



Department
for Culture,
Media & Sport

Rt Hon Stuart Andrew MP
Minister for Sport, Gambling
and Civil Society
1st Floor
100 Parliament Street
London SW1A 2BQ

E: enquiries@dcms.gov.uk

www.gov.uk/dcms

Cat Smith MP
Chair of Petitions Committee

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Christina Rees MP
Petitions Committee Member

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Dear Cat and Christina,

Thank you to the Petitions Committee for presiding over the debate on Monday 28 February on financial risk checks for gambling. I promised to write with an update on our review of the Horserace Betting Levy and have also set out some further reflections following that debate.

The Government backs horseracing, and will continue to do so. As I said in the debate, racing makes a significant contribution to our economy and it plays a pivotal role in the livelihoods of rural communities. It is not our job to tell people how to spend their money. The vast majority of people who gamble and enjoy a bet on the horses suffer no harm. But we also have a duty to protect the under 1% of people who are problem gamblers and those at risk of problem gambling. There are still too many cases of people's lives being ruined, and the serious impact that has on their families. I am confident our proposals are balanced, proportionate and fair.

- We are not proposing any new or additional checks for people betting in person at racecourses or in betting shops. The new Financial Risk Checks only apply to those gambling online.
- The checks when introduced will be frictionless background checks - I have been clear that they will only come in when we are confident that they are frictionless.
- We expect 80% of online accounts will not go through these checks. Only 20% of accounts are expected to go through the frictionless financial vulnerability check to see whether people have been declared bankrupt or have a history of unpaid debts. We expect only around 3% of accounts will go through the enhanced financial risk assessment, which will rely on seamless data-sharing to ensure that it operates similarly to a frictionless background credit check. These will only be brought in once we know they will be genuinely frictionless, following a pilot.
- The checks themselves will not block or stop anyone betting - they will just flag to operators if there are factors that the operator should consider.
- The checks will ensure there is more consistency across betting rather than the current situation where different operators do checks in different ways at different levels. We are all in agreement that the current system isn't working. Our new checks will deliver consistency and remove the friction punters are seeing at the moment. In the meantime, we continue to urge the Gambling Commission and operators to agree on interim measures to bring some consistency to the current system.



In addition to this our review of the Horserace Betting Levy will conclude by April 2024 and I hope will see additional money flowing into racing from the betting industry through a voluntary agreement between racing and betting.

I wanted to reiterate the point I made throughout the debate regarding how carefully the Government and the Gambling Commission have listened whilst we take forward this important phase of gambling reform, and I am grateful to those colleagues who acknowledged our open approach. We are listening, and we are adapting our approach based on evidence. The Gambling Commission confirmed this in a recent [update](#).

I have attached further detail in case helpful on the issues raised in the debate and remain available for further discussions with colleagues should they wish to understand the Government's approach in more detail.

I am copying this letter to those who spoke at or attended the debate, as well as other colleagues who may find it of interest.

A handwritten signature in black ink, appearing to read 'Stuart Andrew', with a large, stylized flourish at the end.

Rt Hon Stuart Andrew MP
Minister for Sport, Gambling and Civil Society

Annex

Horserace Betting Levy Review

As you will be aware we have commenced our review of the Horserace Betting Levy, which will be completed by April 2024. The British Horseracing Authority (BHA) has presented its case on behalf of the industry that there is a significant gap in its funding which they state means that British Racing is unable to compete with jurisdictions such as Ireland and France. We are considering their proposals, as well as submissions from the Betting and Gaming Council (BGC), as we undertake our review.

Although I cannot pre-empt the outcome of the review, I want to reassure you that any decision will be firmly based on evidence and that the review will take account of the changes set out in the Gambling Act Review White Paper to ensure the levy delivers an appropriate level of funding for the horseracing sector.

As there is currently no legislative opportunity to amend the levy, I have encouraged the betting and racing industries to work together on a voluntary deal in the best interests of the sport. Reaching a mutual agreement on the way forward for the levy would be beneficial to everyone. I have met both the BHA and BGC several times to encourage such an agreement, and I know that a lot of hard work has gone on in between those meetings. There is an offer on the table which is being considered by the BHA. I look forward to meeting both parties again in early March and am confident that a fair deal is possible.

Nonetheless, I also want to stress that the levy is not the only source of funding for racing. It represented just 6% of racing's total income in 2022, with far greater proportions earned from owners, breeders, racegoers, media rights deals and sponsorship. Whilst we review what the levy provides, we have also asked racing and betting to explore how they can maximise other sources of income. One example of this is the recent changes to the fixture list that should bring an additional £90 million to racing by 2028. I welcome this initiative, and would encourage racing and betting to continue to explore other options available to them.

Exempting racing from financial risk checks and comparison with National Lottery

During the debate there were calls from several colleagues for betting on horse racing to be exempt from financial risk checks. I recognise that betting on racing is associated with lower rates of harm and is for many based on thorough research. However, it is not risk free. 70% of racing betting yield comes from 1% of accounts, and it is essential to ensure those highest spenders are not being harmed and can support the sport sustainably. I have also met with many individuals and loved ones of those whose gambling addiction or serious financial harm was rooted in racing betting. Furthermore, we know from online operator data that very few accounts are in reality used exclusively for betting on racing, and that a high level of loss across multiple gambling products is likely to be associated with harm.

During the debate a number of colleagues also suggested that National Lottery products, and specifically, scratchcards, are associated with higher levels of harm than gambling on racing. The best available data from Public Health England shows that lottery scratchcards are associated with problem gambling rates of 1.8%, while online betting with a bookmaker is associated with a higher rate of 3.7%, and in-person gambling on horse racing is 3.0%. As I stated at the debate, under the 4th National Lottery Licence which started in February, player protection requirements have also been increased.

Black market

I also wanted to expand on the action we are taking regarding the concerns raised around the black market. We take the threats posed by the illegal online market very seriously. In addition to giving the Gambling Commission more powers to try and block and disrupt illegal gambling websites via the Criminal Justice Bill, the Commission has also increased its focus and resources to tackle the risks posed to customers, including by actively building stakeholder relationships and investing in training and technology. This is already bearing fruit. For example, in January 2024 the Commission issued nearly 100 cease and desist and disruption notices; and over the past six months, they have referred over 7,000 website URLs to Google, resulting in them being removed from search results. That work

will be enhanced by the new disruption powers they will receive once the Criminal Justice Bill has passed through Parliament. This will allow the Gambling Commission to suspend IP addresses and domain names if they are being used for the purposes of serious crime connected with unlicensed gambling.