

For those involved in British racing there can be few more crucial topics than the BHA's recently announced new strategy for the future of the industry and the low levels of prize-money. Here we present the views on those subjects of two people with lengthy careers linked to the sport. While the Klarion does not necessarily agree with all of their opinions, we hope they will provoke further comment from readers.

*Geoff Greetham, who wrote for the Timeform Annuals for 53 years and was publishing editor from 1997 to 2020, looks at some of the questions raised by the BHA's new industry strategy*



betting turnover, particularly at the 170 premier fixtures which are to be run with much increased prize-money (minimum race value £20,000 for premier Flat meetings). Some of the increased prize-money will come from an additional Levy Board contribution of £3.8m, £1.9m of which is being transferred from the grassroots 'core' meetings which account for 88% of the fixtures.

Some of the established core fixtures on Saturdays are being moved to morning or late-afternoon starts as a 2pm to 4pm 'protected window' is created for the premier fixtures so that they can be 'better promoted' (the strategy doesn't say how this will be funded).

The aim is to showcase the best racing (doesn't ITV currently do that anyway on Saturdays?) and thereby help the sport to reach that elusive 'new audience'. It is the long-term aim to make more of Sundays, with the two-year experiment involving some Sunday evening fixtures, which are seen as a 'significant opportunity'.

THE average racecourse gets 50% of its revenue from crowds on racedays and those Saturday core meetings which are being shunted into unfavourable slots are expected by the BHA to suffer falling attendances, before magically recovering 'close to' 2023 levels (along with their prize-money) by the end of the experimental period. Adding to the wider effects of the rising cost of living and a stagnant economy, the racing industry strategy raises worrying questions over the long-term future of some of the smaller independent courses.

### Festivals

The fixture list for 2026 will have to be decided before the experiment is over, and there is a danger that the situation will be allowed to drift. The BHA has covered itself by stating that the success or failure of the experiment will not be based solely on whether the various targets are reached. It sounds very much as if they are intending to mark their own homework.

There is no way of knowing whether the gains from 'premierisation' will be significant enough to justify the hit that is going to be taken by the grassroots 'core' fixtures and the owners whose horses will be competing there for lower prize-money than in 2023.

Limiting the number of races staged at premier fixtures to

six would have eased the financial burden on the 'core' fixtures. Individual race values could be boosted at the premier meetings, at least partially, by reallocating prize-money that currently goes on a seventh race, while having six races would also assist in meeting another BHA target of increasing average field sizes to 11 at premier meetings (the aim is that 80% should have eight or more runners).

'Festivalisation' might also be a way to counter the worst effects of 'premierisation'. With the right encouragement, the more aspirational small independents would jump at the

*John Brown is a lifelong lover of racing, a punter, and a racehorse owner. He was the chief executive of the bookmaking firm William Hill from 1989 to 2003. He shares his thoughts on prize-money.*



FOR AS long as I can remember, the cry from British racing has been: 'Please sir, I want some more'. But while that memorable Dickens character Oliver Twist was in the workhouse, British racing, as I will show, is clearly not.

In the period before the establishment of their media rights, the request for more prize-money was primarily led by the Racecourse Association, supported by the Racehorse Owners Association, trainers and the then ruling body of the sport, the Jockey Club.

The levy paid to racing prior to 2017 was a hypothecated tax (one that goes 100% directly to an enterprise for a specific purpose, rather than into the public purse). Only two bodies in the UK to my knowledge enjoy such an arrangement: racing and the BBC in the form of their licence fee. Racing please note – the BBC fee arrangement is currently under review.

In reality, the Horserace Betting Levy ('the levy') was state aid, and was acknowledged as such by the government during the review of the levy arrangements which took place in 2017.

Despite being in such a privileged position, and for reasons I could never understand, racing regularly called for the levy to be abolished. Speaking as an owner, and in the light of the behaviour by the racecourses now that they control a substantial portion of racing's income, it is fortunate that that request has so far fallen on deaf ears.

Given that the levy has been accepted by the government as a private tax that is in fact state aid, racing now needs to tread very carefully. One of its major constituents, the racecourses, now receive £270million a year in income from media rights. This includes £45 million VAT, so £225 million net.

I understand (but have so far not found any reference to it in any documentation) that the Racecourse Media Group

chance of staging some better-quality midweek racing in those weeks which do not already have an established festival. Racecourses are happy to stage meetings on consecutive days, especially in the summer, and it is not so long ago that summer festivals were quite a thing.

Marketed perhaps as 'showcase meetings', mini festivals with some Class 2 races and a few valuable opportunities for Class 3 and 4 horses would refresh the often humdrum fare currently on offer. Racing needs to put on a more compelling product during the week, not just at weekends.

(RMG) and the Arena Racing Company (ARC), acting as agents for collecting media right payments, charge a management fee or 20%, equivalent to £45 million.

This figure might in some part represent the expenses for producing the pictures. If so, it is impossible for me or anyone else to reckon how much that might be.

Thus, it seems that racecourses are receiving a net figure between £180 million and £225 million in total from media rights. To this should be added £18.2million (£12,000 per day) in 'raceday service grants' that they receive from the Levy Board. Of course, these figures do not include sponsorship payments or the net profit from actually running a race meeting. I expect some will be making handsome profits, while others are making a loss from putting on meetings when paying customers are on the low side. It would be nice if these figures were disclosed in an open manner so we could all understand a little better exactly why there is an apparent gap of £153 million in income from media rights and the £90 million that is collectively put into prize-money in the form of racecourses' executive contributions to the prize-money fund.

The Levy Board's latest report, for the year ending March 31, 2022, discloses income of £100 million, of which £72 million was allocated to prize-money and £18 million paid to racecourses in raceday service grants. Details of the balance of £10 million can be found in the board's excellent annual report ([www.hblb.org.uk](http://www.hblb.org.uk)). Owners contributed £23 million in entry fees to run their horses. Without their support, neither racing nor racecourse media rights would exist.

### Wheeze

Bookmakers paid into the levy £100 million. From this figure, we can extrapolate that, taken as a whole, their gross profit from racing was £1 billion. Out of that £1 billion sum, they pay £100 million to the levy (10%), £150 million in betting duty (15%) and £270 million in media rights, so before any other expenses they are paying out £520 million

Continues on page 12



(52% of gross income), of which £370 million goes to racing.

Despite this reality, we now have an ad hoc group, seemingly based in Newmarket, putting forward a new wizard wheeze, with the support of their MP Matt Hancock, to get the government to change the levy from being based on a percentage of bookmaker's income to a percentage of turnover. Not because it has any correlation to income, and thus ability to pay, but because if set at the right rate it would produce more levy (they quote £16 million).

**W**HAT these mathematical geniuses fail to grasp is that **any** increase in the rate from any method, including the existing method, would bring in more money. Furthermore, ideas of betting duty based on turnover, and a levy based on turnover, were abandoned more than 20 years ago, when the government accepted that these needed to be fair and proportionate, which could only be achieved by basing them on income, a move which, incidentally, brought them into line with casinos and other forms of gaming.

All they needed to say was: 'Please, sir, I want some more.'

Perhaps they believed that their magical understanding of mathematics, coupled with a dose of smoke and mirrors, would baffle government, bookmakers and any other interested parties into believing a retrograde step in taxation thinking was required to get an increase, when in fact what is truly required is a cast-iron case that more state aid under the existing system is required. They clearly accept that this would not be possible in the current circumstances, and it's not difficult to see why, when taking into account the £270 million in media payments and looking at the extraordinary sums being paid at the recent round of yearling sales.

Earlier, I said that racing needs to be careful. Sooner or later, someone in government will surely question why some people in racing are still asking for more in state aid, or, even, perhaps, why racing needs state aid at all (think of the current position of the BBC). After all, the racecourses which put up the prize-money are receiving £225 million in media rights payments plus undisclosed sums from sponsorships, while putting just £90 million back into prize-money.

It should come as no surprise, that despite their huge rise in media rights income, the RCA have not informed the Levy Board that they no longer require raceday service grants to put on meetings. Nor can I find any reference to the BHA asking the board if they really think it's necessary to continue to give raceday grants, when it is clear they are no longer needed. Just by stopping these grants, £18 million more would become available in the levy pot towards prize-money.

Why have racecourses stopped claiming that more prize-money is needed? Every one of us will know the answer to that. Yet there might be a solution to this.

The racecourses are selling media rights for pictures, and I presume data, but there is a strong possibility that the racing data that they are using as an integral part of the package is not owned by them. It is compiled by Weatherby's, on behalf of whoever contracts them to produce it. My guess is that that is the BHA, but certainly

not the racecourses. So why hasn't the BHA raised this and negotiated a more appropriate contribution to prize-money from RMG and ARC in recognition of the fact that they do not own the totality of those rights?

If necessary, the BHA should demand payment for use of its data in the form of bigger contributions to prize-money and take the racecourses to court if they failed to accept that position.

From my previous experience in this area, I am positive they would have a strong case, now we are no longer in the EU. The Court of Appeal has previously ruled in favour of the BHA's predecessors on this point, but their judgement was overruled by the European Court back in 2004. Asserting rights in this way could lead to another potential increase in prize-money.

Turning to the levy again, bookmakers' payments are not subject to VAT but payments for media rights are. It should be noted that bookmakers are exempt from VAT. They pay VAT on expenditure but have no income on which they have charged VAT to offset it against that; thus the VAT they pay for media rights is a net loss to them.

Let us suppose, just for one moment, that the racecourses decided to propose to the bookmakers that they enter into an annual binding arrangement, cancellable by either party on giving one month's notice prior to each anniversary date, that they reduce media rights payments by the amount of their executive prize-money contribution, currently £88.9 million, and in return the bookmakers increase their levy payments by £105 million (being the sum they effectively pay for £88 million of media rights.) My thought is that this would be legal, but clearly an opinion would need to be sought. Racecourses would lose direct control of how that money was distributed, but that must be solvable in conjunction with the Levy Board, given an extra £17 million is involved. If proven possible, this represents another potential increase to prize-money.

**I**T is clear to me, and I would hope everyone involved in racing, that because state aid is involved (in the form of the levy) that a full independent and audited disclosure of all racecourse incomes and expenditure on a course-by-course basis is now required to ensure that Levy Board grants, are not being used as a subsidy to reduce what racecourses would otherwise have to put into prize-money.

The Levy Board might want to consider whether their statutory duty would allow them to insist on such a disclosure prior to making such grants.

Here let's switch from Dickens to Lewis Carroll.

*Alice (the BHA): Would you tell me, please, which way I ought to go from here?*

*The Cheshire Cat: That depends a good deal on where you want to get to. Alice: I don't much care where.*

*The Cheshire Cat: Then it doesn't much matter which way you go.*

Wherever and which way racing's constituents and the BHA choose to go. I hope that, unlike Alice, they all care and all have the same place they want to get to and that they tread very carefully and not lose the privileged position they enjoy.

I also hope they choose to consider, and hopefully pursue, some or all of the possibilities I have pointed out to secure more prize-money if that is, of course, the way every one of them, racecourses included, choose to go.

# SUBJECTIVIST

ALNE PARK STUD (GB)  
2017 by Teofilo



Bay 2017, 16.1hh (1.64m) **TEOFILO- RECKONING (DANEHILL DANCER)**

SUBJECTIVIST requires no introduction, the winner of the Ascot Gold Cup in 2021, as well as the Dubai Gold Cup in 2021 and the Prix Royal Oak in 2020. He is an exceptional specimen, and a truly exciting addition to the roster.

Stud Director Grace Skelton said, 'The addition of SUBJECTIVIST to our Stallion Roster is a huge leap forward for Alne Park Stud. To stand a stallion of this calibre is an immense honour. He will stand at an introductory fee of £4000. We firmly believe that keeping this exceptional stallion in the UK is a real boost to British breeders and we hope that he will see plenty of support in his debut season.'

Mark Johnston said, 'I always say that, when placing horses, the opposition trumps all other factors. But, very rarely, you come across a horse where the opposition isn't a factor at all. Subjectivist was such a horse. In 2021, I truly believed that there wasn't a horse in the world that could beat him at two miles or more, in any ground. There is less and less need for British NH Breeders to travel to Ireland and, with the incentives on offer in the UK perhaps the Irish breeders will be thinking of coming over here!'

- NH Elite Mares' Scheme Eligible

**STUD FEE: £4,000**

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