

PAUL DARLING OBE KC

SPEECH TO GIMCRACK DINNER

13 December 2022

It is the greatest possible privilege for me to give this address.

I was born in the North-East of England and all of my early Racing was done in places like Hexham, Newcastle and Sedgefield.

When I was a teenager, my parents cashed in an insurance policy. They spent a third of it on stocks and shares, a third of it on a new bathroom and a third of it on a racehorse. My uncle had been a GP in County Durham, and one of his patients had been Brian Fletcher. He therefore suggested when asked who should train for us that we should go to Denys Smith.

We did. He bought us a nice hurdler which promptly broke down. So appalled was the legendary Denys that he sold us a half share of Clwyd at a great discount. Clwyd had had a slightly traumatic two-year-old career and Lady Murless had sent him to Denys to freshen him up. For Denys that involved a combination of hurdles and having him ridden in Ladies Races by Jenny Raymond, as she now is.

This was the most marvellous introduction to Racing. Clwyd did not take to hurdling, even though he won half a dozen hurdle races. His style was to sprint between the hurdles, stop dead and then pop over and set-off again till the race was over. It was in Ladies Flat races though that the horse excelled. He was an entire and reacted to the Chanel Number Five that my Mother and Father used to give Jenny with great enthusiasm, if you know what I mean. We travelled the country. He even ran in the Diamond Race at Ascot when it was the Diamond Race.

Coming to York was a major event for the family and I have to say that both my late parents would be proud beyond measure at me giving this speech.

I am passionate about Racing, particularly Racing in the North and the North-East. We all know Racing's real home is Yorkshire and Northumbria. One of the best promotions in Racing anywhere in the world is Go Racing in Yorkshire. I pay tribute to its organisation, spirit and enthusiasm.

I speculated when writing this speech whether in truth it would be better off if Racing was simply run from Yorkshire. If you think about it, we could provide the world with everything it needed. This magnificent racecourse and its brilliant Chief Executive and its far sighted Committee. Imagine the governance opportunities with the combo of John Sanderson and Norman Gundill, and add in Nicholas Wrigley. Of course, there are also distinguished Yorkshire-based bookmakers, John Brown and Richard Flint, not forgetting Len Cowburn. When I was first on the Tote Board with Len, he used to ask questions of the Executives which started *"for the benefit of Paul Darling, who knows nothing about bookmaking, may I ask"*. It was really useful to begin with, but after a year and a half I did begin to wonder whether my knowledge was beginning to grow. I pay tribute, if I may, to those three gentlemen whose contribution to bookmaking was very important. The BHA could be based here. The chairman of British Racing in its various different formats if it was to be run from Yorkshire would I suspect be William Haggas, I hope I'll be forgiven tonight for paying a small personal tribute to William. William's speech at his father-in-law's Memorial Service like that of his brother-in-law was simply brilliant, as well as his acceptance speech for Baaeed at the Cartier and his tribute to Maureen moving beyond measure.

It has been suggested I might give my impressions as a new Chairman of the Levy Board. I still regard myself as new. I was sitting on a sofa at home on the 25th of March 2020 with Covid – and I shan't say where I got it from earlier in March - when the telephone rang. I had forgotten about my application to become Chairman – to the extent that as bookmakers' shares slumped during the early days of Covid, I had bought substantial amounts of them. The telephone rang. Unusually I answered it. This voice said *"Mr Darling, it is the head of appointments from DCMS here, hello. I am ringing to tell you that the Secretary of State has now decided who is to be Chair of the Levy Board.' Oh has he?"* I said disinterestedly *"Who is it?"* There was pause. *"It is to be you Mr Darling. Presumably you will accept?"* I was genuinely astonished. I always thought that I would think long and hard if the job was ever

offered to me – bruised as I was by the FOBT Debate that I had conducted, as Chairman of the Betting Shop trade association. I heard this voice say *“Yes, of course”*. I then set about disposing, at a substantial loss, of the shares in Bookmakers which had slumped even further since this brilliant pundit purchased them.

The start of April 2020 was a challenging time to become Chairman of the Levy Board, right in the middle of a period with no racing taking place for an unknown period and daily demands from the sport rightly landing at our door. Many of you will all know the story of the Labour Treasury Minister who left a note for the Tories as they came to power that said *“I’m afraid there is no money”*. I had a similar note from Paul Lee. It said *“Don’t worry I’ve left you plenty of money”* and boy had he. The Board had put £20 million into reserves from the first year’s increase when the Levy was extended, replacing all that it had used up in the years running up to 2017. I know that that was not a universally popular decision at the time, but goodness was it a good one. It meant that when we started Covid the Board’s reserves were such that we could in fact, help Racing survive Covid.

Covid saw Racing at its absolute best. The speed with which Racing was able to restart is a true tribute to everyone involved at the time. I know their discordant voices about how BHA handled it, but I say clearly, and openly, they were wrong. The BHA did a first-class job overall. Nick Rust deserves particular praise, but it was a team effort. People acted with vision and responsibility without regard for their own turf. Part of me looks back wistfully at the collective attitude in that phase.

Covid helped a new relationship between betting and Racing. I blame neither for previously cool relations, though in fact, I blame them both. But I also blame extraneous factors outside their control like the previous annual Levy setting process. However, can I be absolutely clear that the new relationship is both very welcome but also essential. During Covid, the bookmakers’ approach provided particular benefits. One was up-to-date, weekly information about betting and the second was they carried on making interim payments on account of the Levy, even though they could have legitimately reduced the amount they were paying.

I know the story of the Grand National being moved to 5.15 for betting purposes and the bookmakers finding out about that benefit from the first time in the Press release announcing is apocryphal. However, I am wholly confident that we would not have any such nonsense nowadays.

So, on arrival, when I had a chance to take a deep breath, I looked carefully at the Levy income and expenditure. It is worth remembering that in the last 10 years, five of those years were before offshore income was collected by the Levy Board, in the days when Matt Hancock was a legislator rather than television star. In the last ten years, the levy has taken in £850 million from punters from the bookmaking industry and re-distributed it to the various different Racing interests. The increased Levy yield after offshore was brought in was dramatic - up from around £50 million a year to the mid-nineties and I think it's right to pay tribute to those who worked so hard to achieve that critical change. An extra £40-£50 million a year.

Racing is a very popular betting product and a day at the races is a very popular leisure product. Of course, there are challenges and I will come to a few of those at the moment, but all of us need to remember the strengths that Racing has. past, present and future. I have just returned from Hong Kong where I took in their international races. I was pretty unique there, being British, it being disappointing that no British horse had travelled to compete in four races worth a combined £11.4 million. It enabled me though to learn more about World Pool which is already contributing very substantially - in the growing millions – to British Racing, which looks to me to be a bright spot on the horizon.

The Levy Board is a Public Body and the Levy is Public Money. It is not the Racing Authority run by Racing that would have succeeded the Levy Board if we had been abolished. And the reason that we weren't abolished is Parliament's view that public money should have oversight that reports ultimately into Parliament. The Levy Board has an interesting membership, partly appointed by the Government. Three are appointed by Racing plus a bookmaker appointee, something on which in those pre-historic days Racing was not keen. I pay tribute to the constructive role of Mike O'Kane the current appointee who is a first-class board member.

As a public body, we are under increasing constraints in spending public money and the various different parts of Government, as the Treasury, and the National Audit Office regularly remind us. We are going to continue our journey of improving the rigour of our spending decisions and our evaluation of money spent. I know that does not please everyone. There are a number of answers to that: One, is that in the highly regulated world in which we live as a Board there is no alternative. Second, in fact rigorous procedures as to how you spend money is a good thing rather than a bad thing. It means overall you spend the money better. I know that you have to avoid the associated administration making the process cumbersome et cetera.

So, what is the future? It is not for me to tell Racing how to govern itself or what its strategy should be. My concern is spending the money the Levy Board has as best we can in accordance with our statutory purposes – the improvement of Racing, the improvement of breeds of horse and the advancement of veterinary science.

Having said that, I should be candid and say that before the latest governance review, I had great difficulty with Racing's governance. The Members Agreement and the tripartite arrangement seems to meet at almost every level to produce the lowest common denominator. Even when they produced decisions, very often said to have been the consequence of unanimity in Racing, my postbag included complaints from various sections of Racing complaining about it. I struggled with the concept of unanimity. It is not for us to follow Racing slavishly, but it is right that the Board takes very serious account of Racing's views and the fact that something genuinely has the support of the whole of Racing is an extremely weighty factor in the board's consideration.

I struggled from time to time with the decision-making process of the BHA. I struggled with the concept of the unanimous view of the racecourses. I struggled with the constitution and structure of the Horsemen's Group as they were then called and the lack of a dedicated administration, which continues to be the case today. I wondered how the Horsemen's constituent parts interacted and I wondered about the parts of the industry which in fact were not represented within the Horsemen's Group. Why did this matter? It mattered partly because it made for cumbersome decision-making and did not always ensure that every

aspect of the views of producer, supplier and participant were reflected. It meant that you risked and more than occasionally had a gigantic fudge, and the worst of both worlds.

I have no idea how the new governance structure will work. I hope that it will work well and I am going to do my best to make it work from the point of view of the Levy Board. I confess that I was glad the governance process review came to an end so that we could move forward. Of course, with Governance sorted, Racing is considering its strategy again. I wish Racing the best of luck with that. The Levy Board helped with that process, but was not part of it because it is for Racing to decide its strategy. When the strategy has been done, the Board will decide how that impacts on the distribution of the public money. The Board, of course starts from the position of wanting to support Racing in its processes. In the same way as the governance review had my best wishes, so too does the strategy review.

I hope I will be forgiven for making three closing observations.

First, Racing has to decide the extent to which it wants a levy friendly race programme. It can choose not to have a levy friendly programme, but its income will be impacted by those decisions. Everyone realises and accepts that the breed and the Pattern have to be supported, and the Levy Board wants to be spending its money in a way that demonstrably supports the improvement of the sport, in line with our statutory objectives. We recognise the increasing pressures of international competition and this is focused at the top end where British racing has to remain at the top table. But there is now a lot of really sophisticated data to enable informed choices to be made. We really have to find a way through the top end versus the rest debate! It's a journey stage by stage, data led according to a strategy. We have to preserve our world position, but that also means entering big races abroad. But we have to encourage truly competitive racing at all levels

Second, can I ask everyone, and it's a big ask, not to look at the future simply by comparison with the old. When there are changes to Levy distribution, the immediate reaction of many people is to compare monetary outcome of the new with the old and to immediately complain if worse off.

Thirdly, Racing has to appreciate the competitive world in which it lives. We cannot accept continual small field sizes. That does not mean that every race on the card has to be a 24-runner handicap, but there has to be a recognition that big Saturdays with poor fields will not be in the industry's interest. I know this is a difficult, complex subject but it simply has to be dealt with.

All of this will mean sacrifices all round. It is easy for me to stand here and tell everyone that they should be making sacrifices for the greater good, but they have to, if the future is to be really bright.

And, with that, it therefore gives me great pleasure to reply on behalf of British Racing and, in so doing, to ask to you to raise your glasses to the future success and prosperity of British Racing.