

Written evidence submitted by the Federation of Racecourse Bookmakers

Background information

1. The FRB is pleased to respond to the call for evidence published by the Treasury Select Committee. In order that the response may be read in the correct context, we have outlined below the history of the Federation. This is important as it recognised that the on-course bookmaking industry operates a different business model to those of the off-course and on-line betting industries.
2. The Federation of Racecourse Bookmakers (FRB) was formed in 2003 at the behest of DCMS to ensure that any submissions made by the on-course bookmaking industry are representative of the views of the entire industry. It is the umbrella organisation for The Association of Racecourse Bookmakers, The National Association of Bookmakers and The Rails Bookmakers Association. The FRB's constituent associations consist mainly of on-course bookmakers, but do have some off-course bookmakers as members.
3. As an unintended consequence of the Gambling Act 2005, a dispute over tenure of list positions developed between bookmakers and The Racecourse Association (RCA). Former Sports Minister Gerry Sutcliffe convened a working party to open discussions between the FRB and RCA which resulted in an agreement incorporating future direct payments to racing from the on-course bookmaking industry.

Differences between on-course and off-course / on-line bookmaking

4. On-course bookmakers have been impacted differently during the pandemic to off-course and on-line bookmakers. It is essential that the Treasury recognises this, and provides immediate support in order to ensure these businesses remain viable.
5. On-course bookmakers operate via pitches at racecourses throughout the UK and have one offering only, unlike their off-course and on-line counterparts, who can offer a wide choice of options to their customers, and have continued to operate during the lockdown (although betting shops were closed for some of this period of time) whilst on-course bookmakers could not.
6. Therefore, since March any member of the public who wishes to place a bet can only do so via off-course or on-line bookmakers. It remains to be seen, once racing re-opens to the public in all locations, whether punters will return to place bets in person or will continue to gamble in the manner that they have become used to, so often via a smartphone or other such device from their home.

Racing with no crowds

7. FRB members can only work if racecourses are open to the public, and during the suspension of racing, had no income whatsoever. We are of course, fully appreciative of the need to close racecourses and understand that it might be some time before full capacity crowds will be permitted. However, it is hugely welcomed that racecourses in Tier 1 and 2 areas can now open to the public, albeit with small crowds who will have restricted

movement across the racecourse.

8. On-course bookmakers cannot operate without members of the public. Therefore, for as long as racing remained behind closed doors, our businesses are in no better a position than they were during the lockdown.
9. Looking to the future, we have 3 concerns:
 - a. Social distancing – the number of customers will be vastly reduced. We face an additional challenge of working out how to operate whilst remaining 2 metres away from their customers. On-course bookmakers operate in a fashion that allows for frequent and personal contact with their customers. The FRB have been working on guidance for their members in conjunction with AGT and in turn with the RCA. However, re-opening of racing will see a hugely reduced footfall
 - b. Increased use of debit cards to avoid handling cash reduces profitability as this incurs a % commission and a handling fee. We are predominantly a cash based business and therefore this is an unexpected further cost to bear
 - c. During the lockdown those who like to place a bet have found other outlets to enjoy this pastime. It therefore remains to be seen, especially whilst members of the public are wary about going out to venues where there might be crowds, whether or not punters will return to racing, even though it still holds enormous appeal as a social activity

On-course bookmakers eligibility for Government Schemes

10. Whilst support from the Treasury via schemes such as the Coronavirus Job Retention Scheme and Bounce Back Loans has been gratefully received by the FRB membership, there are many members who were not eligible for this support.
11. Despite being licensed by the Gambling Commission, and having stringent anti-money laundering measures approved by the Gambling Commission in place, it has become almost impossible for our members to hold business bank accounts. Historically, this was never a problem, and for decades our members held bank accounts for our businesses. In more recent years, bookmakers have had their accounts reviewed and summarily closed, and when they approach other institutions they are finding negative responses to their requests.
12. Thus without business bank accounts many avenues of financial assistance, such as Bounce Back Loans, have been closed to the on-course industry.
13. We are a sector that requested, and continues to request, individual support from the Government for as long as racing is not open to full crowds. We note that measures for specific sectors such as hospitality, who have been so adversely affected by the lockdown, have been announced, but we remain disappointed that the specific needs of the on-course bookmaking industry have been ignored.
14. Funds for additional support for businesses have been allocated to local authorities by Central Government, for distribution at their discretion. FRB members find themselves in a ludicrous position that some Local Authorities have approved applications and others have not. We call on the Government for clear advice to Councils to ensure a level playing field for all those in the same profession.

Case Studies

15. Barry Holmes, an on-course bookmaker from Central Devon painted a bleak picture for the industry. Without the furlough scheme, he believes that most bookmakers would not have survived. The skills of a bookmaker are not easily transferrable and many have not been in a position to find alternative employment. Alongside these concerns, many on-course bookmakers are family-run businesses and hope to re-start once racing opens to the public. Family members have been reluctant to leave viable businesses for another role as they want to ensure that they can re-start with a full staff complement as soon as possible.
16. Many bookmakers cannot access the Government's loan schemes. Banks have been reluctant to be associated with bookmakers, despite the industry being regulated by the Gambling Commission, an agency of Government.
17. Mr Holmes has also raised concerns about his equipment which has sat idle for nine months. Without regular use, he fears it will have deteriorated and will need replacing. However, as he has not earned any money, his business does not have these resources, placing him in a catch-22 situation.
18. He also worries about the value of pitches. When bookmakers buy and sell pitches, the value is calculated in part by the business undertaken during the course of the year. Some pitches are worth considerable sums of money and with no income, their value has plummeted. These assets may never recover their true value and thus placing some bookmakers in negative equity.
19. Another on-course bookmaker tells a similar story. Glyn Jones attends about 200 race meetings a year, at the higher end of average for the industry.
20. His best pitch is at Ascot, which is currently closed to the public. Therefore, he will earn no money from his largest investment. Based on previous years, he would anticipate earning about £10,000 gross from Royal Ascot.
21. In 2019, after Cheltenham meeting in March through to October, Glyn earned about £50,000 nett from 110 days racing. This is bookmakers' busiest time of the year, with many of the big races taking place and attendance high due to seasonably good weather. He, like many others, will have no opportunity to earn any money during this period of 2020.

Conclusion

22. On-course bookmakers have been hugely disadvantaged during the closure of racing. Even when racing began again, it was behind closed doors and therefore on-course bookmakers could not re-start their businesses.
23. This fact has been so often over-looked by the Government, despite several politicians raising our concerns with the Treasury.
24. We are viable businesses, just unable to operate for the short term and this need urgent Government intervention.

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