

5 December 2016

Review of Gambling Machines – Call for Evidence  
Gambling, Licensing and Lotteries Team  
Department for Culture, Media and Sport  
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## **Review of Gaming Machines and Social Responsibility Measures – British Racing response**

### **Introduction**

The British Horseracing Authority (BHA) – the governing and regulatory body for thoroughbred horseracing in Great Britain – is pleased to respond to this call for evidence on behalf of the wider British Racing industry, including the Racecourse Association (the trade body for 59 British racecourses) and the Horsemen's Group (the collective representative body for jockeys, trainers, breeders, owners and stable staff in British Racing). This submission is also being made on behalf of Racecourse Media Group (RMG), the umbrella organisation for media rights distribution of 34 British racecourses as well as the current Free to Air (FTA) agreement with Channel 4 and future agreement with ITV, which runs from 2017-2020.

British Racing is the UK's second largest sport behind football in respect of attendances, employment and revenues generated annually. Our largest events are not only highlights in the increasingly competitive international racing calendar, but also the UK sporting and social calendar. British Racing's cultural significance is demonstrated by the fact that ours is the only sport which has two annual nationwide events – the Grand National and the Derby – which are included on the Group A list of full live coverage protected events for FTA broadcast.<sup>1</sup>

This translates into a significant economic benefit for the UK, with our industry generating £3.45 billion in direct, indirect and associated expenditure annually for the British economy. British Racing supports the Government's wider soft power agenda by encouraging multi-billion investment in to the UK. Much of the industry's economic impact is also focussed in rural areas with over 20,000 people employed across our 60 licensed racecourses, hundreds of training yards and thousands of breeding operations – all of which play a key role in the life of the many hundreds of rural communities they operate in.

While the British Racing industry does not have any direct involvement in the operation of betting services in the UK, we are an industry which, arguably more than any other, is heavily interlinked with the UK betting sector. Our Fixture List, race programme and many of our Rules are developed in order to provide a consistent, high-quality betting product on which people can gamble responsibly 362 days a year.

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<sup>1</sup> OFCOM, *Sports events protected under Part IV of the Broadcasting Act 1996*  
([https://www.ofcom.org.uk/data/assets/pdf\\_file/0019/27514/listed\\_events.pdf?lang=cym](https://www.ofcom.org.uk/data/assets/pdf_file/0019/27514/listed_events.pdf?lang=cym))

All of these factors have been rightly cited by the Department in its justification for the introduction of a replacement for the Horserace Betting Levy – British Racing’s central funding mechanism from betting activity – by April 2017, ensuring that all betting operators contribute to the funding of British Racing, in line with their common interest in a sustainably funded horseracing industry.<sup>2</sup> This is a policy which has been warmly welcomed across British Racing and will have a transformative effect on its finances.

However, British Racing’s symbiotic relationship with the UK betting industry means that it can also be greatly impacted by changes to the wider regulatory environment around gambling. We understand and fully support Government’s view that a careful balance needs to be maintained between people having opportunities to bet and responsible regulation being in place. We also fully support the Government and Betting industry’s efforts to promote and monitor current responsible gambling initiatives, with racecourses actively working with betting industry partners to encourage responsible gambling and ensuring that all advertising complies with the *Gambling Industry Code for Socially Responsible Advertising*.

Therefore, British Racing wanted to outline to the Department its views on the important issues addressed in this Review and their potentially significant implications for our industry, which we would be happy to discuss further with Officials if this would be helpful.

### **British Racing and the retail betting industry**

Betting on horseracing in the UK has a long and rich cultural heritage, with ‘having a flutter’ on the Grand National and our other major events widely regarded as a strong part of British culture. Indeed, betting on British Racing remains a popular form of gambling, with Gambling Commission statistics published last month showing that horseracing remains the largest traditional betting product in the UK retail betting sector, representing 53.8% of Over the Counter (OTC) turnover.<sup>3</sup> Philip Bowcock, Chief Executive of William Hill, has recently stated that “racing remains an integral part of the betting experience for our customers.”<sup>4</sup>

While we do not have any detailed views or data on stakes and prizes limits on Category B2 Machines in LBOs, British Racing (in line with the views expressed by the Minister for Sport, Tourism and Heritage in her Ministerial foreword) very much supports a strong, vibrant and – most importantly – socially responsible retail betting industry in the UK with horseracing as a core product. The sport’s overall income would be damaged by a significant reduction in the number of LBOs in the UK. It is our view that the UK has greatly benefitted, both socially and economically, from its liberalised, evidence based approach towards gambling regulation in the past and we would encourage Government to ensure that any future changes are evidence based and do not compromise this important balance.

### **British Racing Free to Air coverage and the importance of TV Gambling Advertising**

British Racing is proud of its position as the only sport that has had a constant presence for all of its major racing properties on FTA broadcasting for more than sixty years. In this time Racing has

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<sup>2</sup> Department for Culture, Media and Sport, *Implementing the replacement for the Horserace Betting Levy*, March 2016

([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/508313/Implementing\\_the\\_replacement\\_for\\_the\\_Horserace\\_Betting\\_Levy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508313/Implementing_the_replacement_for_the_Horserace_Betting_Levy.pdf))

<sup>3</sup> Gambling Commission, *Gambling Industry Statistics April 2013 to March 2016*, 24 November 2016 (<http://www.gamblingcommission.gov.uk/Gambling-data-analysis/statistics/Industry-statistics.aspx>)

<sup>4</sup> Philip Bowcock interview with the *Racing Post*, 6 August 2016

been shown on the BBC, Channel 4 and ITV. This broadcast model has been a deliberate policy of ensuring our sport remains available to all and a key part of the national conversation. In 2015, the FTA coverage of British Racing on Channel 4 reached just under 24 million people, or approximately 40% of the population.<sup>5</sup>

Broadcasting of British Racing through both our FTA and digital broadcasters – *Racing UK* and *At The Races* – is a crucial shop window for our industry to maintain its public profile and a critical income stream, both directly from media rights fees and indirectly through increased betting activity. FTA coverage of British Racing on 90-100 afternoons per year drives significantly enhanced betting turnover, showcasing in many cases our best events.

British Racing, through the Horserace Betting Levy, subsidised Channel 4's coverage of horseracing from 2010-12 to maintain a FTA presence, and exclusive deals have been agreed following competitive tenders with Channel 4 from 2013-16, and ITV from 2017-20, respectively. The exclusive ITV deal, which takes effect from 1 January, will see 93 days of live FTA coverage across ITV and ITV4, by far the most FTA coverage of any sport in the UK.<sup>6</sup>

Gambling advertising, targeted at adults, is a key aspect of the funding model for FTA broadcasting of sport on UK television, generating revenues for broadcasters to allow them to bid for sports rights. This is particularly the case in horseracing – a sport which more than any other is interlinked with betting – and has been absolutely fundamental to the competition amongst broadcasters to purchase our FTA rights. Indeed, ITV has reported that there has already been significant interest around advertising slots during British Racing broadcasts in 2017.<sup>7</sup>

It is wholly appropriate – provided that responsible gambling messaging is included and that the content and tone of the advert is suitable – for opportunities to bet on British Racing to be advertised during broadcasts of the sport. This is very much in line with the current *Gambling Industry Code for Socially Responsible Advertising*, which highlights the “direct relationship” between sport and betting as justification for an exemption for sports betting advertising before 9pm.<sup>8</sup> No sport has such a direct relationship with betting as horseracing.

The majority of such adverts on horseracing are factually focussed on offers and odds relating to upcoming races, rather than being lifestyle focussed. Adverts will often directly correspond with betting-related content within the horseracing broadcast itself, which itself is factually focussed on aspects like form, betting market movements and available odds with different operators. Any restriction on gambling-related advertising before the watershed, when all horseracing is broadcast, would therefore seem perverse given that there will be betting-related content within the programme.

The Department's call for evidence has specifically requested views on whether the existing rules on gambling advertising offer appropriate protection for children and vulnerable people. We would highlight that, compared to other sports, British Racing is generally viewed on both FTA and digital

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<sup>5</sup> BARB/Techedge analysis

<sup>6</sup> ITV Press Centre, *British horseracing announces exclusive domestic TV rights deal with ITV*, 2 January 2016

(<http://www.itv.com/presscentre/press-releases/british-horseracing-announces-exclusive-domestic-tv-rights-deal-itv>)

<sup>7</sup> ITV, 2016 Q3 Trading Update, 10 November 2016

(<http://www.itvplc.com/sites/itvplc/files/ITV%20Q3%202016%20Trading%20Update%20Call%20Transcript.pdf>)

<sup>8</sup> Industry Group for Responsible Gambling, *Gambling Industry Code for Socially Responsible Advertising*, August 2015

(<http://www.gamblingcommission.gov.uk/pdf/Industry-code-of-practice.pdf>)

television channels by an older audience demographic compared to other sports. For Channel 4's FTA coverage of British Racing, the 5-year average age split of its audience, by percentage of viewers, is as below:<sup>9</sup>

Date	KIDS	16-34	35-54	55+
5 Yr Average	3	8	23	66

In respect of British Racing's digital broadcasters, 85.3% of the pre-watershed audience on the *At The Races* digital television channel (which broadcasts horseracing from 25 British racecourses and all Irish racecourses) is aged 18 or over, while over 82% of *Racing UK* subscribers are aged 45 or over (with only 55% of the UK population aged 45 or over).

Therefore, it is highly questionable whether any further restrictions on advertising of betting around horseracing broadcasts on the basis of protecting under-18s from gambling-related harm would be justified or effective, particularly given the significant impact which this would also have on the finances of British Racing, which we outline below.

### **Previous and recent reviews of gambling advertising found the current position effective**

The Department commissioned a comprehensive, four-pronged review of the "tone, content and volume of gambling adverts"<sup>10</sup> in 2014, with the Committee of Advertising Practice/Committee of Broadcast Advertising Practice review finding that "the UK advertising codes remain effective in protecting people from harms related to gambling advertising."<sup>11</sup> Further, the review found that only one-in-eight gambling adverts in 2012 were for sports betting and that children on average saw less than one betting advert every week. The *Gambling Industry Code for Socially Responsible Advertising* was also updated by the betting industry to strengthen social responsibility regulations, including pre-watershed restrictions on the advertising of sign-up offers and the inclusion of responsible gambling messaging for at least 10% of the advert's length.

It is, of course, only right that Government and other authorities continue to carefully monitor the tone, volume and content of gambling advertising. However, British Racing would urge the Government to continue to take an evidence-based approach towards policy in this area. The evidence at present does not indicate that the measures on gambling advertising introduced only this year are failing to protect children and vulnerable people from the possible harmful effects of remote gambling. Indeed, only last week, the Gambling Commission's *Young People and Gambling 2016* report found "little evidence of a direct influence on gambling activity" by 11-15 year olds as a result of gambling advertising.<sup>12</sup> Overall problem gambling rates have also remained relatively static over recent years, according to the Gambling Commission's *Gambling Prevalence Survey*.

<sup>9</sup> BARB/Techedge analysis

<sup>10</sup> Department for Culture, Media and Sport, *Gambling Protections and Controls*, April 2014 ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/307458/Gambling\\_Protections\\_and\\_Controls.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/307458/Gambling_Protections_and_Controls.pdf))

<sup>11</sup> CAP and BCAP *Gambling Review: An assessment of the regulatory implications of new and emerging evidence for the UK advertising codes* (<https://www.cap.org.uk/News-reports/~media/Files/CAP/Reports%20and%20surveys/CAP%20and%20BCAP%20Gambling%20Review.ashx>)

<sup>12</sup> Gambling Commission, *Young People and Gambling 2016: A research study among 11-15 year olds in England and Wales*, November 2016 (<http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf>)

## **Any restriction on gambling advertising around British Racing programming would have a severe impact on the future of our sport and its social and economic contribution to the UK**

There has been significant media commentary in recent weeks that the Government is considering a ban on daytime gambling advertising. While we note that the review document does not indicate that the Department is considering a prohibition on all gambling advertising before 9pm, including during sports programming, we wanted to take the opportunity to outline to the Department the significant and detrimental impacts which such a measure would have for British Racing.

As outlined above, the economic model for FTA broadcasting of all sports (including British Racing) is reliant on advertising revenues, including from gambling operators. A prohibition on pre-watershed gambling advertising would threaten the viability of this model, and endanger the future of FTA broadcasting of British Racing. This would undermine the sport's wider economic model and result in a significant reduction in the profile of the sport to a number of viewers, at a time when British Racing is working hard to grow interest and participation in the sport through our *Strategy for Growth*.<sup>13</sup>

Such restrictions would also have a damaging impact on the digital broadcasters of British Racing – *Racing UK* and *At The Races* – and their ability to bring the excitement of the sport into subscribers' homes on at least 362 days every year. The views of *Racecourse Media Group*, as parent company to *Racing UK*, are reflected in this response while *At The Races* are submitting separately to this consultation, a response which we also support.

More broadly, the impacts of such restrictions on British Racing would be wholly contradictory to the Department's wider policy aims under the Levy replacement, in that it could potentially undermine the sustainable funding of the industry's grassroots which the Department has worked so hard to help secure.

Another consequence of a pre-watershed restriction would be in respect of the Government's *Sporting Futures* strategy. This encouraged Sports Governing Bodies (SGBs) to sign up to the Sport and Recreation Alliance's *Code of Conduct on the Broadcast of Major Sporting Events* and ensure that major events received FTA coverage.<sup>14</sup> Significant restrictions on gambling advertising and the consequences for FTA broadcasters' ability to bid for rights would make it difficult for many SGBs, including the BHA, to sign up to this Code. Such a restriction would also make it more difficult for sports to engage in diversifying funding streams as outlined in the Strategy.<sup>15</sup>

### **Further measures on gambling advertising**

If, following the current call for evidence, the Department is minded to enact further regulatory changes concerning the advertising of gambling, British Racing would request the opportunity to provide further evidence and meet with Ministers to directly discuss the considerable impact there could be on our sport.

Two approaches that could be considered in such circumstances are: (i) further self-regulatory changes to the *Gambling Industry Code for Socially Responsible Advertising*, and; (ii) a specific exemption from any further restrictions for horseracing programming given both the demographic

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<sup>13</sup> British Horseracing Authority, *Strategy for Growth*  
(<http://www.britishhorseracing.com/bha/about-us/industry-growth/>)

<sup>14</sup> HM Government, *Sporting Future: A New Strategy for an Active Nation*, December 2015, p.41  
([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/486622/Sporting\\_Future\\_ACCESSIBLE.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486622/Sporting_Future_ACCESSIBLE.pdf))

<sup>15</sup> Ibid, p.53

of those who watch horseracing, and the specific content of horseracing programmes which has a narrative and engagement with betting products within it.

The existing *Gambling Industry Code for Socially Responsible Advertising* could be further strengthened to include, for example, responsible gambling messaging being displayed for a longer proportion of an advert's length, or further restrictions relating to the tone and content of these adverts.

If, however, the Government is of the view that self-regulatory action does not go far enough, British Racing would heavily caution Government against an outright prohibition on pre-watershed gambling advertising, as this would have significant consequences for our industry, the thousands of people who are employed in it, and the wider rural economy.

British Racing instead believes that there is a clear and justified case for a specific exemption to pre-watershed gambling advertising restrictions around horseracing programming, given the symbiotic relationship of the Racing and Betting industries and the extent of betting-related content which would continue to be part of horseracing broadcasts. We would also highlight that British Racing is generally viewed on both FTA and digital television channels by an older audience demographic compared to other sports, and that any exemption for horseracing would therefore have limited impact against the Government's objective of protecting young and vulnerable groups from gambling-related harm. The British Racing industry would be happy to provide the Department with further evidence of the justifications for a horseracing exemption, were it minded to pursue a pre-watershed gambling advertising prohibition.

## **Conclusion**

The British Racing industry is supportive of a socially responsible and healthy gambling industry which provides significant investment and employment in the UK. As an industry with a more interlinked relationship with the gambling sector than arguably any other, we encourage the Department to continue to ensure that an appropriate balance is maintained between gambling regulation (particularly to protect children and vulnerable groups) and providing consumers with the opportunity to engage in responsible betting on products like horseracing. We also request that the Department fully considers the potential impacts of any significant policy changes in this area on the British Racing industry, a significant employer in the British rural economy and the UK's second largest sport.

We would be delighted to provide the Department with any further information which it requires to assist with its ongoing review of this important issue.