

# THE STARTING PRICE REGULATORY COMMISSION

ANNUAL

REPORT

2020

JULY 2021

# Chairman's Personal Statement

## Modernising the SP

The year 2020 was for the SPRC a testing time of significant change. It was also, of course, unique in the Commission's sixteen year history in that British racing was stopped for over two months by the Covid pandemic; and then resumed without a spectator audience - and therefore without the on-course bookmakers who had since our inception been the sole source of our SP sample.

Even before the dreadful pandemic struck, the SPRC board was on course towards major change. In February we considered a radical paper setting out the options available for 'Modernising the SP'. Particular focus was on including off-course prices, either as the whole or part of our sample. This possibility was driven by the rapidly declining number of racecourse bookmakers attending all but the top meetings (a problem frequently highlighted in earlier Annual Reports). By 2019 on-course bookmakers represented less than 2% of total horserace betting turnover. This problem was now so acute that it threatened the legitimacy of the SP: raising the question whether such a small percentage could be described as truly representative of the horserace betting market.

Consequently, the board was from the beginning of its discussions considering incorporating off-course bookmakers into our sample, albeit assuming we would have sufficient time ahead to consult the wider body of interested parties and operators. Then the pandemic struck and disrupted our policy process as it disrupted the whole of racing. But it did not stop us. Rather, the crisis served to accelerate our progress towards modernisation.

We had been drafting a consultation paper on how and to what extent to incorporate off-course betting prices into our on-course algorithmic technology. Suddenly there were no on-course bookmakers or punters and therefore no prices to feed into our system creating the SP.

The immediate challenge was how to create a legitimate SP when racing soon resumed without any on-course prices. That was resolved with great efforts from the splendid PA technical team. So together we produced a temporary crisis SP of efficiency and integrity. But it was a wholly off-course SP. An SP revolution had occurred without our Modernisation paper; and more extreme than we might have concluded. In one leap the SP had moved, driven by crisis circumstances, from wholly on-course to wholly off-course - and it worked smoothly, with relatively few hitches and no apparent harm to the punters' interests.

The question then facing the SPRC as it continued its discussion of future modernisation was whether simply to accept that the emergency off-course technology, which was working satisfactorily, should be extended permanently? Did we just accept the off-course fait accompli? That was certainly the easy way forward. And there were no yet perceived integrity reasons against doing it. Or should we return to our original analysis and consider whether it would be possible to reincorporate into the sample the traditional on-course element, if that were technically possible? We decided to continue to pursue this evolutionary course.

The challenge then was how to develop the technology which would allow the on-course prices to be incorporated with the existing working off-course algorithm when racing fully resumed with punters and bookmakers. The SPRC itself has no resources to fund such a development. The rightsholders who finance the SPRC declined, in their current financial crisis, to accept further liabilities. We therefore decided to search elsewhere for funding. Fortunately, the new Betting and Gaming Council, under the positive leadership of Michael Dugher, responded encouragingly. The conclusion of that story will presumably be told in the 2021 Annual Report.

Our aim in 2020 was to modernise the SP in a way which reflects the reality of British horserace betting. That meant basing our price information predominantly on the off-course sector where some 98% of horserace betting takes place. It was tempting, and would have been easier, to take our sample wholly from that mighty corporate sector.

We chose not to take that simple step. Instead we seek to retain a minority (around 10-12.5%) voice in the construction of the SP for the on-course sector, which previously provided our whole sample and we hope will continue to bring its distinctive flavour to British racecourses. That is in line with our evolutionary approach. I certainly saw no reason to diminish further this commendable element of our racing and race betting.

The modernised system may or may not work into the very long term future, which I cannot predict. That will be for a future board and chairman to decide. The SPRC will continue to monitor the working of the new system and is committed to review it within a year of its introduction.

What we can be certain is that now and in the foreseeable future the average British punter can continue to rely on the SP as his best bet: convenient, efficient, fair, devised and monitored by the SPRC with its integrity and his or her betting interests in mind.

I am proud to have been associated with the SPRC and am deeply grateful to my colleagues there who have joined with me in that endeavour. Their work in 2020 was unprecedentedly intense, their judgement as always sound, and I thank them for helping to modernise the SP.

**Bernard Donoghue**

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## 1 Introduction

Previous Annual Reports noted the decline in bookmaker attendance at some meetings and the declining share of betting turnover contributed by the on-course market (under 2% in 2019). Therefore in the early part of 2020 the SPRC undertook detailed work to underpin a modernised SP. Essentially, we intended to propose that the sample of bookmakers used to determine the SP consist mostly of off-course firms, but with some on-course representation – evolution not revolution (see section 2).

Such a potential development was overtaken by events. From June to December 2020 the sample of bookmakers determining the SP was entirely off-course firms (see section 3). The system has, by common consent, worked well. The SPRC carefully monitored the outcomes of this system. We particularly wish to emphasise our fruitful interaction with the Horserace Bettors Forum whose successive research papers on this topic were invaluable (section 4).

Returning to the narrative of section 2, in autumn 2020 the SPRC debated the determination of the SP once racing returned with spectators and on-course bookmakers. At the year-end two thorny questions remained unresolved. They concerned payment for: (i) IT software to reintegrate on-course bookmakers into the off-course sample; (ii) price data from on-course bookmakers. The resolution of these matters will be described in our 2021 Annual Report.

The SPRC is seized of the profound alterations to the industrial structure of off-course bookmaking which have occurred in recent years. This is not directly a matter for the SPRC. However, these developments may affect the composition of the sample of bookmakers used to determine the SP (section 5).

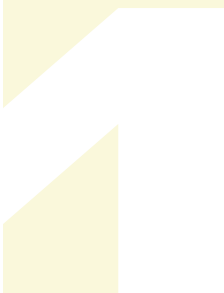
Various on-course operational matters were constructively dealt with in the early part of 2020 (section 6).

### Starting Price Regulatory Commission Report

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# 2 Towards a Modernised Starting Price: A Narrative

In 2020, during January, February and March the traditional method of determining the SP from a sample of on-course bookmakers was in place. Racing then stopped from 18th March to the end of May. When it returned “behind closed doors” in June there were no on-course bookmakers. So, the SP was calculated from information provided by the major off-course bookmakers. This method of returning SPs operated from 1 June and for the remainder of 2020 [see section 3].

Successive Annual Reports from the SPRC expressed concerns about the on-course market. These included weak bookmaker attendance at many meetings and the fact that the on-course market now accounted for under 2% of betting turnover.

Therefore, early in February 2020 – prior to lockdown – the SPRC produced a paper titled “Towards a Modernised SP”. The intention was to issue this paper as a consultation document later in the year (the most recent previous consultation was in 2015). Unfortunately, because of the pandemic, the public consultation did not take place. However, in May the document was shared and discussed with stakeholders and the subject of an article by Bill Barber in the Racing Post (26th May 2020).

It is important to set out some of the themes in the paper and discussed by the SPRC during 2020. The SPRC was in favour of the inclusion of the major off-course bookmakers in the sample to determine the SP. But it was an open question whether or not, when racing with spectators and bookmakers returned, we should transition from an entirely on-course sample to an entirely off-course sample. The SPRC preferred a transition which incorporated an on-course element. As the original paper put it: “is it possible to devise a revised way of calculating the SP which takes into account the changes in the betting marketplace? And is it possible to do so while retaining the virtues of the current system: Simplicity, transparency, independent scrutiny of the system as a whole and, arising from these virtues, punter confidence?”

The following matters for consideration in constructing a modernised system were set out in the February 2020 paper:

## a) On-course input

Assuming that on-course betting will remain as an element in the calculation, it will have to be decided how to produce this. The SPRC preferred the option where bookmakers provide the data direct (i.e. electronically) to The Press Association: “our present view is that this is likely to be the best option as it would maintain the highest level of integrity available and provide the most robust option for an on-course feed.”

## b) Need for independent supervision

Since its inception in 2004, the SPRC has an established record of impartiality and of overseeing the evolution of the SP. It is not for us to say whether the SPRC should continue but we strongly believe that it is critical to retain the confidence of the betting public for the SP system to remain monitored and controlled by an independent body. In addition, the SPRC currently provides the only conduit through which customers and punters, including organisations such as the Horserace Bettors Forum, can seek to debate and influence the SP system. That conduit would no longer exist if there were no longer an independent supervisory body.

## c) Data collection

We considered that, at least for the medium term, the Press Association (PA) is likely to play a continuing role. It currently collates and publishes live betting and race-day data on behalf of nearly all of racing’s media rights holders using its Frankel software and it would make sense for this to continue to be the case.

## d) The impact on the on-course ring

Concerns may be raised that the modernised system would lead to a further weakening of the on-course ring, with fewer bookmakers standing. However, the modernised system might also provide new opportunities for ultra-competitive on-course markets, attracting punters to “go racing” to hunt out the very best prices. In our view, on course bookmakers are an essential ingredient to the vivid atmosphere at British racecourses. We would urge all interested parties to do everything possible to ensure that the role of the on-course bookmaker continues.

## e) Each way betting

The present SP prioritises those on-course bookmakers betting to “customary” each way terms. However, off course bookmakers increasingly offer non-customary terms e.g. paying on the fifth or sixth placed horses. It is also the case that present “customary terms” have been criticised as being too generous (or not generous enough) to punters at the margins. These are matters to which the SPRC will be paying particular attention as part of moving to a modernised system.

## Conclusion and recommendations

The continued march of technology and, in particular, the amazing versatility of the smart phone means that we have reached a point where the shrinking on-course market no longer produces an SP which is reflective of the overall betting market. In our view, the only way to remedy this is to extend the sample to include the largest off course bookmakers.

However, before the modernised system is introduced, we recommended a trial took place (perhaps producing a “dummy modernised SP” in parallel with the existing system). The results of the trial were to be published by the SPRC before the new system is introduced.

This last recommendation was overtaken by the move to off-course prices. Thus, the comparison became outcomes under the traditional on-course system compared with outcomes under off-course prices. Details of such a comparison are set out below in the section describing the SPRC’s interaction with the Horserace Bettors Forum (section 3).

It is worth going into item (a) above, on-course input, in more detail. The SPRC view concerning the on-course input into the sample of bookmakers determining the SP developed over the year. Essentially, in the words of one participant “the SPRC was advocating evolution not revolution” and “going from an entirely on-course system to an entirely off-course system in one jump would raise concerns.”

In summary, the Technical Sub-Committee of the SPRC recommended (August 2020) the integration of on-course bookmakers into the sample as follows:

- > On-course bookmaker data delivered to the PA, identified and diverted into a separate version of the Corona application
- > SP validator has the facility to select a separate on-course sample as per selection procedures – minimum of 3, maximum of 10 – for operational practicability.
- > On-course price is derived from the on-course sample using the current algorithm.
- > The on-course price is fed into the holding basket of the main Corona application (i.e. off-course bookmakers) and identified as “on-course” bookmaker.
- > Along with off-course bookmakers, “on-course” bookmaker is available for selection.
- > From the holding basket a finalised sample is selected after applying procedures.
- > SP produced.

Thus, it was agreed that, if possible, the information from on-course bookmakers would be distilled to become one composite observation in the overall sample (probably therefore accounting for around one tenth of the “firms” in the sample).

This, in turn, had a potential spending requirement involving IT integration costs. IT software would need to be developed to collect and process data from the on-course bookmakers, distil it into one composite observation and reintegrate that observation into the overall sample. The SPRC was advised that this would be a one-off cost of some £70-80,000.

TRP and RMG stated in August that they did not wish to fund these IT costs. They noted financial exigencies but put more emphasis on the fact that the off-course system was robust and working satisfactorily. The resolution or otherwise of the IT payment issue will be a matter for our 2021 Annual Report.

It was agreed in September to continue using off-course prices to determine the SP for the time being and to undertake a comparative analysis of the alternative systems. Such analysis has two strands. First, there are technical issues to examine e.g. whether bookmakers price feeds are being received in a timely and accurate fashion and whether promotional each-way terms are causing any complications. Second, the impact on the betting market must be considered. Such evidence for the second half of 2020 is discussed in section 4 and there will be follow-up research in 2021. It is intended to issue a statement concerning the future direction of the SP in spring 2021.





## Racing Behind Closed Doors: Return of the SP

From June-December British horseracing took place behind closed doors. There were no punters or bookmakers on the racecourse. Therefore, the SPRC took steps to ensure that a SP was still returned. It was based on the betting shows of a sample of the largest bookmakers operating in Great Britain. The SPRC tried to ensure a wide sample of suitable bookmakers were included. Where more than one bookmaker is in the same ownership group a maximum of one feed per group was included in the sample, unless there was compelling evidence that those books are competing against one another. For example, the sample included a single feed from Ladbrokes/Coral and Paddy Power/Betfair.

The Racing Post (27th May, 2020) described the behind closed doors system as follows: "When racing briefly took place behind closed doors before the sport was suspended in March, off-course operators provided their own show prices but the SPRC....was asked by the industry to produce an official SP. This was formed using prices provided by the major off-course bookmakers who sent their shows to the PA, the last of which were used to produce an SP approved by a Validator also working in the PA office. The same formula used to produce the SP in normal circumstances was applied."

In May the SPRC set out the principles of calculating the SP behind closed doors (Press release 31st May 2020):

### a) Application of current starting price procedures

The broad principles and terminology from the pre-lockdown SP procedures were retained, except that the terms 'criteria prices' or 'criteria bookmakers' no longer applied.

### b) Selecting a sample

There was no maximum sample size. The sample was an even number wherever possible in accordance with established procedures. Where some bookmakers were betting to non-customary terms, the sample included only those betting to customary terms providing the sample did not fall below an agreed minimum size.

Where fewer bookmakers than the agreed minimum sample size are betting to customary each way terms, a minimum sample will be selected in the following order:

- i. Bookmakers betting to customary each way terms
- ii. Bookmakers betting to the customary number of places at an enhanced fraction

- iii. Bookmakers betting to one additional place at a reduced fraction
- iv. Bookmakers betting to one additional place at the customary fraction or better
- v. Bookmakers betting to two additional places at a reduced fraction
- vi. Bookmakers betting to two additional places at the customary fraction or better etc.

It is not envisaged that any bookmaker will offer betting at terms less favourable than customary each way terms.

### c) No Starting Price

No SP will be returned if a sample of 3 bookmakers cannot be achieved.

### d) Bookmaker's Own Prices

Any bookmaker whose feed of prices appears to the SP validator to precisely mirror the PA's live show feed may be excluded from the sample.

### e) Emergency Procedures/System Failures

SP Validators adhered to the above procedures. However, the regulations also stated: "In exceptional circumstances and where there is a need for flexibility to return an SP, the SP Validator must, if time permits, contact PA management/Senior SP Validator to confirm their action which will meet criteria that enables transparency and upholds the integrity of returning an SP in all instances. In these circumstances it is permissible for SP Validators to use discretion and those details to be forwarded in writing to PA management."

## 4 Outcomes: SP from off-course bookmakers compared with traditional on-course SP

The SPRC has stated in successive Annual Reports that we do not take a view on the appropriateness or otherwise of SPs. Our role is to ensure the integrity of the SP. Nevertheless, we recognise that outcome measures are of central interest to punters and bookmakers. Therefore, in this section we report on three thorough research papers from the Horserace Bettors Forum (HBF). The SPRC greatly value our interaction with HBF. We also received a research paper from Robin Grossmith (Federation of Racecourse Bookmakers) which compared shows and SPs and provided data derived from SPs under racing in the USA.

Early in 2020 the HBF noted that its members favoured inclusion of some on-course bookmakers in the sample selected to determine the SP. Its reasons for this stance include the ability to bet to good money with on-course bookmakers and anonymity when placing a bet.

When racing resumed in June 2020 Starting Prices were calculated from a sample of large off-course bookmakers (section 3). Three HBF research papers (July, September and November) compared the SP calculated from off-course data (June to November 2020) with that from on-course data (2017-2019). These research reports were carefully and fully discussed by the SPRC.

The HBF comparisons used overround per horse (OPH), sometimes termed overround per runner (ORPR). The HBF state that this is "the traditional overround divided by the number of runners in the race. This gives a robust measure of how much advantage there is to the bookmaker in the longer term." Races with odds-on favourites and fewer than five runners are excluded as they give a markedly higher overround due to place betting and small field size, respectively. The research covered 28,806 UK races January 2017-November 2020. It should be noted that some commentators prefer the traditional race overround to OPH for analytical purposes.

The HBF report that the 2020 OPH for the off-course SP "was a lot lower" than the previous on-course SP when it was introduced in June (June 2019 1.8%, June 2020 1.5%). But the off-course OPH showed a "steady increase" in the second half of 2020 and by December was "only slightly lower" than the on-course OPH for December 2019. Comparative data can be viewed in the appendix to this report.

The OR is a theoretical measure of bookmaker margins. But most money is bet on the market leaders. Therefore, the HBF also examined the so-called return on investment (ROI). This is the return to the punter from investing (say) £1 on each horse in the race. The results are set out in table 1.

In handicap races, betting at on-course SPs, the first three in the betting would have lost 12% in the long term and the rest would have lost 22.7%. The off-course SP is 2.8% worse for punters for the first three in the betting, but 2.4% better for those betting on the less fancied horses.

Non-handicaps have, on average, small fields so the HBF focused on the top two in the betting. They concluded that a similar picture emerges. Punters at the front end were 1.8% worse off while those betting on outsiders were 3.8% better off.

The HBF drew three conclusions from their analysis (reported for completeness but not formally endorsed by the SPRC):

- > **Most money is bet on shorter-priced horses, so the new off-course SP favours the bookmakers rather than the punters.**
- > **Many multiple bets included more shorter-priced horses, so further helping the bookmakers.**
- > **If the SP is kept lower, bookmaker liabilities due to Best Odds Guaranteed (BOG) offers are reduced.**

These are important findings but require careful and cautious interpretation. Using the previous on-course outcomes as a comparative benchmark is convenient for research purposes. But it should not be assumed that the SPs derived from the on-course market are necessarily "correct" both in absolute amount and as to the relative prices for fancied horses compared with outsiders. For example, when considering fancied horses and outsiders the off-course determined SPs mirror the Tote outcomes and the exchanges more closely than do previous on-course SPs.

### Handicaps

	On Course SP	Off-course SP
First 3	-12.0%	-14.8%
The Rest	-22.7%	-20.3%

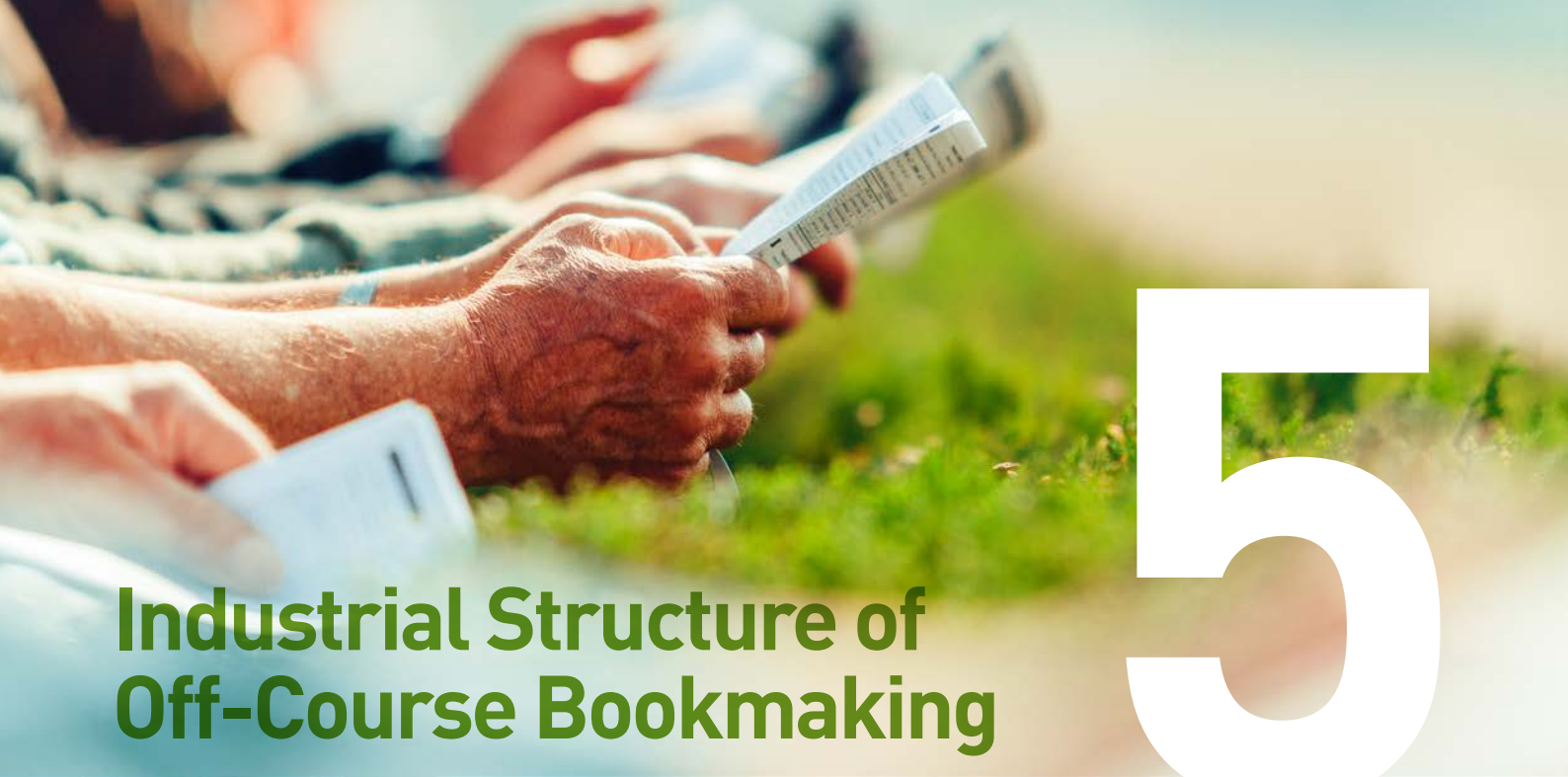
### Non-handicap

	On Course SP	Off-course SP
First 2	-9.2%	-11.0%
The rest	-38.2%	-34.4%

Notes: (i) On-course SP refers to all races (except those excluded, see text) 2017-19. Off-course SP refers to races June-November 2020. (ii) Return on investment to the bettor from investing a level stake (say, £1) on each horse (as defined in the table) in the race.

Source: Horserace Bettors Forum, HBF Starting Price Analysis, November 2020.





# Industrial Structure of Off-Course Bookmaking

Over 95% of horserace betting turnover is now off-course. Nine firms account for over 90 percentage points of this turnover. But the structure of business among these major players has altered considerably in recent years. Five of the nine firms now comprise two larger enterprises:

**Flutter:** Paddy Power, Betfair, SkyBet, Stars

**Entain:** Ladbrokes, Coral, Sportingbet

**Bet365**

**Betfred**

**William Hill**

**Kindred/Unibet**

Competition policy is a matter for the Competition and Markets Authority. It is definitely not within the remit of the SPRC. Nevertheless, as we move to a system where the SP is determined partly or wholly from a sample of off-course bookmakers, the SPRC would wish to be aware of such developments.

Greater industrial concentration may have implications for the future composition of the sample of bookmakers used to determine the SP. Therefore, the SPRC will continue to monitor this issue.

## 6 Operations

### Wolverhampton 13th January

Following the running of the 17.20 race a bookmaker complained about the SP of 6/1 for Agueroo. He approached the Starting Price Validator (SPV) and Raceday Manager (RDM) and accused both of being corrupt. The bookmaker also asserted that the SP system was corrupt. He later posted his views on social media. Another bookmaker captured an image of his colleague berating the SPV and RDM which he later also posted on social media. A complaint about the conduct of both bookmakers was lodged by the PA with the Managing Director of Wolverhampton Racecourse, who conducted an internal investigation.

Subsequent to the incident, both bookmakers involved made complaints to the PA on the conduct of both SPV and RDM in attendance on 13th January. The PA conducted a thorough investigation into the claims.

### Chelmsford - January and February

Connectivity was much improved following work by the racecourse and RDT. Interim measures of increasing the number of bookmakers attending to five were revised and reverted to the standard four for each meeting.

### Behind Closed Doors

Prior to the resumption of racing on June 1st, PA and off-course bookmaking firms entered a prolonged and intensive testing phase to ensure connectivity was reliable and robust. After the return of racing behind closed doors individual connectivity issues have been of a very low frequency and short in duration.

### Potential Redundancies

During the latter stages of 2020 there was an on-going consultation process involving PA's SP Validators. The SPRC Chair had stated to the PA that when racing returns with spectators and on-course bookmakers it was the SPRC's inclination, if possible, to continue using off-course prices to form a sample for SP purposes, along with on-course bookmakers if technically and financially possible. It was noted in September that, whether or not some on-course bookmakers were included in the sample to determine the SP, a number of redundancies were inevitable among PA staff. This implied a 'fairly large' redundancy cost. The operators have agreed to fund such redundancies.



# APPENDIX

## 1 The Starting Price Regulatory Commission – an outline

### A Purpose

The Starting Price Regulatory Commission (SPRC) is an independent body responsible for the integrity and accuracy of the starting price (SP). The SP is used in the settlement of the majority of bets on British horseracing struck with licensed bookmakers in betting shops or through their websites. The job of the Commission is to ensure that the returned price accurately reflects the market price available to bettors at the 'off' of each race.

The SPRC does not set individual prices, overrounds or margins, nor does it set targets for what they should meet. Indeed, its members would not wish to do so and substitute their judgement for that of the marketplace. The SPRC's responsibility is simply and straightforwardly to set the parameters by which the SP is calculated and to ensure, so far as within its power, that racecourse bookmakers and the SP Validators – and the technology that they use to monitor market movements – are operating within the framework it has specified.

The SPRC is not responsible for the conduct or integrity of bookmakers. Any complaint about the fair settlement of an on-course bet should be directed first to the Betting Ring Manager at the racecourse and then – if it cannot be resolved – to the Tattersalls Committee ([www.tattersallscommittee.co.uk](http://www.tattersallscommittee.co.uk)) a provider of alternative dispute resolution for on-course bettors. Any complaint that a bookmaker has acted in an unfair matter or in a manner prejudicial to the good name of betting should be directed to the Gambling Commission ([www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)) the regulatory authority for betting in Great Britain.

Following the resumption of racing behind closed doors on June 1st and therefore no attendance permitted for racegoers or on-course bookmakers, SPs were produced exclusively using off-course prices as detailed in section 3 - Racing Behind Closed Doors.

### B Background

Starting Prices have been returned using the on-course market since the 18th century. With the growth of markets for betting off-course, it was considered essential that the SPs accurately reflected the on-course market. The Starting Price Liaison Committee of 1994 was turned into the SP Executive in 1999, before the creation of the current body, the Starting Price Regulatory Commission (SPRC) in 2004.

The SPRC was created as a result of a study commissioned by the SP Executive, a group of representatives from the Mirror Group, SIS and the Press Association. The aim was to provide an opportunity for independent scrutiny of the processes used to return the SP, particularly to deal with questions about the accuracy and integrity of individual starting prices from off-course bookmakers, bettors and other interested parties, a role that the SPRC has fulfilled ever since.

The first set of operating rules for the SP was issued in 1998, and then updated in the following year. Following a review of the SP by Arthur Andersen, an accountancy firm, in 2000, further revisions were made. There were also revisions in 2006. The current set of Operating Rules and Procedures was issued following a review by the Commission in 2011.

### C Composition

The Board of the Commission consists of up to four independent Non-Executive Directors. Lord Donoughue, a former minister at the Ministry of Agriculture, Fisheries and Food, chairs it. Currently his fellow directors are Sir David Metcalf, Emeritus Professor at the LSE and a former racecourse steward, Lord Lipsey, a former director of the Tote and Richard Hayler, Managing Director at Independent Betting Adjudication Service (IBAS).

The SPRC's work is funded by contributions from the bodies which control racecourse data rights. Jim Donnelley of PA Sport acts as the SPRC's company secretary. The SPRC's directors are all independent of the bookmakers and would be obliged to declare if any conflict of interest arose.

The Board meets at regular intervals throughout the year with executives of the racecourse data controllers in attendance plus a representative of AGT (Administration of Gaming on Tracks). Ad hoc meetings are called as required to consider specific issues arising of interest to the SPRC.

The Commission's legal advisers are CMS.

### D Company Status

The Commission is a non-profit organisation operating on a cost recovery basis.

## 2 Starting Price Overrounds January 2010-December 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
January	1.62	1.61	1.59	1.82	1.80	1.67	1.73	1.73	1.73	1.80	1.82
February	1.59	1.59	1.63	1.77	1.77	1.70	1.74	1.78	1.78	1.82	1.69
March	1.62	1.52	1.61	1.73	1.74	1.71	1.70	1.68	1.76	1.89	1.75 <sup>^</sup>
April	1.56	1.62	1.60	1.68	1.67	1.65	1.68	1.70	1.72	1.86	**
May	1.57	1.61	1.56	1.69	1.68	1.66	1.68	1.71	1.75	1.86	**
June	1.67	1.67	1.60	1.71	1.77	1.75	1.70	1.76	1.82	1.99	1.47*
July	1.65	1.64	1.70	1.76	1.74	1.80	1.72	1.77	1.89	1.94	1.62*
August	1.65	1.65	1.74	1.77	1.78	1.81	1.76	1.75	1.89	1.99	1.63*
September	1.58	1.53	1.68	1.66	1.63	1.69	1.73	1.68	1.85	1.88	1.64*
October	1.48	1.43	1.62	1.62	1.59	1.66	1.67	1.64	1.76	1.68	1.67*
November	1.55	1.54	1.68	1.68	1.72	1.69	1.77	1.72	1.74	1.73	1.67*
December	1.64	1.62	1.81	1.72	1.72	1.73	1.69	1.75	1.80	1.88	1.66*

Annual average for 2020 is 1.66. <sup>^</sup>Partial Month. \*BCD. \*\*No Racing

Source: Racing Post

## 3 Rules for determining the Starting Price (SP)

From the start of 2020, the starting price for each horse was the market price at the off generally available to good money on the boards of those bookmakers in a sample whose each-way terms for a given race most closely reflected the each-way terms on offer for that race in the off-course retail market.

Following the resumption of racing behind closed doors on June 1st, SPs were formulated using a sample comprised solely of off-course bookmaker. Slight adaptation of the sample procedure was required to facilitate and can be found in section 3 – Racing Behind Closed Doors.

### a Decision rule for calculating SP

For each horse in a race the prices on offer by all bookmakers in the sample are ordered into a list from longest to shortest. The list is then divided into two equal halves and the SP is the shortest odds available in the half containing the longest odds. The SP or a longer price will have been offered by at least half the bookmakers in the sample.

### b Selected definitions relating to the on-course SP process, used from January to March 2020

#### i Bookmaker

A bookmaker is defined as an on-course bookmaker betting in accordance with the Gambling Commission's Licence Conditions and Codes of Practice. For the purpose of SP sample selection, these rules categorise bookmakers as SP Qualified or Non-Criteria. An SP Qualified bookmaker displays prices against every runner for at least ten minutes before the scheduled off time of each race and continues to do so up to the off. A Non-Criterion bookmaker does not display prices in this way.

#### ii Good money

Generally that offered by a Starting Price Qualified Bookmaker who, in the judgment of the SP Validator following consultation with the Betting Operator, is prepared to lay a single bet to lose at least £500 on each horse in a scheduled race at that meeting.

### c Each-way terms

The sample is selected (see below) partly on the basis of each-way terms offered. **Customary** each-way terms are:

Race type and number of runners	Fraction of win odds	Places
All races with fewer than 5 runners	N/A	-
All races with 5,6,7 runners	1/4	1,2
All races with 8+ runners except those below	1/5	1,2,3
Handicaps, Nursery and Rated Stakes Handicaps		
> Races of 12-15 runners	1/4	1,2,3
> Races of 16+ runners	1/4	1,2,3,4

**Criteria** each-way terms offer 1/5 of the odds in Handicaps, Nursery and Rated Stakes Handicaps (first four places) in races with 16-21 runners.

### d Sample selection

The maximum sample size is 24 and the normal minimum is 6. If there are fewer bookmakers available, as often occurs at winter all weather meetings, the minimum sample size can be lower, but never less than 3. The sample is selected in the following order of precedence:

- > **SP qualified bookmakers offering customary each-way terms**
- > **SP qualified bookmakers offering criteria each-way terms**
- > **SP qualified bookmakers offering win-only terms**
- > **Non-criteria bookmakers**

### e Monitoring

The purpose of these rules is to ensure that the SP remains robust and is impartial to both punter and bookmaker. It follows from the sample selection rules that the sample may alter in successive races at the same meeting.

The current rules for determining the SP came into force in December 2011 and incorporate some minor subsequent changes.



# GLOSSARY

#### AGT

Administration of Gambling on Tracks Limited

Police the administrative aspects of the ring, such as pitch allocation, late payments, disputes, etc.

#### GAMBLING COMMISSION

Police the regulatory aspect which forms part of a licence condition for the bookmakers including the display of maximum guaranteed liabilities.

#### PRESS ASSOCIATION

Manages and employs the validation team.

#### RDT

Racecourse Data Technologies. A computer systems and software company.

#### RMG

Racecourse Media Group. Betting shop service providing pictures and data sources to the betting industry.

#### SIS

Sports Information Services. Provider of picture and data sources to the betting industry.

#### SP

The starting price for each horse is the market price at the off generally available to good money on the boards of those bookmakers in a sample whose each-way terms for a given race most closely reflect the each-way terms on offer for that race in the off-course retail market.

#### TRP

The Racing Partnership. Provider of picture and data sources to betting shops and the wider betting industry.

**Press Association**

The Point  
37 North Wharf Road  
Paddington  
London  
W2 1AF

