

# Report and recommendations of the Working Group considering the future administration of existing betting areas

## 1 INTRODUCTION

- 1.1 The Department for Culture, Media and Sport (DCMS) facilitated the setting up of the Working Group to consider future administrative arrangements for betting on racecourses, following a meeting of stakeholders<sup>1</sup>. The original members of the Working Group were: Stephen Atkin<sup>2</sup> (Racecourse Association [RCA]), Caroline Davies (RCA), Patrick Nixon (Bookmakers' Committee), George Moir (Bookmakers' Committee), John Stevenson<sup>3</sup> (National Association of Bookmakers [NAB]), Robin Grossmith (Rails Bookmakers' Association [RBA]) and Tim Moore (National Joint Pitch Council [NJPC], and Chair of the Working Group).
- 1.2 The Working Group's primary objective is to propose a system that maintains good order in the existing betting areas.

## 2 PROPOSALS AND RECOMMENDATIONS

- 2.1 The purpose of this document is to put forward the Working Group's proposals to stakeholders and interested parties<sup>4</sup>, as required by its terms of reference.<sup>5</sup> These proposals relate only to existing betting areas for the period 1 September 2007 until 31 August 2012, and are set out in more detail in Sections 4 and 5 below.
- 2.2 The Working Group recommends the proposals to all stakeholders and interested parties. The Working Group is of the opinion that, whilst there remains a significant amount of work to finalise the proposals and implement them, the proposals provide a base for a workable and transparent administrative system with clear lines of accountability.
- 2.3 Therefore, the Working Group requests that all stakeholders and interested parties comment on the proposals as soon as possible to enable the Group to progress and finalise the structures and contracts that need to be put in place to implement them. It is crucial that DCMS and the Gambling Commission are satisfied that there are no inconsistencies between these proposals and licensing requirements under the Gambling Act 2005 (Act).

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<sup>1</sup> Held on 23 February 2007

<sup>2</sup> Alternate, David Demolder, Ascot Racecourse.

<sup>3</sup> John Stevenson appointed Phil Crisp of the Association of Racecourse Bookmakers (ARB) as his replacement from 26 June. This was unanimously approved by the Working Group.

<sup>4</sup> Interested parties means all those present at the meeting convened by DCMS on 23 February 2007.

<sup>5</sup> For the Working Group's terms of reference see Section 3 of this document.

- 2.4 The Working Group invites written comments from respondents on these proposals by 5pm on 12 October 2007. Details of how to respond are in section 6 of this document.
- 2.5 The Working Group recognises that, given the deadline for comments by respondents and the possibility that the proposals may require amendment, it is not feasible to implement the proposed arrangements by the time that the Act becomes operative on 1 September. The target implementation date for the proposals is 3 December 2007<sup>6</sup>, although implementation will be sooner if the necessary arrangements can be made. Attached to this document at Appendix 1 is a draft outline implementation timetable for information.
- 2.6 Consequently, the Working Group has developed contingency plans to address the regulatory and administrative needs of existing betting areas during the contingency period. Such plans are based on the following and will be in place until such time as the proposals outlined in the report can be implemented: -
- the bookmakers' list for each existing betting area at each racecourse will be provided to each racecourse as at 1 September 2007;
  - the lists will be frozen during the period that these contingency arrangements are in place;
  - pitch allocation will be based on those lists;
  - the NJPC will continue to employ Betting Ring Managers. The RCA will advise racecourses to engage a Betting Ring Manager each race day, through the NJPC, subject to the cost of doing so being reasonable;
  - racecourses are entitled to charge for administration in existing betting areas, and therefore will make a charge to each bookmaker on each race day to cover their costs, which is likely to be limited to the employment costs of the Betting Ring Manager and any incidental costs incurred by the racecourse;
  - the total daily sum collected by racecourses from each bookmaker (apart from the admission fee) will be £10 for Tattersalls and Rails bookmakers and £3 for minor ring bookmakers<sup>7</sup>. In order to be transparent, this charge will cover the Betting Ring Manager and associated overhead costs only;
  - all bookmakers will be required to prove they either hold an operating licence or are employed by a licensee – therefore an appropriate system for identifying that bookmakers are either licensed or employed by a licensee will be implemented; and
  - the above will be enforced through racecourse terms and conditions of entry.
- 2.7 In order that racecourses and bookmakers are familiar with the contingency arrangements applicable from 1 September 2007, the plans were notified to bookmakers and racecourses in the week commencing 20 August.
- 2.8 The Working Group, in accordance with its remit to "*produce and publish a written record of its meetings and decisions*", has produced to DCMS copies of

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<sup>6</sup> The Working Group has developed contingency plans for the period between 1 September and implementation of the proposals contained in this document. These have been published on the NJPC website and are briefly described in paragraph 2.6.

<sup>7</sup> These fees may vary once the full proposals are implemented.

the minutes of its meetings. These are available on the NJPC website ([www.njpc-ltd.co.uk](http://www.njpc-ltd.co.uk)).

### **3 REMIT OF THE WORKING GROUP**

- 3.1 The following terms of reference were derived from the meeting led by DCMS and accepted by the Working Group:

#### *"1. TASKS*

*The Working Group will undertake the following tasks:*

*1.1 Agree a comprehensive list of the current administrative functions of the NJPC that are not preserved in regulations under the Gambling Act 2005*

*1.2 Suggest which of those functions should be preserved in the interests of bookmakers, racecourses or the public*

*1.3 Put forward proposals for the way in which these functions could be carried out*

#### *2. CONSIDERATIONS*

*In making these proposals, the Working Group will take into account:*

*2.1 the nature of responsible body or individuals*

*2.2 any funding implications*

*2.3 structure of relationships between interested parties*

*2.4 legal or contractual considerations*

*2.5 local or regional considerations; and*

*2.6 mechanisms for appeal, or independent arbitration, where appropriate*

*The Working Group will also aim to make proposals that:*

*2.7 achieve a transparent and open system; and*

*2.8 include clear lines of accountability*

#### *3. OPERATION*

*The Working Group will operate in a transparent and open way. It will:*

*3.1 produce and publish a written record of its meetings and decisions*

*3.2 write to all interested parties (as convened at DCMS on 23 February 2007) setting out its proposals by the end of April 2007."*

- 3.2 Owing to the complexity of the issues involved and the care exercised by the Working Group to comply with the terms of reference, it was not possible to meet the 30 April deadline. DCMS was kept fully aware, however, of the progress that the Working Group was making.
- 3.3 The Working Group has concentrated its efforts on the question of administrative arrangements between 2007 and 2012 relating to existing betting areas (transitional arrangements). It was recognised that this was in itself a complex issue and that it would be challenging to finalise the arrangements before 1 September 2007. This has proved to be the case and while this report sets out the Group's recommendations there will follow a consultation period with the consequence that contingency arrangements will need to be put in place to cover the period from 1 September 2007 until such time as transitional arrangements can be implemented.
- 3.4 The Working Group is fully aware of the debate surrounding the tenure of bookmakers' list positions. However, the Group agreed that consideration of the matter would hinder progress on more immediate issues. In any event, the announcement on 26 July of a DCMS Select Committee Inquiry into on-course pitch allocation and tenure would have superseded the Working Group's deliberations.

#### **4 PROPOSALS REGARDING THE CURRENT ADMINISTRATIVE FUNCTIONS OF THE NJPC**

- 4.1 On 1 September 2007, a new licensing regime will replace the certificate of approval mechanism that currently authorises racecourses to provide betting on-course on race days. A consequence of this change is that the current method of administering existing betting areas on horse racecourses, through the NJPC and the National Pitch Rules (NPRs), also loses its authority.
- 4.2 The NPRs are comprehensive and wide-ranging, covering aspects of both regulation and administration. They are enforced in relation to racecourses through the certificate of approval and, in relation to bookmakers, through the NJPC authorisation process.
- 4.3 The Commission states in Guidance<sup>8</sup>, that the administrative arrangements in place on tracks relating to betting are outside the remit of the Act unless they affect the licensing objectives. The responsibilities of track premises licence holders are established in the mandatory and default conditions in the premises licence. Betting operators must comply with their operating licence conditions and codes of practice issued by the Commission. The Commission further states<sup>9</sup>,

*"8.3 The Commission has assessed that impact of existing administrative arrangements upon the achievement of the licensing objectives, and some of the existing rules within these arrangements relating to the*

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<sup>8</sup> Guidance to Licensing Authorities on Tracks, June 2007 at Section 8

<sup>9</sup> Paragraphs 8.3 and 8.4 of the Guidance

*conduct and administration of licensed betting operators have been incorporated into operating licence or premises licence conditions. The Commission considers all other issues as administrative matters for the premises licence holder and betting operators.*

*8.4 The Commission expects that track premises licence holders will make their own arrangements for dealing with administrative matters. They may undertake the administration and control of betting areas themselves or they can make arrangements with another body to take on this work. Whichever way, the track premises licence holder retains the responsibility to meet all relevant conditions attached to their premises licence."*

- 4.4 In the context of the Guidance above, the Working Group considered the NPRs, as required by the terms of reference. It identified those NPRs that will not be preserved under the new licensing system, and a list of those is included at Appendix 2.
- 4.5 The Working Group also considered which of those NPRs should be preserved in the interests of bookmakers, racecourses or the public and how they will be administered. A list of those is also included in Appendix 2. The list also notes those NPRs that the Working Group suggests should not be preserved and explains why. In particular, the Group wishes to point out that the NJPC Advance Booking System, which compels bookmakers to declare in advance whether they wish to attend race meetings, will be discontinued from 31 August 2007.
- 4.6 The Working Group considered how these functions would be carried out and who would administer them. The Working Group considered three options:
- (a) Racecourse terms and conditions of entry, administered by the racecourses;
  - (b) Commission licence conditions or code of practice; and
  - (c) Other, which we will refer to as Bookmakers' Rules<sup>10</sup> administered by NewCo.
- 4.7 The bookmaker members of the Working Group, with support from the other members of the group, put forward proposals for a new company (referred to as NewCo) to provide administrative services to bookmakers from 31 August 2007 to 31 August 2012 which would preserve bookmakers' lists and the current system of pitch allocation, and services to racecourses under the terms of a contract yet to be agreed between racecourses and NewCo.
- 4.8 In broad terms it is proposed that:
- (a) The RCA/racecourses specify those functions currently documented in the NPRs that they wish to preserve for the benefit of

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<sup>10</sup> Referred to as Bookmakers' Rules as the functions within this category are largely for the benefit of bookmakers.

racecourses/racegoers, within their terms and conditions of entry<sup>11</sup>. Such terms will form part of the contract between the racecourse and bookmaker each race day.

- (b) The racecourses will, in the terms and conditions of entry, nominate NewCo as the nominated supplier of identification that all bookmakers will need to produce before being allowed on-course to bet. The racecourses will appoint NewCo to supply and administer an agreed form of identification for bookmakers. Bookmakers will therefore need to go to NewCo to obtain the necessary identification.
- (c) In addition, racecourses could, as an alternative to performing the tasks themselves, appoint NewCo to perform certain other administrative functions on race days on terms to be specified<sup>12</sup>. Such functions would be performed by a Betting Ring Manager. It is envisaged that NewCo would have, in its terms of appointment, a general obligation to the racecourse to maintain good order in the betting rings, in the absence of which the racecourses would take over the administration themselves.
- (d) NewCo, in order to be able to secure appointment by the racecourse to maintain good order in the ring, will organise and maintain a system capable of doing that. The proposal for such a system is currently based on bookmakers' lists and pitch allocation as documented in the NPRs. Such system in the future will be documented in Bookmakers' Rules, to be maintained and administered by NewCo.

4.9 The above proposals, although a departure from the structure currently underpinning the administration of on-course bookmakers, will mean that in practice:

- (a) A bookmaker's relationship with a racecourse will continue to be governed by the racecourse's terms and conditions of entry (which will incorporate some of the NPRs) but he will now pay a fee to the racecourse to reimburse its reasonable costs of administration which are largely reflective of the costs NewCo will charge for the provision of a Betting Ring Manager on each race day.
- (b) NewCo will have the resource and ready made administrative systems to offer to racecourses and bookmakers, once the contingency period has ended and the long-term arrangements until 2012 are in place: a method of identification to satisfy racecourses' requirements, the maintenance of lists and employment of Betting Ring Managers. Bookmakers are expected to contract with NewCo to provide administration services to them, such as the maintenance of lists and will therefore have a similar relationship with NewCo that they currently have with the NJPC. It is proposed that some of the charges made to bookmakers by NewCo for

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<sup>11</sup> These are shown in Appendix 2.

<sup>12</sup> Such other functions are likely to reflect the obligations that racecourses have under premises licences for existing betting areas and/or ensuring bookmaker compliance with the racecourse terms and conditions of entry. In the future the racecourse could appoint NewCo to administer new betting areas.

these services will be collected on NewCo's behalf at the racecourse badge box, along with the charge referred to in 4.9(a) above.

- 4.10 The new arrangements will be monitored by the racecourses and NewCo and will be discussed as part of the contract review process relating to the contract under which the racecourse will appoint NewCo to provide the services outlined in this report. If NewCo does not perform the services to the satisfaction of the racecourses, the contract may be terminated. Should this occur, then alternative administrative solutions, which have not yet been identified, would need to be implemented. This should serve as sufficient incentive to ensure NewCo's systems remain effective.
- 4.11 The Working Group has considered initial drafts of both the racecourse terms and conditions and Bookmakers' Rules. These continue to be worked on and have not been provided to stakeholders and interested parties because they are still works in progress at the current time. The proposed contractual structure, which also shows the structure of the relationships between the relevant parties, is represented in Appendix 3.
- 4.12 The Working Group has not identified any national or regional considerations that need to be addressed and proposes, as far as possible, that administrative arrangements should apply on a national basis. However, the Group invites comments on this issue.
- 4.13 The Working Group understands that it is not the current intention of the Commission to incorporate any of the matters proposed to be dealt with under either the racecourse terms and conditions of entry or the Bookmakers' Rules as licence conditions or a code of practice. The proposals put forward in this document do not contemplate such a possibility, at least in the short term.

## **5 THE NATURE OF RESPONSIBLE BODIES**

- 5.1 The responsible bodies have been identified above in Section 4. It will be necessary to set up NewCo to administer the Bookmakers' Rules.
- 5.2 The bookmakers have advised the Working Group that NewCo will:
  - (a) be well managed and independently chaired;
  - (b) be adequately financed and be able to demonstrate that the fees it proposes to charge to bookmakers and racecourses are fair and reasonable;
  - (c) maintain and administer Bookmakers' Rules to provide a clear and transparent system that is fair to all bookmakers and proportionate;
  - (d) be adequately resourced to maintain good order in the existing betting areas; and

- (e) be able to satisfy DCMS and the Commission that once appointed by the racecourses, such appointment will discharge those licence conditions that it is engaged to perform.
- 5.3 The Bookmakers' Rules promulgated by NewCo will be enforced in part through the terms and conditions of entry to the racecourse. However, they will largely be enforced through NewCo as part of what is essentially a self-regulating mechanism for bookmakers: bookmakers wish to continue with an administrative system based on bookmakers' lists and pitch allocation, which they will appoint NewCo to operate. As part of that system they will also agree to be bound by the Bookmakers' Rules.

## **6 CONSULTATION**

- 6.1 The Working Group welcomes comments on these proposals.
- 6.2 We expect that this report will be of particular interest to:
- DCMS and the Commission;
  - existing and potential new track premises licence holders;
  - existing and potential new on-course bookmakers; and
  - other interested parties.
- 6.3 The closing date for responses is 5pm on 12 October 2007. Please send your comments by email to: [tim.moore@njpc-ltd.co.uk](mailto:tim.moore@njpc-ltd.co.uk) or by post to:
- Tim Moore  
NJPC Ltd  
2b Kings Hall  
St Ives Business Park  
St Ives  
Cambridgeshire  
PE27 4WY
- 6.4 Following the consultation period, all of the responses to the consultation and the Working Group's summary evaluation of those responses will be provided to interested parties. Any confidentiality requested by correspondents cannot be guaranteed. Any such request should explain why confidentiality is necessary. Any automatic confidentiality disclaimer generated by your IT system will not be considered as such a request unless you specifically include a request, with an explanation, in the main text of your response.
- 6.5 If you have any questions about the process of consultation on this paper, please contact Tim Moore at either of the addresses above.

## APPENDIX 1

### Draft outline timetable

| Due<br>Date 2007     | Action   | Responsibility                      |
|----------------------|--|-------------------------------------|
| w/c 20/8             | Contingency plans advised to racecourses,<br>bookmakers and BRMs     | Working Group                       |
| 31/8                 | Report published for 6 week consultation                             | Working Group                       |
| 1/9                  | Contingency plans implemented  | Racecourses,<br>bookmakers and NJPC |
| 12/10                | Consultation ends  | Interested parties                  |
| w/e 19/10            | Working Group meets to discuss responses                             | Working Group                       |
| w/e 19/10<br>onwards | Working Group/RCA/NewCo finalise<br>arrangements                     | Working<br>Group/RCA/NewCo          |
| 16/11                | Consultation response report and confirmed<br>arrangements published | Working group                       |
| 1/12                 | New arrangements fully implemented                                   | RCA/NewCo                           |

## APPENDIX 2

**List of functions of the NJPC/NPRs that will not be preserved beyond 31 August 2007 under the new licensing regime, noting those that the Working Group considers should be preserved until 31 August 2012, how and for whose benefit.**

| <b>Rule</b> | <b>Description</b>                           | <b>Racecourse terms &amp; conditions</b> | <b>Bookmakers' Rules</b> | <b>Preserved in the interest of bookmakers, racecourses or the public</b>                   |
|-------------|--|--|--------------------------|---|
| 3.1         | Bookmakers List – only authorised bookmakers |  | ✓                        | Bookmakers  |
| 3.2.2       | Certificates of Discharge                    | ✓  | ✓                        | All and racing in general   |
| 3.2.3       | Authorised Bookmakers                        |  | ✓                        | Identification system – needed for the racecourse to comply with premises licence condition |
| 3.2.4       | Insurance, third party liability             | ✓  |                          | Public liability only - all   |
| 3.3         | Holding of list positions                    |  | ✓                        | Bookmakers  |
| 4.1.1       | Betting Badge/Pitch Administration Fee (PAF) | ✓<br>Betting Badge                       |                          | Racecourses   |
| 4.1.2       | Dress Code                                   | ✓  |                          | Racecourses   |
| 4.1.4       | Pitch allocation                             |  | ✓                        | Bookmakers  |
| 4.2         | Receiving and negotiating bets               |  | ✓                        | All   |
| 5.1 – 5.4   | Authorised bookmakers                        |  | ✓                        | Partly superseded by the licensing regime overseen by the Gambling Commission. See 3.2.3    |

| <b>Rule</b> | <b>Description</b>       | <b>Racecourse terms &amp; conditions</b> | <b>Bookmakers' Rules</b> | <b>Preserved in the interest of bookmakers, racecourses or the public</b>   |
|-------------|--------------------------|--|--------------------------|---|
| 6.1 – 6.9   | Advance Booking System   |  | ✓                        | May require modified version where another operating licence holder is to stand on behalf of a bookmaker on a List. Bookmakers/racecourses. |
| 6.6         | Designated numbers       | ✓  |                          | Racecourses to set from 31 August 2007. All.  |
| 6.6         | Layout of the ring       |  | ✓                        | Area designated by racecourses (subject to existing areas). Layout for bookmakers. Bookmakers.  |
| 6.6         | Allocation of pitches    |  | ✓                        | Existing areas – bookmakers.  |
| 6.6.1       | New betting areas        | -  | -                        | Positions in new betting areas to be allocated by the racecourse, based upon commercial terms negotiated with bookmakers. All.              |
| 7           | List positions           |  | ✓                        | Bookmakers  |
| 8           | Attendance requirements  | -  | -                        | Anti-competitive  |
| 13.1        | Authorisation Badges     | ✓  |                          | See Rule 3.2.3.   |
| 13.2 – 13.4 | Badge/failure to display | ✓  |                          | See Rule 3.2.3.   |
| 13.5        | Disrepute                | ✓  |                          | All   |
| 14.1        | Trading from a joint     | ✓  |                          | Specification for a joint to be agreed from time to time between the RCA and FRB. Racecourses/bookmakers                                    |
| 14.2        | Rails and display        |  | ✓                        | Bookmakers  |
| 14.4        | 10 minute rule           | ✓  |                          | Public  |

| <b>Rule</b> | <b>Description</b>                       | <b>Racecourse terms &amp; conditions</b> | <b>Bookmakers' Rules</b> | <b>Preserved in the interest of bookmakers, racecourses or the public</b>           |
|-------------|--|--|--------------------------|---|
| 14.5        | Away betting                             | -  | -                        | Removed as self-evident   |
| 14.8        | Leaving the racecourse/late pay          | ✓  | ✓                        | All   |
| 17          | Transfer of List Positions               |  | ✓                        | Bookmakers  |
| 18.1        | Distorting the betting market            |  | ✓                        | All and racing generally  |
| 18.2 – 18.6 | Conduct at approved Racecourses          | ✓  |                          | All   |
| 19          | Mobile telephones                        | ✓  |                          | All   |
| 20          | Bookmakers Runners                       | ✓  |                          | All   |
| 21 – 26     | Breach of These Rules through to Notices |  |                          | To be considered once racecourse terms and conditions and Bookmakers' Rules settled |

### APPENDIX 3

#### Proposals for the contractual structure

