



## **BETTING AND GAMING COUNCIL – TREASURY SELECT COMMITTEE SUBMISSION**

### **Overview**

The Betting and Gaming Council (BGC) is the new standards body which represents 90 per cent of the UK's betting and gaming industry including betting shops, online gaming businesses, bingo and casinos (excluding lotteries). Together our members directly employ over 70,000 people, pay over £3 billion in taxes in each year, contribute £350 million to horse racing and between £120 million and £200 million to the UK tourism industry through international visitors and their spend, mainly in London.

### **Financial contribution to UK economy**

Gambling plays an important part in the social lives of millions of people in the UK, with 46% of the UK population gambling at least once per month and the vast majority doing so safely. Our industry employs over 102,000 people, including 52,000 in betting, 14,000 in casinos and 10,000 people directly employed by businesses operating in the online sphere. There are currently just under 7,000 betting shops and 148 casinos in the UK.

Casinos make a major contribution to both invisible earnings and international tourism. Sport is also a major beneficiary, horse racing receives over £350 million per annum through the horse racing industry levy, media rights and sponsorships. Racing in turn supports 59 racecourses across the UK, 85,000 jobs and delivers an economic value of £3.45 billion to the UK economy. For other sports, gambling supports everything from international sporting events to grass roots activities.

### **Impact of COVID-19**

The safety of the public and staff remains the top priority for everyone involved in the betting and gaming industry during this unprecedented health emergency and with this there is an unprecedented financial pressure on employers.

On Monday 16<sup>th</sup> March, all casinos and betting shops were loss making. Casinos faced an immediate crisis as customer levels dropped by up to 90% as tourism ground to a halt, with real fears for thousands of staff and entire businesses. At the same time high street betting shops had a decrease of up to 60% of trade on sports betting alone as confirmation came through that the Grand National would be cancelled, along with all other major sporting events. Online businesses have also been impacted with sports betting playing a major source of revenue for many of our members.

Our immediate priorities were a call for emergency assistance on employment costs; support on business rates; relief and time to pay on taxes and duties, plus urgent access to finance.

## Government support measures

We were extremely encouraged when the Chancellor told the House of Commons (17 March) the government will “do whatever it takes to support our economy through this crisis” and that “I am extending this business rates holiday to all businesses in those sectors, irrespective of their rateable value. That means that every single shop, pub, theatre, music venue and restaurant, and any other business in the retail, hospitality or leisure sector, will pay no business rates whatsoever for 12 months”.

Further, the Parliamentary Under Secretary of State at the Department for Business, Energy and Industrial Strategy, in a written answer to a parliamentary question (19 March), stated that the Government would be “giving all retail, hospitality and leisure businesses in England a 100 per cent business rates holiday for the next 12 months”.

However, in marked contrast to these statements to Parliament, the Treasury took the decision to exclude our member companies from any form of business rate relief. The Business Rates Local Authority Guidance (published 18 March) specifically excludes ‘casinos and gambling clubs’, which presumably includes bingo halls, as well as classifying high street betting shops, in antiquated terms, as being part of ‘financial services’ - despite our members’ clear listing on the London Stock Exchange as part of the leisure industry. The Government quite rightly added many other businesses to the official guidance such as nightclubs, but for reasons no one can work out, betting shops, casinos and bingo halls were excluded. We strongly believe that the Government should reconsider this decision and make government support on business rates available to betting shops, casinos and bingo halls.

Of course, in addition to business rates, the BGC called for a range of additional short-term measures that could also be introduced to help our members stand any chance of survival. These included: immediate support on employment costs similar to those enacted in Spain and Denmark where a portion of payroll is covered by the government; access to Business Interruption loans or guarantees; and automatic application of time to pay on all taxes and gaming duties many of which are now due in April.

On Friday 20<sup>th</sup> March the Betting and Gaming Council strongly welcomed the Government’s unprecedented package and vowed to play its full part in this ‘historic national effort’ to beat the virus, protect businesses and safeguard jobs.

The Chancellor’s workers’ support package includes:

- 80% of wages up to £2,500 cap backdated to 1st March and initially open for 3 months
- Coronavirus Business Interruption Loan Scheme would now be interest-free for twelve months
- Next quarter’s VAT payments deferred
- Support for the self-employed and those made redundant

The BGC also announced that its members would co-operate fully with the latest rules introduced by the Government in an effort to combat the spread of the virus in the UK, including the temporary closures of betting shops and casinos. The Government stated the

'decision on closures will be reviewed on a monthly basis, and are being implemented across the whole of the UK in agreement with the devolved administrations.

The BGC were pleased to see the Government now rightly treating betting shops and casinos as part of the 'leisure' industry, in common with other businesses like clubs that were asked to close. However, the BGC has called for consistency of treatment by giving our members the same access to help on business rates that every other leisure business enjoys and who have now similarly been asked to temporarily shutdown, as there is no 'one size fits all' package of measures that can help all businesses and a range of measures are required by our members including support on business rates.

We also remain concerned about access to finance for medium sized businesses. In relation to the Coronavirus Business Interruption Loan Scheme (CBILS), a number of members have informed us that barriers exist to accessing financing including turnover limits put in place for eligibility and that banks have been instructed to provide these loans only if they would have been commercially viable pre-Coronavirus.

Further in relation to the COVID Corporate Financing Facility (CCFF), the credit rating required for this scheme (investment grade) is only suitable for very large businesses. There are a small number of credit rating agencies and they explained that investment grade would typically be a company with at least \$5bn turnover and EBITDA of \$50m. Further it is likely that medium sized betting companies would likely be single B rated due to the risk nature of activities, which is well below the requirement for CCFF. Again, this contradicts statements made by the Bank of England encouraging all businesses struggling to obtain the finance required to get in contact with them.

Medium sized betting businesses, feel stuck in the middle of these two schemes and completely unsupported by the government at this stage in relation to obtaining required finance.

### **National effort**

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BGC member companies have offered to free up staff time to help, for example where they have medical training, and they have offered the use of their premises, for example for catering or any other purpose as required, to help those in most need.

BGC are also stepping up safer gambling messaging to ensure that any customers betting online are doing so safely. Our members will be reminding online customers that should they feel concerned about their gambling during this period help remains available through the National Gambling helpline and other charities. We will also be encouraging customers to set limits using the tools available online and to stick to them.

We will also step up measures to help identify those on the illegal black market that have none of the customer safeguards or customer interventions that UK licensed online operators have in place and will be seeking action against them.

We recognise these are unprecedented times and we appreciate the pressures that the Government are under in order to tackle the crisis and we will play our part to help wherever we can.

**Ends**