

COUNTRYSIDE ALLIANCE BRIEFING NOTE: E-PETITION 649894 RELATING TO FINANCIAL RISK CHECKS FOR GAMBLING

Westminster Hall, Christina Rees MP

Monday 26 February 2024

- **This e-petition was created by the Chief Executive of the Jockey Club, Nevin Truesdale, and has been supported by the Countryside Alliance and many other organisations. It calls on the Government to abandon plans to implement betting affordability and financial risk checks on bettors.**
- **The annual economic impact of horseracing is estimated at £4.1 billion in direct, indirect and associated spending, much of which benefits rural areas, with over 20,000 people directly employed by racecourses.**
- **The racing and breeding industry makes a very significant economic and cultural contribution to rural communities and the UK as a whole. It contributes hugely to the rural economy and is a social hub for many in the countryside.**
- **The Gambling Act Review White Paper estimates a direct loss to the horserace betting levy of £5-8 million a year, with additional potential losses to the industry in advertising and sponsorship revenue owing to reductions in bookmakers' income bringing the total anticipated annual loss to £8.4-14.9 million.**
- **Any pending reforms to gambling legislation, including the introduction of affordability checks, must be implemented in a way that avoids having a disproportionate impact to negligible benefit.**

Petition details

- This e-petition reads as follows:¹

"We want the Government to abandon the planned implementation of affordability checks for some people who want to place a bet. We believe such checks – which could include assessing whether people are 'at risk of harm' based on their postcode or job title – are inappropriate and discriminatory.

"The proposed checks could see bettors having to prove they can afford their hobby if they sustain losses as low as £1.37 per day. We accept the need to help those with problem gambling but more intrusive checks triggered at a higher threshold risks bettors moving to the black market where there are no consumer protections or safer gambling tools. We are concerned there will also be a negative impact on British horseracing's finances due to a reduction in betting turnover and resulting fall in Levy yield."

¹ UK Parliament, [Petition 649894](#)

- At the time of writing the petition, which remains open, stands at 103,354 signatures. Upon reaching the 10,000 signature threshold, in November the Department for Culture, Media and Sport responded as follows:

“We are committed to a proportionate, frictionless system of financial risk checks, to protect those at risk of harm without over regulating. The Gambling Commission will set out plans in due course.

“The government and Gambling Commission recognise concerns some have with the proposed system of financial risk checks for the highest spending online customers to help identify and tackle gambling related harm. We share the goals that the checks should not overregulate the gambling sector, should not unduly disrupt the millions of people who gamble without suffering harm, and should not cause unnecessary damage to sectors which rely on betting, in particular horseracing. The government is a strong supporter of horseracing, and recognises that it is not the job of either the government or the Gambling Commission to tell people how to spend their money. As outlined in the gambling white paper we are seeking to balance this freedom with the necessary action to tackle the devastating consequences which harmful gambling can have for individuals and communities.

“Importantly, the proposals will represent a significant improvement for both businesses and customers compared to the current situation. While the Gambling Commission does not currently have specific requirements or thresholds, we know that operators are applying inconsistent ‘affordability’ checks on a number of customers, often without being clear on why the checks are happening, and normally requiring customers to provide data manually. We have challenged operators to be more transparent with customers in the interim, but the proposed system will be a significant improvement in having clear and proportionate rules which all operators are held to, and allowing for financial data to be shared seamlessly with operators instead of burdening customers with information requests. Both the government and the Gambling Commission have been clear that we would not mandate the checks proposed in the consultation until we are sure that they will be frictionless for the vast majority of customers who would be checked.

“This careful targeting of interventions has been a guiding principle during the development of the proposed financial risk checks. We are seeking to protect those at the greatest risk of devastating and life-changing financial losses, and there is a clear need for specific requirements on online operators to prevent substantial unchecked spend. We recognise that this needs to be proportionate, which is why the proposed checks are only on the very highest spending online customers, conducted frictionlessly using data sharing, and do not come with blanket rules for operator interventions if there are no signs of harm. We estimate that the financial risk assessment using data from credit reference agencies will only impact those in the highest 3% of gambling losses. These factors significantly limit the risk of customers migrating to the black market as very few will have their experience in the licensed sector disrupted, either by the checks themselves or as a result of their findings. The financial risk checks are also intended to operate alongside existing requirements on operators to use a range of data to identify customers at risk of harm and decide whether or how to intervene.

“The Gambling Commission’s consultation, which ran from 26 July to 18 October, received over 2,400 responses, many of which focused on financial risk checks. Those responses, and this petition, show the benefit of engaging the public ahead of implementing proposals. The regulator and government are working to ensure all views are considered as the proposals are finalised.

“Finally, this petition raises the important link between betting and horseracing. The government recognises the enormous value of horseracing as both a spectator sport and through its economic contribution. The white paper’s estimate was that financial risk checks will reduce online horserace betting yield by 6% to 11%, which would in turn reduce racing’s income by £8.4 to £14.9 million per year (0.5% to 1% of its total income) through a reduction in levy, media rights and sponsorship returns. We are working with racing and refining that estimate. We have also commenced a review of the Horserace Betting Levy to ensure a suitable return to the sport for the future.

“The government and Gambling Commission are working with the industry and others to ensure the checks can be implemented in an effective but proportionate way. We are also exploring the role of pilots or phased implementation to help ensure this. The Gambling Commission will set out details on its plans in due course.”

Impact of racing

- In evidence submitted in 2020 to an inquiry into the impact of Covid-19 on DCMS sectors, the British Horseracing Authority (BHA) – the governing and regulatory body for thoroughbred horseracing – characterised it as *“the UK’s second largest sport behind football in respect of attendances, employment and revenues generated annually.”*
- It estimated the annual economic impact of the sport as raising £4.1 billion in direct, indirect and associated spending for the British economy.
- Much of that spending, it pointed out, benefits rural areas. It calculated that *“over 20,000 [are] people directly employed across our 59 licensed racecourses, hundreds of training yards and thousands of breeding operations”*.
- The BHA also pointed to the sporting, social and cultural significance of the sport. 5.62 million people attended race meetings across 1,500 events in England, Scotland and Wales, and the sport is the only one with two national events – The Derby and the Grand National – scheduled as Group A protected events for broadcast.²

Existing support

- Racing as a grassroots sport receives funding through the Horserace Betting Levy Board. The Board does not receive direct grant-in-aid support or National Lottery funding, but instead is funded through the horserace betting levy on profits from leviable bets.
- In 2021-22, the levy generated an income for the Board of £96.7 million, an increase over £82 million generated in the previous year when the sport was negatively affected by the coronavirus pandemic.
- The horserace betting levy was last reviewed in 2017, at which time it was extended to cover overseas bookmakers in respect of bets placed on British racing and set at a fixed rate of 10% of profits on leviable bets.³

² DCMS Committee, [Written evidence submitted by the British Horseracing Authority](#)

³ House of Lords Library, [Horseracing industry: Government support and recent developments](#), 06.09.23

- Like other sports, racing received additional government help in surviving and recovering from the Covid-19 pandemic. In November 2021, then-DCMS Minister Chris Philp MP reported that *“racecourses are accessing £21 million from the sport survival package. They have also had £28 million in cash-flow and hardship funding, in addition to which the Horserace Betting Levy Board provided £97 million in 2019-20 to support the sport.”*⁴

Gambling Commission proposal

- In 2020 the Government launched a review of the Gambling Act 2005, which resulted in the publication of a white paper on reforms to the law on high-stakes betting. Proposals included introducing background checks on online customers making losses starting at £125 in a month or £500 in a year, with more intrusive checks on bank accounts and payslips for anyone losing £1,000 in a day, whilst their betting accounts are locked.⁵
- The white paper estimates a direct loss to the horserace betting levy of £5-8 million a year, with additional potential losses to the industry in advertising and sponsorship revenue owing to reductions in bookmakers’ income bringing the total anticipated annual loss to £8.4-14.9 million.
- The BHA welcomed the white paper but raised concerns about the possibility of unintended consequences and expressed the intention to engage closely with associated consultations. Specifically, it opposed the introduction of *“sweeping blanket checks on affordability”* and insisted that any new measures must be *“proportionate and targeted at individuals and their specific circumstances”*.⁶
- The Government maintains that *“the impact on racing will be minimal in the context of its overall income”*, and the financial checks are being *“designed so that they are frictionless”* and will not affect the majority of bettors.⁷

Countryside Alliance position

- The Countryside Alliance supports the sport of racing on the basis of its economic and cultural contribution to rural communities and the UK as a whole. Horse racing contributes hugely to the rural economy and is a social hub for many in the countryside.
- Problem gambling is a serious issue amongst a small number of gamblers, but it is more likely to be associated with other forms of online gambling than with betting on horses.
- Industry assessments suggest that the Gambling Commission proposals could take hundreds of millions of pounds out of the legitimate betting market and encourage illegal gambling. This, in turn, would have a crucial impact on the slice of betting revenue from legal, regulated betting firms which is one of racing’s key income streams.
- Any pending reforms to gambling legislation, including the introduction of affordability checks, must be implemented in a way that avoids having a disproportionate impact to negligible benefit. The current proposals risk doing more harm than good, damaging a vibrant sport and part of the economy without effectively tackling problem gambling.

⁴ HC Deb, 18.11.21, [c712](#)

⁵ DCMS, [Policy paper](#), 27.04.23

⁶ BHA PR, [27.04.23](#)

⁷ HC Deb, 15.06.23, [c417-418](#)

For more information please contact:

James Legge

Director of Public Affairs

James-Legge@countryside-alliance.org

David M Bean

Parliament & Government Relations Manager

David-Bean@countryside-alliance.org