggregate payroll costs of persons employed were: (This table is subject to audit)	2021/22 £000	2020/21 £000
Payroll staff salaries	890	833
Social security	109	100
Pension costs	89	88
Other staff costs	71	47
	1,159	1,068

Breakdown of staff numbers

The breakdown of staff numbers as at 31 March 2022 was as follows:

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

There were no off-payroll engagements during the year (2020/21: Nil).

Exit package cost band	2021/22			2020/21		
	Compulsory redundancies	Non-compulsory redundancies	Total number of exit packages by cost band	Compulsory redundancies	Non-compulsory redundancies	Total number of exit packages by cost band
£10,000 – £25,000	1	0	1	0	0	0
More than £25,000	0	0	0	0	0	0
Total number of exit packages	1	0	0	0	0	0

Parliamentary Accountability Disclosures – Subject to audit

Losses Statement

	2021/22	2020/21
Total number of losses	–	–
Total value of losses	–	–

Special Payments

	2021/22	2020/21
Total number of special payments	–	–
Total value of special payments	–	–

Remote contingent liabilities – Subject to audit

In addition to contingent liabilities reported within the meaning of IAS 37 and disclosed in note 20, HBLB also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of a contingent liability. In the current year HBLB had no material liabilities that met this definition (2020/21: £Nil).

Alan Delmonte

Chief Executive and Accounting Officer
 Horserace Betting Levy Board
 26 January 2023

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

Opinion on financial statements

I certify that I have audited the financial statements of the Horserace Betting Levy Board for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012.

The financial statements comprise the Horserace Betting Levy Board's

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Reserves for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Horserace Betting Levy Board's affairs as at 31 March 2022 and its deficit for the year then ended; and
- have been properly prepared in accordance with the Betting, Gaming and Lotteries Act 1963.

Opinion on regularity

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

Basis for opinions

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

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

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

Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Horserace Betting Levy Board's ability to continue

as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Horserace Betting Levy Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided

by the Horserace Betting Levy Board will not continue to be provided in the future

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000, (Audit of Public Bodies) Order 2012.

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

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

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

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

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

- the nature of the sector, control environment and operational performance including the design of the Horserace Betting Levy Board's accounting policies, key performance indicators and performance incentives
- Inquiring of management, the Horserace Betting Levy Board's head of internal audit and those charged with governance, including obtaining and reviewing supporting

documentation relating to the Horserace Betting Levy Board's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Horserace Betting Levy Board's controls relating to the Horserace Betting Levy Board's compliance with the Betting, Gaming and Lotteries Act 1963 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Horserace Betting Levy Board for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and

bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

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

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

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

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

27 January 2023

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Statement of comprehensive expenditure for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Income			
Levy income receivable for:			
Horserace Betting Levy Regulations		96,846	81,901
Previous years' Schemes		736	77
		97,582	81,978
Voluntary contributions		3,000	–
Interest receivable		29	47
Total income		100,611	82,025
Expenditure			
Improvement of horseracing	4a	(110,051)	(92,828)
Other expenditure	4b	(3,814)	(3,346)
Total expenditure		(113,865)	(96,174)
Operating deficit		(13,254)	(14,149)
Interest cost on lease liabilities	11	(7)	(8)
Interest cost on financial liabilities	13	(323)	–
Income tax	5	–	–
Deficit for the year		(13,584)	(14,157)
Total comprehensive loss for the year		(13,584)	(14,157)

The deficit for the year arose from continuing operations.

The notes on pages 116 to 155 form part of these accounts.

Statement of financial position as at 31 March 2022

	Notes	2022 £000	2021 £000
Assets			
Non-current assets			
Property, plant and equipment	6	283	704
Loans		309	448
Total non-current assets		592	1,152
Current assets			
Trade and other receivables	7	9,178	19,377
Loans due within one year		144	154
Cash and cash equivalents	9	60,817	35,744
Total current assets		70,139	55,275
Total assets		70,731	56,427
Current liabilities			
Trade and other payables	10	(18,835)	(12,439)
Lease liabilities	11	(71)	(135)
Provisions	12	(50)	–
Total current liabilities		(18,956)	(12,574)
Total assets less total current liabilities		51,775	43,853
Non-current liabilities			
Lease liabilities	11	–	(287)
Provisions	12	–	(50)
Financial liabilities	13	(21,843)	–
Total non-current liabilities		(21,843)	(337)
Total net assets		29,932	43,516
Reserves	14	29,932	43,516

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

Alan Delmonte

Chief Executive and Accounting Officer

26 January 2023

The notes on pages 116 to 155 form part of these accounts.

Statement of cash flows for the year to 31 March 2022

	Notes	2022 £000	2021 £000
Cash flow from operating activities			
Deficit for the year		(13,584)	(14,157)
Adjustments for:			
Depreciation	6	207	193
Loss on disposal of property, plant and equipment	6	–	–
Interest receivable		(29)	(47)
Interest payable on lease liabilities	11	7	8
Interest payable on financial liabilities	13	323	–
Payment of lease liabilities	11	143	138
Fair value adjustment for loans receivable	4a	5	6
(Increase)/decrease in trade and other receivables	7	10,199	(85)
(Decrease)/increase in trade and other payables	10	6,396	(2,310)
(Decrease)/increase in provisions	12	–	(73)
Cash consumed by operations		3,667	(16,327)
Income tax	5	–	–
Net cash flow from operating activities		3,667	(16,327)
Cash flow from investing activities			
Purchase of property, plant and equipment	6	(1)	(11)
Disposal of property, plant and equipment	6	–	110
Net loans repaid by/(issued to) racecourses		144	(416)
Interest and investment earnings		29	47
Net cash flow from investing activities		172	(270)
Cash flow from financing activities			
Payment of lease liabilities	11	(279)	(378)
Interest payable on lease liabilities	11	(7)	(8)
Interest payable on financial liabilities	13	(323)	–
Proceeds from borrowings	13	21,843	–
Net cash flow from financing activities		21,234	(386)
Net (decrease)/increase in cash and cash equivalents		25,073	(16,983)
Cash and cash equivalents at 1 April		35,744	52,727
Cash and cash equivalents at 31 March		60,817	35,744

The notes on pages 116 to 155 form part of these accounts.

Statement of changes in reserves for the year ended 31 March 2022

	Reserves* £000
At 1 April 2020	57,673
Changes in reserves 2021	
Deficit for 2021	(14,157)
Total comprehensive loss for 2021	(14,157)
Balance at 1 April 2021	43,516
Changes in reserves 2022	
Deficit for 2022	(13,584)
Total comprehensive loss for 2022	(13,584)
Balance at 31 March 2022	29,932

* 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 116 to 155 form part of these accounts.

NOTES TO THE ACCOUNTS FOR THE YEAR TO 31 MARCH 2022

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 2021/22. 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 2022.

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

HBLB has chosen to prepare the financial statements in a form as directed by the Secretary of State for 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 2021/22 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Board for the purposes of giving a true and fair view has been selected. The preparation of accounts in conformity with the FReM requires the use of estimation and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of income and expense during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

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

Betting, Gaming and Lotteries Act 1963

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

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

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

Improvement of breeds of horses

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

Advancement or encouragement of veterinary science or veterinary education

24(1)(c) and 25 (2)(d)
Improvement of horseracing

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

25(2)(c)
Charitable payments

25(2)(d)
Loans granted and investments made

24(1)(a) and 25(2)(d)
Improvement of breeds of horses

Accounting developments

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

2. Accounting policies

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

a) Revenue

Levy income

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

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

- Identify the contract(s) with customers
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract

- Recognise revenue when the entity satisfies a performance obligation

Under IFRS 15 as interpreted by the FReM, HBLB is therefore deemed to have contracts with bookmakers and betting exchange providers by virtue of the underlying legislation which requires HBLB to collect monetary contributions from bookmakers and betting exchange providers and to apply them for purposes conducive to any one or more of:

- The improvement of breeds of horses
- The advancement or encouragement of veterinary science or education
- The improvement of horseracing

Individual bookmakers and betting exchange providers do not receive a direct benefit as a consequence of payment of the Levy and neither do they influence directly how the Board allocates and spends Levy income. However, HBLB does recognise that the Levy indirectly benefits them by the Board's application of Levy funds in accordance with its three statutory objectives. This indirect link means that under IFRS 15 as interpreted by the FReM, HBLB is deemed to have a performance obligation to the bookmakers

and betting exchange providers of collecting the statutory Levy and applying the funds for the purposes set out in the underlying legislation.

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

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

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

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

Voluntary contributions

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

Interest receivable

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

b) Leases

IFRS 16 was adopted from 1 April 2019, under the early adoption provisions within the FReM, in line with the rest of the DCMS Group. The Board has categorised all leases in accordance with IFRS 16. A lessee is required to recognise a right-of-use

asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments, with the exception of short-term leases (defined as leases with a term of 12 months or less) and leases of low-value assets. For these leases, the Board recognises the lease payments as operating expenses on a straight-line basis over the term of the lease.

c) Improvement of horseracing and veterinary grants

Grants payable in respect of the improvement of horseracing and advancements of veterinary science and education can cover a period of more than one year and in some cases the grants may relate to projects of up to four years in duration. Payments are normally made in the period to which they relate and grant expenditure is accounted for on an accrual basis to reflect the usage of grant funds on work carried out. Future commitments that have not yet met recognition criteria and have not been included in expenditure at the Statement of Financial Position date are disclosed in note 18.

d) Property, plant and equipment

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

The estimated useful economic lives are as follows:

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

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

Annual reviews are also undertaken to identify any impairment of assets as per IAS 36. Any gain or loss arising from the disposal of property, plant

and equipment is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognised in the SOCNE as “Other expenditure” or “Other income.”

e) Cash and cash equivalents

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

f) Discount rates

Where financial assets or liabilities are required to be presented at amortised cost, these are discounted utilising a suitable discount rate. In 2021/22, the rates chosen are in line with guidance supplied by HM Treasury (1.9%).

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. Under IFRS 9, loans are classified as financial assets at amortised cost when material. The business model for managing these financial assets is to hold the loans to collect contractual cash flows only and these cash flows are considered to be solely payments of principal and interest. Given the low value of the loans and that the intrinsic interest rate is immaterially different from the interest rate charged, the Board consider the cost model to be a reasonable proxy for amortised cost. Interest is charged to the Statement of Comprehensive expenditure as it is received. The Board consider the expected credit loss to be immaterial.

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

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

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

h) Financial liabilities

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

i) 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.

j) 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.

k) Provisions

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

3. Key sources of estimation uncertainty

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

The key source of estimation uncertainty at the end of the reporting period, which has a risk of material adjustment to the carrying amounts of assets and liabilities, is in relation to the estimate of amounts due from/to bookmakers in respect of Levy income. At the start of the Levy year, bookmakers estimate their gross profits on British horseracing for the coming year. This estimate forms the basis of their Notice of Determination, which is a formal document that sets out bookmakers expected Levy payable for the year and they pay this balance in instalments over the course of the coming Levy year. Bookmakers can request a revision to their Notice of Determination during the year by informing the Levy Board in

writing and explaining why their initial estimate is no longer accurate. If this is accepted by the Levy Board, a revised Notice of Determination is generated. At the end of the Levy year, bookmakers are requested to complete an online Form of Declaration, which asks bookmakers to include their actual gross profit on British horseracing during the year, and based on this and the amounts paid in advance a final Levy balance is calculated. This balance could be owing to the Levy Board or, in the case where a bookmaker's actual gross profits are less than their payments in advance, a refund is due. Forms of Declaration for bookmakers with gross profits on British Horseracing in excess of £250,000 are required to be accompanied by an independent accountant's certificate after completing certain agreed upon procedures. Once the signed Form of Declaration and independent accountant's certificate have been received and accepted by the Levy Board, the individual bookmaker's Levy is finalised and a Certificate of Discharge is issued to the bookmaker.

The Levy income is derived from the actual Forms of Declaration received from bookmakers by the date of approval of these annual accounts. In some cases final declarations are not submitted

and management must make an estimate in respect of the Levy income. In forming this estimate, management considers factors such as payments made on account to date, previous years' FOD submissions, submissions from other bookmakers of a similar size and profile as well as knowledge of the betting and racing industry. For the year ended 31 March 2022, the estimated Levy income represented less than 1% of the total Levy income.

4. Expenditure costs

4a. Improvement of horseracing

	2022 £000	2021 £000
Prize Money		
Prize money – Main Fund	63,371	58,165
Prize money for divided races	984	1,344
Plus 10	32	1,364
NH Elite Mares' Scheme	137	117
NH Mare Owners' Prize Scheme	–	200
Appearance Money scheme	6,335	4,167
Relief Fund	50	–
Great British Bonus Scheme	2,966	262
SSP Prize Money	4,753	–
	78,628	65,619
Racecourses		
Fixture incentive scheme	1,806	1,550
Fair value adjustment to racecourse loans	5	6
	1,811	1,556
Raceday services		
Raceday services	18,618	18,655
SSP Raceday services	5,270	–
	23,888	18,655
Other		
Industry recruitment, training and retention	2,764	2,498
Point-to-point meetings	403	186
Ownership & Horse Population	55	61
Promotion of Racing & Customer Growth	287	–
Betting Industry Partnership	166	230

	2022	2021
	£000	£000
Sectional Timing & Tracking	144	189
Retraining of Racehorses	23	73
Racing to School & Racing Together	360	315
Horse Welfare Board	111	97
PJA CEI Scheme	36	44
Covid Industry Support	1,152	3,022
Great British Bonus Scheme		
Administration	222	283
Miscellaneous	1	—
	5,724	6,998
	110,051	92,828

4b. Other expenditure

	2022	2021
	£000	£000
Breed societies	165	36
Advancement of veterinary science and education	1,676	1,243
Administration costs	1,914	1,999
Auditors' remuneration – no charge for non-audit services		
– External audit	45	50
– Internal audit and other services	13	18
Charitable Donations	1	–
	3,814	3,346

4c. Staff costs – Included within Administration costs

	2022	2021
	£000	£000
Payroll staff salaries	890	833
Social security	109	100
Pension costs	89	88
Other staff costs	71	47
	1,159	1,068

5. Taxation

The charge for income tax represents tax charged in the accounts of the Board in respect of interest received less grant payments made to charitable bodies. Other revenue and expenditure of the Board is not taxable or tax deductible. There was no tax payable or refundable in the year (2020/21: £Nil).

6. Property, plant and equipment

	Leasehold improvements £000	Furniture and equipment £000	Right-of-use other £000	Total £000
Cost:				
At 1 April 2020	365	103	673	1,141
Additions	–	11	–	11
Remeasurement	–	–	(110)	(110)
At 31 March 2021	365	114	563	1,042
Depreciation:				
At 1 April 2020	31	36	78	145
Charge for the year	73	30	100	193
Disposals	–	–	–	–
At 31 March 2021	104	56	178	338
Net book value:				
At 31 March 2020	334	67	595	996
At 31 March 2021	261	58	385	704

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

7. Trade and other receivables

	2022	2021
	£000	£000
Trade and other receivables	1,389	1,651
Amounts due from bookmakers in respect of Levy income	7,613	17,450
Prepayments and accrued income	176	276
	9,178	19,377

All the above amounts are due within one year.

8. Financial instruments

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

Market risk

The principal market risk associated with the Board's activities is the risk that changes in interest rates will affect the Board's income or the value of its assets. However, the risk is considered low as at the year-end, all of the Board's reserves were held in instant access accounts. The only debt the Board has is a loan issued under the Government's Sports Survival Package for which the interest rate is fixed at 2% per annum. The loan is repayable over a period of 10 years.

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 151.

9. Cash and cash equivalents: Movement in the year

	2022	2021
	£000	£000
Balance at 1 April	35,744	52,727
Net change in cash and cash equivalent balances	25,073	(16,983)
Balance at 31 March	60,817	35,744

9a. Cash and cash equivalents

	2022	2021
	£000	£000
The following balances at 31 March were held at:		
Commercial banks and cash in hand	60,817	35,744
	60,817	35,744

10. Current liabilities: Trade and other payables

	2022	2021
	£000	£000
Capital credit grants	6,132	2,037
Accruals	2,732	2,348
Amounts due to bookmakers in respect of Levy income	7,803	7,530
Trade and other creditors	2,135	489
Social Security	33	35
	18,835	12,439

Capital credit grants comprise grant payments to racecourses that are allocated for future capital projects but have not been drawn down at 31 March 2022.

11. Lease liabilities

The five-year lease for 21-27 Lamb's Conduit Street was introduced as a lease liability under IFRS 16 in September 2019, expiring in August 2024. The lease liability was recorded on the balance sheet from 2019/20 as the present value of the future lease payments using HMT's suggested discount rate of 1.99%.

In March 2022, HBLB served six months break notice on the lease of 21-27 Lamb's Conduit Street, which expired on 20 September 2022. Changes to the lease terms have resulted in remeasurement of the lease liability at 31 March 2022 under HMT's suggested discount rate for 2022, 0.95%.

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	2022	2021
	£000	£000
Balance at 1 April	422	662
Remeasurement	(215)	(110)
Interest	7	8
Payments	(143)	(138)
Balance at 31 March	71	422

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

	2022 £000	2021 £000
Current – within one year	71	135
Non-Current – between one and five years	–	287
	71	422

12. Provisions

A provision was created in 2019 to provide for the costs that the Board will incur in respect of premises dilapidations on vacation of the Lamb's Conduit Street property. Management's estimate of the cost of work required is £50,000.

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

	Provision for Dilapidation £000	Total £000
Balance at 1 April 2021	50	123
Decrease in provision	—	(73)
Balance at 31 March 2022	50	50

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

	2022 £000	2021 £000
Non-current	—	50
Current	50	—
	50	50

13a. Financial Liabilities

	2022 £000	2021 £000
Unsecured:		
Long term borrowings	21,520	—
Total loans at historic cost	21,520	—
Interest accrued (2%)	(323)	—
Total loans at net present value	21,843	—
Loans included above due within one year	—	—
Loans due in more than one year	21,843	—

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

13b. Loans: Movement in the year

	2022 £000	2021 £000
Balance at 1 April	—	—
Loan payments received	21,520	—
Interest accrued (2%)	323	—
Balance at 31 March	21,843	—

14. Reserves

Reserves represent the cumulative undistributed historic surpluses of the Board.

15. Related parties

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

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

- The Horserace Betting Levy Board made payment to the British Horseracing Authority (BHA) amounting to £760,352 for a variety

of different services rendered and grant funding during the year. The BHA is a related party by virtue of its Chief Executive being a Board member of HBLB. At 31 March 2022 an amount payable of £91,762 remained outstanding to BHA.

- The Horserace Betting Levy Board incurred costs from the Thoroughbred Breeders Association (TBA) amounting to £147,923. These were grant payments towards the TBA Education and Employment programme and administration of the Great British Bonus Scheme. The TBA is a related party by virtue of Julian Richmond-Watson being chairman of the TBA and one of the Board members of HBLB.
- The Horserace Betting Levy Board incurred costs from the Great British Bonus Scheme (GBB) amounting to £3,125,669. These were grant payments for the GBB and NH MOPS prize money schemes. GBB is a related party by virtue of Julian Richmond-Watson being chairman of the TBA, which administers the GBB scheme, and one of the Board members of HBLB.
- The Horserace Betting Levy Board incurred costs from the Thoroughbred Industries Brexit

Steering Group (BSG) amounting to £55,333. These were grant payments for preparation of horse racing for the UK's departure from the EU. BSG is a related party by virtue of Julian Richmond-Watson being a member of BSG and one of the Board members of HBLB.

- The Horserace Betting Levy Board received a loan for £21.52m under the Government's Sport Survival Package. The issuer of the loan is Sport England, a related party by virtue of being a fellow arm's length body of the Department for Digital, Culture, Media and Sport.

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

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

16. 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 2022, are £4.5m (2020/21: £4.0m). 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 2022, analysed by the period during which the commitment expires, are as follows:

	2022	2021
	£000	£000
Within 1 year	2,480	2,422
After 1 year but not more than 5 years	2,035	1,528
Total financial commitments	4,515	3,950

17. Contingent liabilities

British Horseracing Authority Pension Scheme

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

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

- a) Meet the entire annual deficit contributions of £1,158,000 during the period ending 31 December 2019 (2009 agreement: £985,000 per annum) and £624,000 per annum for the period from 1 January 2020 and ending on 30 September 2024 (2009 agreement: £nil per annum); and
- b) Guarantee until the earlier of (i) 31 December 2024 and (ii) the date a future actuarial valuation of the Scheme discloses that there is no longer a past deficit on the basis of

the December 2006 Actuarial Assumptions (2009 agreement: 31 December 2019) the full Scheme wind-up liabilities; up to a maximum of £30.3m (2009 agreement: £30.3m) in total, payable in five equal annual instalments, only in the event that the Scheme is wound up by its trustees as a result of the BHA becoming unable to maintain contributions, or terminates its participation in the Scheme, without substituting an alternative Principal Employer (Rule 66 of the Scheme). This guarantee does not apply if the Scheme is wound up for any other reason.

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

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

- a) Meet the entire annual deficit contributions £624,000 per annum for the period ending 30 September 2024;

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

Great British Bonus Scheme

The Great British Bonus Scheme (GBB) is a prizemoney scheme designed to support the GB breeding and racing industries through enhanced prizemoney to qualifying GB bred horses. It is a whole industry scheme that is administered by the Thoroughbred Breeders' Association (TBA) as agent for the scheme. They administer registrations to the scheme and market and support the scheme operationally. The TBA sit on the GBB Management Group, along with members of the British Horseracing Authority (BHA) and the

Racehorse Owners Association (ROA). Members of the Horserace Betting Levy Board (HBLB) and Weatherbys also sit on the Group as observers. The vast majority of funding for GBB prizemoney comes from HBLB. The GBB Management Group propose any changes to the structure and rules of the scheme, but ultimately the Board of HBLB have control over the funding of the scheme.

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

The value of paid registrations that had not had an opportunity to utilise the scheme at 31 March 2022 amounted to £1,424,950. At this date GBB had reserves of £839,000. Therefore the Board recognises a contingent liability of £585,950.

18. Events after the Reporting Period

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

During September 2022, HBLB activated the break clause in the lease agreement over the office accommodation at 21-27 Lamb's Conduit Street and moved to new premises at 10 South Colonnade in Canary Wharf, London. This new agreement does not in management's opinion equate to a lease agreement under IFRS 16 and is regarded as a licence agreement to rent desk space.

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