



Department for  
Digital, Culture,  
Media & Sport

Secretary of State for Digital, Culture,  
Media and Sport  
4th Floor  
100 Parliament Street  
London SW1A 2BQ

[www.gov.uk/dcms](http://www.gov.uk/dcms)  
[enquiries@culture.gov.uk](mailto:enquiries@culture.gov.uk)

Steve Harman  
Chairman  
British Horseracing Authority  
75 High Holborn  
London WC1V 6LS

TO2018/07265/DC  
17 May 2018

*Dear Steve*

Thank you for your letter of 8 May about the Horserace Betting Levy and the Gambling Review, and for the constructive approach you have taken. It was a pleasure to see you at Cheltenham and discuss such a range of areas, and I have valued working through them with you as such a man of integrity, and with Nick Rust and Will Lambe in your excellent team.

This morning we published our response to the consultation on gaming machines and social responsibility measures. This set out, alongside a number of other measures, that we will be reducing the maximum stake on B2 gaming machines, also known as Fixed Odds Betting Terminals (FOBTs), from £100 to £2.

We understand that the Government's decision on Fixed Odds Betting Terminals is not at all straightforward for the horseracing industry, and we want to work very closely with you to mitigate any risks.

Last year we acted to future proof the Horserace Betting Levy against channel shift from betting shops to online by extending the Levy to offshore bookmakers. This is expected to provide an extra £35m in statutory funding this year. We also committed to review the rate of the Levy by 2024. However, as set out in the Government response to the consultation, if it becomes apparent that changes to stake limits cause significant market changes, then we will consider bringing forward the timing of the review of the Levy arrangements.

We want to allow the April 2017 reforms to bed in and to complete further administrative changes which will see racing take over responsibility for distributing the Levy before making any final decisions. I have asked my officials to work with you and your team to look at how a Levy on global racing bets placed in Britain could work within the current framework. More widely, the changes to stake limits will require parliamentary approval and we will want to engage with the gambling industry to ensure they are given sufficient time to implement and complete the technological changes. Therefore these changes will not be imminent, allowing a period of transition.

I recognise that the impact of stake reduction on racing extends beyond the Levy and will affect the commercial media deals in place between racing and betting. In July 2017, The Racing Partnership agreed a new media rights deal on a profit share basis (as opposed to being based purely on shop numbers). This is a fair model for the future - where the value of the racing product to the betting industry is the key factor in commercial arrangements between the two industries - and it is our expectation that racing and betting will continue to agree mutually beneficial commercial deals.

I am also confident that the sport will continue to successfully monetise emerging commercial opportunities - such as the sale of data and streaming rights to online bookmakers which is likely to be a growth area as more and more bets are placed online.

I am very grateful for your further proposals set out in the letter, which I am attracted to and merit close consideration. I am keen to work with you on looking at your proposals. I am particularly keen that we take forward plans around industry staffing and I would encourage close co-operation with the work that George Freeman MP is doing on mental health within the sport.

I know you, and so many others I've spoken to in the horseracing industry, understand why we've taken this decision on FOBTs, not least as the impact of problem gambling is keenly felt by the horseracing industry. I know people in horseracing want, like me, to tackle the social blight of these machines. I'm determined to ensure that the horseracing industry goes from strength to strength, and I know you agree that it cannot be right for our magnificent sport to rely on these machines for its finances. Your leadership of the sport means it is in very good health and I'm sure racing can, and will, thrive without them.

I look forward to receiving further details on some of the proposals set out in your letter and to working with you in this role for a long time to come.

---

Yours  
Matt

**The Rt Hon Matt Hancock MP**