

HOUSE OF LORDS

Select Committee on the Social and Economic
Impact of the Gambling Industry

Report of Session 2019–21

Gambling Harm— Time for Action

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Select Committee on the Social and Economic Impact of the Gambling Industry

The Select Committee on the Social and Economic Impact of the Gambling Industry was appointed on 13 June 2019, and re-appointed on 22 October 2019 and 22 January 2020, “to consider the social and economic impact of the gambling industry.”

Membership

The Members of the Select Committee on the Social and Economic Impact of the Gambling Industry were:

[Baroness Armstrong of Hill Top](#)

[Lord Butler of Brockwell](#)

[Lord Filkin](#)

[Lord Foster of Bath](#)

[Lord Grade of Yarmouth](#) (Chair)

[Lord Layard](#)

[Lord Mancroft](#) (appointed 3 October 2019)

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[Lord Parkinson of Whitley Bay](#) (appointed 29 October 2019 and resigned 18 February 2020)

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[The Lord Bishop of St Albans](#)

[Baroness Thornhill](#)

[Lord Trevethin and Oaksey](#)

[Lord Watts](#)

[Baroness Wyld](#) (resigned 26 September 2019)

Declarations of interests

See Appendix 1.

A full list of Members’ interests can be found in the Register of Lords’ Interests:

<http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests>

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Evidence is published online at <https://committees.parliament.uk/committee/406/gambling-industry-committee/> and available for inspection at the Parliamentary Archives (020 7129 3074).

Q in footnotes refers to a question in oral evidence.

The prefixes ZGDA and GAM refer to items of written evidence. The prefixes are interchangeable and the same evidence will be found under each number in both series.

SUMMARY

One third of a million of us are problem gamblers. On average, one problem gambler commits suicide every day.

The young are most at risk:

- 55,000 problem gamblers are aged 11–16;
- for girls aged 11–16, the rate of problem gambling is twice that of any other female age group;
- for boys, the rate is three times the rate for adults;
- for all of them, gambling is illegal, yet such efforts as the industry makes to prevent it are altogether unsuccessful.

The harm goes wider: for each problem gambler, six other people, a total of two million, are harmed by the breakup of families, crime, loss of employment, loss of homes and, ultimately, loss of life.

The gambling industry spends £1.5 billion a year on advertising, and 60% of its profits come from the 5% who are already problem gamblers, or are at risk of becoming so.

Addiction to alcohol or drugs is high profile and highly resourced. The comparable harm caused by gambling addiction has not received the same attention and is only now beginning to be recognised.

How did we get to this state? Until the Gambling Act 2005, public policy decreed that while Parliament did not want to ban gambling, it would do nothing to stimulate it. All that changed with the radical Budd Report of 2001 which laid out a blueprint for the liberalisation of gambling, promoting consumer freedoms to choose in a wider competitive gambling market. The Government accepted this departure, and it was on this that the 2005 Act was based.

A second revolution, unforeseen by policy makers at the time, was the almost universal adoption of the smart phone and other devices which enabled gambling 24/7—whenever and wherever the gambler wanted, totally unsupervised.

Gambling operators have made hay exploiting the *laissez faire* regime that has existed hitherto, while successive governments and regulators have failed to keep up with the revolution in the UK gambling sector. Our report demonstrates the wholly reactive nature of regulation since gambling was liberalised. The unscrupulous methods and ingenuity of some gambling operators makes for shocking reading. Their tactics are to change their working methods just enough to avoid more regulation being imposed on them from outside; and to date that has worked well. This cannot continue.

We have made over fifty recommendations which, we believe, will begin to address the misery that a gambling addiction can visit on individuals and their families and friends.

At any age, affordability is key. A bet which to one person may be no more than what they might spend on any other form of enjoyment, to another may be a step towards becoming a problem gambler. The people most at risk are also the

most profitable to the industry: the greater the problem, the bigger the profit. We have heard appalling stories of the most vulnerable people being targeted with inducements to continue gambling when the companies know they cannot afford to. Sometimes this is through failure to carry out the most basic checks, sometimes it is even deliberate. The industry has the resources to discover what is affordable, and we place on them the duty of not accepting bets from those who cannot afford them.

Some of this conduct would have been prevented if the full range of penalties had been used by the Gambling Commission. Heavy fines can be imposed, orders made to return bets which should not have been taken, ultimately an operator's licence can be removed. It is only recently, and as a reaction to criticism, that the Commission has begun to make better use of its wide powers. We have explained how more can and must be done.

We have considered whether all communications to customers with inducements to gamble should be banned. We have concluded that they should only be allowed to continue within strictly controlled limits. These include age limits, particularly stringent affordability checks, and a positive agreement by the customer to receive such communications.

New games are constantly being devised, often highly addictive, sometimes with a particular appeal to children. There is currently no adequate system of checking such games before they are put on the market. We recommend that new games should not be allowed until they have been tested against a range of factors to ensure that they do not score too highly on the harm indicator scale.

Throughout our inquiry individuals have been in touch with us to tell us how impossible their position is when they are in dispute with operators: no or inadequate response, failure to accept responsibility, dispute resolution which resolves nothing. Only a transparent and independent ombudsman system can resolve this.

However strict the controls, some gamblers will continue to fall through the net. This is a health problem, where the NHS should be at the forefront. Research, education and treatment are expensive, but can be and should be paid for out of the industry's profits. It is beyond belief that the Government have steadfastly refused to exercise the powers they already have to impose a mandatory levy on the industry. They must drag their feet no longer.

We do not overlook that for most people who gamble this is a source of enjoyment that can foster social cohesion. We have been careful, in formulating our recommendations, to make sure that they impact on the undoubted benefits of gambling only to the extent necessary to make gambling safer for all.

Only in response to pressure from MPs, the public, pressure groups and the media, is any action being taken to deal with the harm caused by problem gambling. At last, all main political parties are promising action, notably in their most recent election manifestos.

The time for that action by the Government is now.

Gambling Harm—Time for Action

CHAPTER 1: INTRODUCTION

1. Half the adults in this country gamble at least once a month.¹ A third of a million of them are problem gamblers. Although they are fewer than 1% of the adult population, they contribute an astonishing 25% of the profits of the gambling industry; and the 4% of adults who are at low or medium risk of becoming problem gamblers contribute a further 35%.² The rate of problem gambling among 11–16 year old children is twice as high as for adults; for boys alone it is three times as high.³
2. With the increase in online gambling, the problem can only get worse. In 2012, 14% of people took part in online gambling;⁴ seven years later the figure was 21%, half as many again.⁵ The choice of games is bewildering, and the house edge generally higher. There is no limit on when or where individuals can gamble, age is harder to verify and supervision is difficult.
3. The gambling companies have no incentive to drive customers to financial ruin,⁶ but they have every incentive to keep them gambling, even when problems are looming. The greater the problem, the higher the profit.
4. For every problem gambler, six other people are adversely affected by gambling-related harm: a total of some two million people.⁷ This can lead to the breakup of families, the loss of employment, loss of homes, crime, financial ruin and, in the worst cases, suicide. There is also a cost to society: lost tax receipts, benefit claims, welfare, and the cost to the NHS and the criminal justice system.
5. The much publicised position of the gambling industry is that the great majority of gamblers gamble within their means and spend no more on gambling than they would on any other activity which gives them enjoyment. It adds zest to their lives, and particularly to their enjoyment of sport. They should be free to do so. Added to which, the industry stresses the benefits to society, to employment, to tourism and to taxation.
6. These are two very different sides of the same coin, and neither can be looked at in isolation. Our task has been to reconcile the two.
7. **We hope that our recommendations will make gambling safer for all, but no less enjoyable for those who do participate safely.**

1 These are rounded figures. See paragraph 70 and Table 1 for more exact figures.

2 See paragraph 277. More exact figures, and an explanation of what we mean by “problem” gambler and similar expressions, are given in Chapter 5 on Gambling-Related Harm, paragraphs 262–265.

3 See paragraphs 420–421.

4 Gambling Commission, *Gambling participation: activities and mode of access* (October 2014) p 2: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Survey-data-on-gambling-participation-year-to-September-2014.pdf> [accessed 17 June 2020]

5 Gambling Commission, *Gambling participation in 2019: behaviour, awareness and attitudes, Annual report* (February 2020) p 10: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 18 June 2020]

6 Written evidence from beBettor Ltd (GAM0021)

7 See paragraphs 278–285.

One inquiry, three committees

8. In December 2018 the Bishop of St Albans wrote to the Chair of the Liaison Committee suggesting that a Special Inquiry Committee should be set up to investigate these conflicting images of gambling. The Liaison Committee agreed and recommended to the House that a Special Inquiry Committee should be appointed to examine the social and economic impact of the gambling industry.⁸
9. Special Inquiry Committees like ours are usually set up shortly after the beginning of a Parliamentary session in May and are required to report to the House shortly before the end of that session. On 13 June 2019⁹ the Committee was set up, with a requirement that it should report by 31 March 2020.¹⁰
10. The Committee met for the first time on 18 June 2019 and adopted a work programme which included taking evidence during more than 20 sessions over 13 meetings, concluding on 10 December 2019. This would have left three months for drafting, considering and agreeing our report before the end of March 2020. Our programme was however disrupted by three subsequent events. The prorogation on 10 September 2019 forced us to cancel two evidence sessions. The subsequent ruling by the Supreme Court that the prorogation was unlawful meant that the Committee had not after all been dissolved and did not need to be reappointed. It was otherwise with the prorogation on 6 October, which forced us to cancel two further meetings involving four evidence sessions. This time the Committee was indeed dissolved, and had to be reappointed on 22 October before it could meet again. After meeting only twice, on 5 November the Committee was yet again dissolved for the general election, and was not reappointed until 22 January 2020. The order reappointing us required us to report by 23 June 2020.
11. Although, technically, three different Committees have therefore been involved, they have had the same membership,¹¹ and our order of appointment has allowed us to treat the evidence given to any of them as evidence given to us. When in this report we refer to “the Committee” or “this Committee”, unless the context otherwise requires, we are referring to all three Committees collectively.

Our working methods

12. At our second meeting on 25 June 2019 we agreed a Call for Evidence¹² which was circulated widely. By 3 October we had received evidence from 89 persons and bodies. We have since received 39 items of supplementary written evidence. On 3 July we held an informal seminar off the record at which we heard the views of a number of experts. On 10 July we were given a presentation of different types of online gambling.

8 Liaison Committee, *New special inquiry committees 2019–20* (4th Report, Session 2017–19, HL Paper 309), para 18

9 In 2019 this was not the beginning of the session; there had been no prorogation in May 2019 or in May 2018.

10 The composition of the Committee is set out in Appendix 1, including two changes which were made during the course of our inquiry. The Bishop of St Albans is a member of the Committee.

11 Apart from the changes listed in Appendix 1.

12 See Appendix 3.

13. We held our first three oral evidence sessions in July 2019. However, the disruption to which we have referred meant that between 23 July 2019 and 28 January 2020 we were able to meet only four times, holding only seven further evidence sessions. We tender once again our apologies to those witnesses whose own plans, like ours, were disrupted, and whose evidence sessions had to be postponed, often at short notice.
14. On 28 January 2020 we resumed our weekly meetings, taking our total to 20 evidence sessions with 56 witnesses. Additionally, we held a private meeting with families of problem gamblers who had taken their own lives. A list of those who gave us written and oral evidence is at Appendix 2, and their evidence is on our website. To all those witnesses we are most grateful; our assessment of all their views and evidence is the basis of this report.
15. Our final oral evidence session with Ministers, which was to have taken place on 17 March 2020, unfortunately and understandably had to be cancelled, but Ministers have instead sent written evidence giving us the Government’s view on the questions we were to have put to them.¹³
16. The delays in our work mean that most of our written evidence, which was submitted in September 2019, is now nine months old. Fortunately, we have been able to update it with oral evidence and supplementary written evidence. But the problems caused by Covid-19 are of a different order. Until the day before this report was agreed all betting shops, casinos and sports venues were still closed, and offline gambling had virtually come to a standstill. Some of the evidence gives data on trends in gambling, problem gambling, income and expenditure, comparisons of offline and online gambling, and much else. Normally one would be able to extrapolate from these to see what the future might hold. Plainly this will not be possible for this year, and perhaps for some time thereafter. We do not believe this will affect our conclusions and recommendations. The changes we propose will be needed whatever the future may hold.

Other contemporaneous work

17. This is a topic that has been very much in the forefront of the news during our inquiry. Our work has been undertaken over 13 months, and in that time there have been attempts to change the law, and changes in policy and practice, some initiated by the Gambling Commission, some by the industry itself, and some by pressure groups—but none by the Government.
18. Other bodies have been concerned with these issues and three of them, though not Parliamentary Committees, have had parliamentary connections. There are two All Party Parliamentary Groups (APPGs). The oldest is the All Party Betting and Gaming Group, whose remit is “to act as a forum for the discussion of issues concerning betting and gaming in the UK”.¹⁴ Its Chair is Philip Davies MP. Our Chair met Mr Davies informally on 23 July 2019.
19. A second APPG, initially formed to consider the question of Fixed Odds Betting Terminals (FOBTs), was re-formed in January 2019 as the APPG on Gambling Related Harm to consider wider issues. Its remit is now “to

¹³ Supplementary written evidence from HM Government ([GAM0135](#))

¹⁴ Lord Mancroft, Lord Smith of Hindhead and Lord Trevethin and Oaksey, members of this Committee, are members of this Group.

address the issues associated with Gambling Related Harm”.¹⁵ It is chaired by Carolyn Harris MP. Our Chair met her informally on 9 July 2019, and she came with Ronnie Cowan MP and Sir Iain Duncan Smith MP to talk informally to the Committee on 3 March 2020. Over the last year the APPG has carried out a wide ranging inquiry into Online Gambling Harm, publishing an interim report in November 2019¹⁶ and a final report on 16 June 2020.¹⁷

20. Lastly, shortly after our Committee was established five major gambling companies invited Lord Chadlington¹⁸ to establish an independent Committee to make recommendations on the administration of funds donated by those companies. Lord Chadlington’s Committee reported in December 2019. We consider their report, together with the whole of this question, in Chapter 8.

The devolved administrations

21. The Gambling Act 2005 applies to England and Wales. It also applies to Scotland,¹⁹ but with some differences: for example, some of the powers to make secondary legislation in relation to Scotland are given to Scottish Ministers. The Gambling Commission has no power to prosecute offences in Scotland; that power rests solely with the Crown Office and Procurator Fiscal Service, to whom the Commission can refer the results of an investigation.
22. The Act²⁰ does not however apply to Northern Ireland, where gambling is still governed by the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985,²¹ itself based on the Betting, Gaming and Lotteries Act 1963, the Gaming Act 1968 and the Lotteries and Amusements Act 1976, nearly all of which the 2005 Act repealed and replaced for the rest of the United Kingdom.²² The law in Northern Ireland is therefore much more restrictive than in the rest of the United Kingdom; casinos are not permitted, and poker, bingo and other games cannot be organised commercially in licensed premises. Betting shops and commercial bingo clubs do not open on Sundays, a sensitive issue in the Province. On the other hand, online gambling is almost unrestricted, since the 1985 Order contains no provisions governing it.
23. In 2011 the Northern Ireland Department for Communities initiated a review “to investigate the key elements of Northern Ireland’s gambling policy, practice and law, and identify areas where reform is necessary if gambling is

15 Lord Foster of Bath and the Bishop of St Albans, both members of this Committee, are members of this Group.

16 All Party Parliamentary Group on Gambling Related Harm, *Online Gambling Harm Inquiry: Interim Report* (November 2019): <http://grh-appg.com/wp-content/uploads/2019/11/Interim-APPG-Report-November-final-1.pdf> [accessed 17 June 2020]

17 All Party Parliamentary Group on Gambling Related Harm, *Online Gambling Harm Inquiry: Final Report* (June 2020): <http://www.grh-appg.com/wp-content/uploads/2020/06/Online-report-Final-June16-2020.pdf> [accessed 17 June 2020]

18 A member of the APPG on Betting and Gaming.

19 The SNP would however like to see greater devolution of gambling regulation to the Scottish Parliament: see the extract from the SNP manifesto in Appendix 4.

20 Hereafter, unless the context otherwise requires a reference to “the Act” or “the 2005 Act” is a reference to the Gambling Act 2005.

21 The Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 (*SI 1985/1204*)

22 The Betting, Gaming and Lotteries Act 1963, *sections 24–31*, dealing with the Horserace Betting Levy Board and the Totalisator Board, remain in force. The Gambling Commission’s jurisdiction also extends to Northern Ireland under the Gambling (Licensing and Advertising) Act 2014, *section 5* in respect of the offence of advertising unlicensed remote gambling: Northern Ireland.

to remain a safe social activity.” On 6 March 2011 the Department issued a consultation paper.²³ The Northern Ireland Executive announced in February 2013 that it intended “to update the Province’s outdated gambling laws to align them more with those that operate throughout the rest of the UK.” Nothing however happened until 16 December 2019 when the Department for Communities issued a fresh consultation on gambling law in Northern Ireland.²⁴ That consultation closed on 21 February 2020. The results are still awaited. Our recommendations do not therefore extend to Northern Ireland. We hope that those involved in formulating new laws regulating gambling in the Province will nevertheless find our views useful.

A word on terminology

24. When on 8 October 2019 we took oral evidence from four witnesses who had been seriously harmed by their gambling, we began by asking them about their preferred terminology. They were not unanimous, but most preferred the term “disordered gambling” to “problem gambling”, since this indicated a gambling disorder or gambling addiction, with a link to mental health.²⁵ We very much sympathise with the view that it is not gamblers or their gambling which are the problem; on this view the problems are the activities of the industry. Nevertheless we have decided in this report to refer to “problem gambling” and “problem gamblers”. These expressions do not fully recognise the mental health issues, but they are consistently used in official publications and academic research,²⁶ and are commonly used in the press and elsewhere. We think they are the expressions which will be best understood by most readers of this report.

23 Northern Ireland Department for Communities, ‘Future regulation of gambling in Northern Ireland’: <https://www.communities-ni.gov.uk/consultations/future-regulation-gambling-northern-ireland> [accessed 29 April 2020]

24 Northern Ireland Department for Communities, ‘Consultation launched on regulation of gambling in Northern Ireland’: <https://www.northernireland.gov.uk/node/41736> [accessed 29 April 2020] and Northern Ireland Department for Communities, *Regulation of Gambling in Northern Ireland Consultation Document* (December 2019): <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-consultation-regulation-gambling.pdf> [accessed 29 April 2020]

25 Q 50 (Owen Baily, Alex Macey, Tony Parente and Michelle Singlehurst)

26 They are the expressions consistently used by the Gambling Commission (including in the *Gambling Commission, Licence Conditions and Codes of Practice* (April 2020): <https://www.gamblingcommission.gov.uk/PDF/LCCP/Licence-conditions-and-codes-of-practice.pdf>, [accessed 29 April 2020]), and in the Gambling Commission, *Gambling-related harm as a public health issue: Briefing paper for Local Authorities and local Public Health providers* (February 2018): <https://www.gamblingcommission.gov.uk/PDF/Gambling-related-harm-as-a-public-health-issue.pdf> [accessed 29 April 2020]); and also used in, inter alia, the Department for Culture, Media and Sport, *Gambling Review Report*, Cm 5206, July 2001: <http://www.nationalcasinoforum.co.uk/wp-content/uploads/2013/11/Gambling-Review-Budd-Report.pdf> [accessed 4 May 2020]; the Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill* (Report of Session 2003–04, HC 139-1, HL Paper 63–1); Culture, Media and Sport Committee, *The Gambling Act 2005: A bet worth taking?* (First Report, Session 2012–13, HC 421); and more recently in the All-Party Parliamentary Group on Gambling Related Harm, *Online Gambling Harm Inquiry: Interim Report* (November 2019): <http://grh-appg.com/wp-content/uploads/2019/11/Interim-APPG-Report-November-final-1.pdf> [accessed 29 April 2020]; Lord Chadlington’s Committee, *Action Against Gambling Harms* (December 2019); Northern Ireland Department for Communities, *Regulation of Gambling in Northern Ireland Consultation Document* (16 December 2019): <https://www.communities-ni.gov.uk/sites/default/files/consultations/communities/dfc-consultation-regulation-gambling.pdf> [accessed 18 May 2020]; and the National Audit Office, *Gambling regulation: problem gambling and protecting vulnerable people* (26 February 2020): <https://www.nao.org.uk/wp-content/uploads/2020/02/Gambling-regulation-problem-gambling-and-protecting-vulnerable-people.pdf> [accessed 18 May 2020].

Acknowledgements

25. At our first meeting on 18 June 2019 we appointed Professor Rebecca Cassidy, Professor of Anthropology at Goldsmiths, University of London, as our specialist adviser for the inquiry. She was reappointed when the Committee was appointed for the second time on 28 October 2019. For personal reasons she told us that she would prefer not to be reappointed when this Committee was appointed for the third time. We are most grateful to her for her advice and assistance in the early stages of the inquiry, in the formulation of the call for evidence, in the selection of witnesses and in formulating questions to them. In the later stages of our inquiry we have had assistance from Dr Philip Newall of Central Queensland University, and to him too we are most grateful.

Implementation of this report

26. The Conservative Party manifesto for the 2019 general election promised a review of the Gambling Act. In their final evidence to us Ministers said:

“We also committed in our manifesto to review the Gambling Act 2005 to make sure it is fit for the digital age. Further details will be announced in due course but this committee’s report will undoubtedly be an important point of reference in that process.”

Later they said: “We particularly look forward to the findings from this committee.”²⁷ The Labour, Liberal Democrat and Scottish National Party manifestos also made pledges to reform the law on gambling.²⁸

27. **All three main UK political parties, and the Scottish National Party, pledged in their election manifestos to reform the law on gambling. Although they frame their proposed policies differently, it is clear that all four parties believe that major changes to the law on gambling are needed. We hope that the Government, in making good on its manifesto undertaking, will urgently give effect to our recommendations, and that they will receive all-party support.**
28. **A few of our recommendations can be implemented only by primary legislation, but most need only secondary legislation, or changes in the Gambling Commission’s licence conditions and codes of practice, or in the way it exercises the powers it already has. There is no need for these to wait until an opportunity for primary legislation arises.**
29. The Labour manifesto promised a new Gambling Act, and a number of our witnesses have called for a new Act, though without specifying what the new Act should say, or how it would differ from the existing Act. The 2005 Act is a major piece of legislation with 362 sections and 18 Schedules. We take the view that only a complete reversal of the policy behind the Act would necessitate its repeal and replacement. This is not something we have recommended. We believe that where the major changes which we have recommended involve primary legislation, they can be effected by amendment of the Act or, in a few cases, of other primary legislation.

27 Supplementary written evidence from HM Government ([GAM0135](#))

28 We set out the relevant passages in Appendix 4.

CHAPTER 2: BACKGROUND AND THE CURRENT SITUATION

Gambling—the statutory definition

Betting and gaming

30. There has been confusion in some of the evidence we have received about the definitions of the different types of gambling—betting, gaming and lotteries. Under the Gambling Act 2005²⁹, betting is defined as making or accepting a bet on:
- The outcome of a race, competition or other event or process;
 - The likelihood of anything occurring or not occurring; or
 - Whether anything is or is not true.
31. Gaming is defined as “playing a game of chance for a prize.”³⁰ A “game of chance” includes:
- A game that involves both an element of chance and an element of skill;
 - A game that involves an element of chance that can be eliminated by superlative skill; and
 - A game that is presented as involving an element of chance, but
 - Does not include a sport.
32. Many of the documents submitted to the Committee in written evidence, and many witnesses in oral evidence, follow the increasingly common practice of using the term “gaming” to describe playing electronic games either on a console or online on a laptop or mobile phone. This can create some confusion, as “gaming” in its statutory sense is governed by the Act and regulated by the Gambling Commission, while video and online games currently are not. In this report we use the word “gaming” in its statutory sense and refer to video gaming and social gaming as such.

Lotteries

33. At its simplest, a lottery is a type of gambling that has three essential elements:
- Payment is required to participate;
 - One or more prizes are awarded; and
 - Those prizes are awarded by chance.
34. Lotteries can only be run for the benefit of good causes, and there are two main types of lottery—the National Lottery and society lotteries. Both are described in more detail in Chapter 9.

Gambling Commission

35. The Gambling Commission was established under the Gambling Act 2005³¹ and assumed full powers in 2007, taking over responsibility from the Gaming

29 Gambling Act 2005, [section 9](#)

30 Gambling Act 2005, [section 6](#)

31 Gambling Act 2005, [section 20](#)

Board of Great Britain for regulating commercial gambling in Great Britain, in partnership with licensing authorities. It licences operators and individuals in Britain that provide arcades, gaming machines, betting, lotteries, bingo, remote gambling (both online and over the phone), casinos and gambling software, as well as awarding the licence to run the National Lottery.

36. The Commission is an independent, non-departmental public body sponsored by the Department for Digital, Culture, Media and Sport (DCMS). It is funded by fees set by DCMS and paid by the organisations and individuals it licenses. We examine the Gambling Commission in more detail in Chapter 4.

Legislative background

37. Prior to the Gambling Act 2005, which came fully into force on 1 September 2007, gambling in England, Wales and Scotland was regulated by the Betting and Gaming Act 1960, which was repealed and replaced by the Betting, Gaming and Lotteries Act 1963, the major consolidating statute governing all forms of gambling. As we describe below, major changes to the law on gaming were made by the Gaming Act 1968, and to the law on lotteries by the Lotteries and Amusements Act 1976,³² until the creation of a separate legislative framework for the establishment and regulation of the National Lottery in 1993. The 1963, 1968 and 1976 Acts were largely repealed when the Gambling Act 2005 came into force.³³
38. Before 1960, legislation did not try to interfere with private gambling between individuals but attempted to place strict controls on gambling for commercial gain. However, the aim of the Betting and Gaming Act 1960 was to liberalise the law on gaming to allow those who wanted to game to do so, whilst at the same time continuing to prohibit commercial exploitation. To achieve this aim the Act imposed three conditions:
- No charges were to be made for gaming;
 - No levies were to be taken from the stakes and;
 - If the games were not of equal chance, then the chances were to be equalised by the method of play (for example, by rotating the bank between players).
39. Despite these restrictions, commercial gaming was able to obtain a foothold because of what was thought to be a minor concession which allowed clubs to impose a charge to recover the costs of the gaming facilities they provided. There was no requirement that the amount charged should be limited to the real cost of providing such facilities. Nor was the concession limited to genuine members' clubs and as a result a great number of commercially operated clubs emerged.
40. By the mid-1960s, there were approximately 1,000 casinos operating in the UK, some unscrupulous operators were taking advantage of customers, and criminal involvement was rife. The Gaming Act 1968 was passed to restore order. The Act recognised that commercial gaming could not be suppressed

32 This was a consolidating Act, consolidating the lotteries provisions of the 1963 Act with the Lotteries Act 1975, which was repealed on its entry into force.

33 The provisions remaining in force are those relating to contributions for the benefit of horseracing by bookmakers and the Totalisator Board.

and sought to bring it under strict controls. The Home Office’s “Introduction to the Gaming Act” stated:

“The main purpose of the Act is to curb all forms of gaming which are liable to be commercially exploited and abused. It recognises that commercial gaming cannot now be suppressed, but seeks to bring it under strict controls. The principle on which it proceeds is that no one can claim a right to provide commercial gaming: it is a privilege to be conceded subject to the most searching scrutiny, and only in response to public demand.

The controls have as their common object to purge this activity of its criminal elements, to cut out excessive profits, and to ensure that gaming is honestly conducted in decent surroundings. Beyond that the intention underlying the Act is to reduce drastically the number of commercial clubs providing games other than bingo; to restrict bingo to a neighbourly form of gaming for modest prizes; and to check the proliferation of gaming machines and machines used for amusement with prizes.”³⁴

Budd Report

41. In 2000, the Home Office commissioned a review of gambling, and following changes in departmental responsibilities after the 2001 general election, it was submitted to the Department of Culture, Media and Sport. The review was commissioned to try to understand the “rather more complex world of gambling”³⁵ that had emerged since the Government’s last review in 1978.
42. The Gambling Review Body was chaired by Sir Alan Budd GBE, a prominent British economist whose career included being Chief Economic Adviser to the Treasury, a founding member of the Bank of England’s Monetary Policy Committee, and head of the Government Office for Budget Responsibility. When he gave oral evidence to us on 3 September 2019, he emphasised that the Review Body “produced a report in 2001 and in 2005 the Gambling Act was passed. The Gambling Act reflected a very high proportion of our proposals, but it did not include them all.”³⁶
43. In 2001, the Gambling Review Body’s Report (known as the Budd report) made recommendations to liberalise the regulation of gambling. The report recommended that the demand test for betting shops, bingo halls and casinos should be abolished. The demand test was introduced in the Gaming Act 1968, and stated that:

“ (1) The licensing authority may refuse to grant a licence under this Act if it is not shown to their satisfaction that, in the area of the authority, a substantial demand already exists on the part of prospective players for gaming facilities of the kind proposed to be provided on the relevant premises.

(2) Where it is shown to the satisfaction of the licensing authority that such a demand already exists, the licensing authority may refuse to grant a licence if it is not shown to their satisfaction-

34 Home Office, *Introduction to the Gaming Act* (1968)

35 *Gambling Review Report*, p 1

36 [Q 37](#) (Sir Alan Budd GBE)

(a) that no gaming facilities of the kind in question are available in that area or in any locality outside that area which is reasonably accessible to the prospective players in question, or

(b) where such facilities are available, that they are insufficient to meet the demand.”³⁷

44. The Budd report also recommended that the membership and 24-hour rules for casinos and bingo halls should be abolished. At the time, all those who wished to gamble at a casino or bingo hall were required to be members, and there was a 24-hour delay between becoming a member and being able to gamble.
45. It was suggested that casinos should be permitted to provide:
- A wider range of gambling activities, such as betting and bingo;
 - Slot machines with unlimited stakes and prizes; and
 - Live entertainment.
46. The report also recommended that bingo halls should be permitted to offer unlimited prizes, rollovers and unlimited linked games, and betting shops should be permitted to have jackpot machines. It was also suggested that credit cards should be approved for gambling purchases with the exception of direct use in gaming machines.
47. The report explained that the aims of the recommendations were to ensure that:
- Permitted forms of gambling are crime-free, conducted in accordance with regulation, and honest;
 - Players will know what to expect, are confident they will get it and are not exploited; and
 - There is protection for children and vulnerable persons.³⁸
48. The report also suggested that gambling regulation should be simplified, by incorporating all regulation relating to gambling into a single Act of Parliament, establishing a single regulator for all gambling activities, and making that regulator responsible for the licensing of individuals and companies.
49. There has been much retrospective discussion of the approach taken in the Budd report, with some, such as Dan Waugh, partner at Regulus,³⁹ suggesting that the report’s primary focus was the consumer. Mr Waugh gave oral evidence to us on 3 September, questioning whether the recommendations in the report “could be considered to be truly radical.”⁴⁰
50. Mr Waugh suggests that the report was interested in how gambling legislation could promote the greatest benefits to consumers while also providing

37 Gaming Act 1968, [schedule 2, paragraph 18](#)

38 [Gambling Review Report](#), p 10

39 Dan Waugh, ‘Budd Revisited—Gambling in Great Britain 15 Years On’, *UNLV Gaming Research & Review Journal*, vol. 20(2), (2016): <https://digitalscholarship.unlv.edu/cgi/viewcontent.cgi?article=1356&context=grrj> [accessed 18 May 2020]

40 [Q 37](#) (Dan Waugh)

protection against harms to individuals and society. The authors of the report stated that finding this balance was their ‘central dilemma’:

“The most difficult general issue that we have had to solve concerns the familiar dilemma between the desire to permit free choice and the fear that such choice may lead to harm either to the individual or to society more widely” ...

“Our proposals generally move in the direction of allowing greater freedom for the individual to gamble in ways, times and in places than is permitted under current legislation. This move to greater freedoms is balanced by rather tighter controls on the freedom of young people to gamble and by some tighter controls over those who provide gambling circumstances.”⁴¹

51. The Budd report concluded that the correct balance between restrictions on consumer freedom and the potential for harm suggested setting aside the principle that facilities offered should only respond to unstimulated demand.
52. The report recommended that online gaming should be permitted but also that “only online gambling sites that are licensed by the Gambling Commission should be permitted to advertise in Great Britain.”⁴² While the Government accepted the Budd report’s recommendation that online gambling be made explicitly legal, it did not become a requirement for remote operators to hold a licence from the Gambling Commission until November 2014.⁴³

Children

53. The Review Body was persuaded by the weight of evidence that children and young people are especially vulnerable to the risks of becoming problem gamblers. As a result, it decided to make various recommendations that it believed would reduce children’s opportunities to gamble. The report highlighted two specific areas of gambling regulation: the ability for children legally to play (low stake, low prize) gaming machines in amusement (so called penny) arcades; and the potential for online gambling to increase gambling participation and problem gambling among children.
54. It described the practice of permitting machine play by minors as “an historical accident”⁴⁴ but stopped short of recommending a ban out of consideration for the financial impact this would have on seaside arcades. Nevertheless, several recommendations were included for constraining the opportunities for children to gamble on machines, including:
 - Removing machines from ‘ambient’ and lowly supervised premises such as taxi offices and chip shops;
 - Restricting machine gaming by under-18s to the lowest stake and prize category (classified as Category D machines under the 2005 Act);
 - Freezing the maximum stakes (10p per spin) and prizes (£5) for such machines; and

41 *Gambling Review Report*, p 7

42 *Gambling Review Report*, p 5

43 Gambling (Licensing and Advertising) Act 2014

44 *Gambling Review Report*, p 4

- Barring the use of non-cash prizes.

55. Each of these recommendations was implemented by the Gambling Act 2005.

Draft Gambling Bill and pre-legislative scrutiny

56. The Draft Gambling Bill was published in November 2003, and listed its licensing objectives as:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime,
- Ensuring that gambling is conducted in a fair and open way, and
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.⁴⁵

57. The Draft Bill also made provision for the establishment of the Gambling Commission, and stated that the Commission should permit gambling in so far as is reasonably consistent with the pursuit of the licensing objectives. The Draft Bill also gave the Secretary of State power to make regulations requiring holders of an operating licence to pay an annual levy to the Commission.

58. In April 2004, the Joint Committee on the Draft Gambling Bill published its report. The Committee stated that:

“Although many of the changes we recommend are aimed at ensuring that the Government proceeds more cautiously than was recommended by the Budd review and as envisaged in the subsequent White Paper, *A Safe Bet for Success*, we think that the overall framework of the draft Bill is about right.”⁴⁶

59. The Committee emphasised that it was content that the objectives listed in the Draft Bill were balanced and appropriate, and recommended that they should be included unamended in the final version of the Bill.

60. The report also noted that the Committee expected the draft Bill to lead to an increase in the prevalence of problem gambling: “Almost all of the evidence we have received points to the fact that this legislation would increase the number of people in the United Kingdom with a gambling problem.”⁴⁷ However the Committee expected that some of its recommendations, if implemented, would contribute to a reduction in the scale of any increase:

“We make several recommendations to reduce the potential impact of the draft Bill, in particular we suggest that no casino should be permitted unlimited numbers of gaming machines. We also comment on key areas in which more research is necessary, including the continued use of low-value gaming machines by children.”⁴⁸

45 Department for Culture, Media and Sport, *Draft Gambling Bill*, Cm 6014, November 2003, p 1: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/272089/6014_i.pdf [accessed 16 June 2020]

46 Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill* (Report of Session 2003–04, HC 139-I, HL Paper 63–I)

47 *Ibid.*

48 *Ibid.*

61. The Gambling Act 2005 was passed in April 2005, but did not fully enter into force until 1 September 2007.

Post-legislative scrutiny

62. The House of Commons Culture, Media and Sport Committee⁴⁹ published its report on post-legislative scrutiny of the Gambling Act 2005⁵⁰ in July 2012, when it had been in force for nearly five years. The report concluded that:

“Gambling is now widely accepted in the UK as a legitimate entertainment activity. While we recognise the need to be aware of the harm caused by problem gambling, it seems to us that the rather reluctantly permissive tone of gambling legislation over the last 50 years is now an anomaly. Our general approach in this report has therefore been to support liberalisation of rules and delegation of decisions to those most knowledgeable about their likely impacts, local authorities, while keeping national controls to the minimum commensurate with protection of the vulnerable, in particular children.”⁵¹

Political shift

63. Prior to the Gambling Act 2005, gambling was seen as an activity that should be tolerated, but not encouraged. This approach to gambling was discussed in the Budd report:

“Much of the existing legislation in the UK reflects an attitude that gambling is, at best, something to be grudgingly tolerated and contained, rather than allowed to be encouraged. This attitude is based either on the belief that gambling is bad in itself (the moral argument) or that it can lead to serious harm (the danger argument). It is for this reason that the concept of “unstimulated demand” (enshrined in the 1968 Betting and Gaming Act) has such a central role.”⁵²

64. This attitude was clearly demonstrated in the demand test, which allowed a licensing authority to refuse to grant a gambling licence unless it was shown to its satisfaction that there was an existing substantial demand for gaming facilities of the kind proposed to be provided on the premises. Where it was shown to the satisfaction of the licensing authority that such a demand did already exist, the licensing authority could still refuse to grant a licence if it was not shown to its satisfaction that no gaming facilities of the kind proposed were available or that they were insufficient to meet demand.
65. The Budd report explained some of the other restrictions on gambling, that showed the Government’s willingness to tolerate gambling, but not encourage it:

“The current state of regulation is based on the view that gambling should be tolerated rather than encouraged. By “encouraged” we mean that the general public should not be faced by unlimited opportunities to gamble and by uncontrolled inducements to do so (e.g. by unregulated advertising). Many forms of commercial gambling can only be conducted

49 Now the Digital, Culture, Media and Sport Committee.

50 Culture, Media and Sport Committee, *The Gambling Act 2005: A bet worth taking?* (First Report, Session 2012–13, HC 421)

51 *The Gambling Act 2005: A bet worth taking?*, p 5

52 *Gambling Review Report*, p 69

on licensed premises and at limited hours. There may be limits on the types of game, on the number of machines, on the size of stake and on the possible winnings. A period of 24 hours may have to elapse before one becomes entitled to play. The numbers and locations of gambling outlets are restricted.”⁵³

66. The Gambling Act 2005 changed the underlying approach to gambling from permitting it, but not encouraging it, to increasing the opportunities for adults to gamble, and treating it as a leisure activity like any other. This move to liberalise the legislative and regulatory approach to gambling can be seen in various aspects of the Act, including:
- Abolishing the demand test for granting licences to open new gambling premises, and placing a duty on the Gambling Commission to aim to permit gambling “in so far as the Commission think it reasonably consistent with pursuit of the licensing objectives”;
 - Abolishing the requirement for casinos and bingo halls to operate as members’ clubs, with a 24 hour delay between gaining membership and being able to gamble. Following the Act, both casinos and bingo halls became places to which the public could have unrestricted access; and
 - Allowing gambling operators to advertise across all media in Great Britain.
67. In recent years, there has been increased criticism of the Gambling Act, as well as the regulatory approach underpinning it. Many witnesses have suggested that the Act is unable to regulate technological developments in gambling. Gambling with Lives, a charity established by those bereaved by gambling-related suicide, stated: “There is a clear need for a new Gambling Act to bring legislation up to date with the rapid developments in technology over the past 15 years.”⁵⁴ The Gordon Moody Association, which provides intensive residential treatment for problem gamblers, expressed similar views in its evidence, explaining: “When the 2005 Gambling Act was drafted, there was no ability to gamble on mobile devices as there is today, and despite the best intentions, the 2005 Act has proved unable to keep up or adapt to evolving technology.”⁵⁵
68. Academics, charities, campaigners, politicians and sections of the media have also called for the introduction of new gambling legislation. Some, such as Professor Jim Orford⁵⁶, Emeritus Professor of Clinical and Community Psychology at the University of Birmingham, have argued that the new legislation should be based on an approach similar to that seen pre-2005, where gambling is once again tolerated, but not encouraged, and is recognised as a dangerous product. Professor Orford told us that “The 2005 Gambling Act is turning out to be sufficiently flawed that a completely new Act, based on a dangerous consumption/public health perspective, is now needed ...”⁵⁷

53 *Gambling Review Report*, p 7

54 Written evidence from Gambling with Lives ([GAM0098](#))

55 Written evidence from the Gordon Moody Association ([GAM0032](#))

56 Written evidence from Professor Jim Orford ([GAM0019](#))

57 Written evidence from Professor Jim Orford ([GAM0019](#))

Gambling prevalence

69. The Gambling Commission's *Gambling Participation in 2019: behaviour, awareness and attitudes* report⁵⁸ gives a broad overview of gambling participation in Great Britain.
70. Overall, 47% of respondents said that they had participated in at least one form of gambling in the previous four weeks. A larger proportion of men (51%) had participated in any form of gambling than women (43%), and this pattern can be seen consistently over a number of years. The proportion of men and women gambling fluctuates, but for both men and women there was a two percentage point increase between 2015 and 2019.

Table 1: Past four-week participation in all forms of gambling

	Males	Females
Year to December 2015	49%	41%
Year to December 2016	53%	44%
Year to December 2017	48%	41%
Year to December 2018	51%	41%
Year to December 2019	51%	43%

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 8: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

71. The age groups most likely to have participated in gambling were those aged 45–54 or 35–44, with 53% of 45–54 year olds, and 50% of 35–44 year olds having gambled in the past four weeks. Those in the youngest and oldest age groups had the lowest gambling participation levels.
72. Participation in National Lottery draws is much higher than for any other gambling activity. Of those who had gambled on one activity in the previous four weeks, 31% had only gambled on National Lottery draws.
73. When National Lottery draw only respondents are excluded, the overall participation rate falls from 47% to 32%. Since 2015, the proportion of respondents gambling on any activity (other than National Lottery draws) has increased by five percentage points. Males were more likely than females to gamble (36% and 30% respectively), and those aged 16–34 were more likely to gamble than other age groups.

Table 2: Past four-week gambling participation (excluding participation in National Lottery draws)

	Males	Females
Year to December 2015	30%	25%
Year to December 2016	36%	30%
Year to December 2017	34%	29%
Year to December 2018	37%	28%
Year to December 2019	36%	30%

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 9: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

58 *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report

74. Overall, 21% of respondents have gambled online in the previous four weeks, which is a three percentage point increase since 2018, and a six percentage point increase since 2015. Online participation was higher among men (25%) than women (17%). There has been a significant increase in those aged 16–24 (17%, a five percentage point increase) and 35–44 (28%, a six percentage point increase) gambling online.

Table 3: Past four-week online gambling participation (including online National Lottery products)

	Males	Females
Year to December 2015	18%	11%
Year to December 2016	21%	13%
Year to December 2017	21%	15%
Year to December 2018	23%	15%
Year to December 2019	25%	17%

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 10: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

75. We discuss the prevalence of problem gambling (as opposed to all gambling) in Chapter 5⁵⁹, and in Chapter 6⁶⁰ we look at the prevalence of gambling, including problem gambling, among children and young people.

Social and economic benefits of gambling

Social benefits

76. The gambling industry trade association, the Betting and Gaming Council⁶¹ (BGC), emphasised that research has found “not only higher levels of well-being among recreational gamblers than non-gamblers, but also found that well-being increased with gambling engagement”⁶² except in those instances where problem gambling occurred. It also referred to research which indicates that gambling can involve a range of additional benefits, such as opportunities for social engagement and increases in mental acuity. The BGC also quoted research by Professor David Forrest, Professor of Economics at the University of Liverpool Management School, which states:

“interaction with others is widely regarded in the psychology literature as important to a feeling of satisfaction with life. Much gambling takes place in social settings. The bingo hall can provide its patrons with a sense of camaraderie. Casino players appear to value social contact with dealers and other players.”⁶³

59 Chapter 5, paragraphs 262–268

60 Chapter 6, paragraphs 414–421

61 The Betting and Gaming Council, which has been operational since November 2019, is an industry association for betting and gaming representing 90% of the UK betting and gaming industry.

62 Written evidence from the Betting and Gaming Council ([GAM0068](#))

63 *Ibid.*

77. The Bingo Association’s evidence also emphasised the social value of bingo, stating that:

“The Ipsos MORI research into problem gambling in bingo in 2016 ... concludes that a visit to a bingo club is a crucial lifeline to those whose ‘life circumstances limit their ability to participate in other leisure pursuits’. 92% of bingo customers attend their club with friends or family, and many make connections whilst at the bingo. It is therefore a social support system, where the key motivation for attending is to socialise and relieve isolation and boredom.”⁶⁴

78. The Rank Group emphasised the health benefits of bingo, particularly for older players:

“Specifically for bingo, a recent University College, London (2019) study (and reported in various news outlets, August 2019) points to the social benefits of playing land-based bingo, with other people, to protect against the development of dementia. The study into “cognitive reserve” reveals a compelling contrast to the scourge of loneliness in society, especially among older-age groups, and builds on the concept of social engagement as a means of delaying (the symptoms of) dementia.”⁶⁵

79. As explained above, there is considerable academic research that shows the social benefits of land-based bingo halls, but we also received evidence that emphasised the social benefits of online bingo. Phil Cronin, Chief Executive of Tombola, highlighted the importance of its online community:

“All of the games that are available on our sites involve chat communities, where people can meet up and make friends. We have even had people who have ended up getting married, having originally met on our Tombola website.”⁶⁶

80. Simon Wykes, Transition Director of Gamesys Group, also explained the importance of the online community for its business and customers:

“The other basis of the business has always been community. It has always been about being with people who are like you and who feel like you. ... we have had 13 weddings from our chat houses across our business. In our Jackpotjoy brand, 49% of visits to the site do not involve customers spending any money. They come to a place for free games and get entertainment in that way. In 51% of visits, they spend some money. Nearly 30% of our customers actively engage in chat, but a lot of the others just like to observe what is going on in the chat and see what people are saying.”⁶⁷

64 Written evidence from The Bingo Association ([GAM0013](#))

65 Written evidence from Rank Group Plc ([GAM0029](#))

66 [Q 100](#) (Phil Cronin)

67 [Q 100](#) (Simon Wykes)

Economic benefits

81. The Government’s evidence explained that the gambling industry employs more than 106,000 people⁶⁸, and that last year it paid £3 billion to the Exchequer in gambling duties. The Treasury’s evidence explained that this £3 billion represents 0.4% of the annual tax take and gave a breakdown by individual sectors of the gambling industry.

Table 4: Exchequer revenue from gambling duty by sector

Duty	Sector	2018–19 Revenue
General Betting Duty	Bookmakers	£619 million
Pool Betting Duty	Bookmakers	£6 million
Lottery Duty	National Lottery operator	£853 million
Gaming Duty	Casinos (gaming tables)	£222 million
Remote Gaming Duty	Remote (online) casinos, slots and bingo sites	£531 million
Machine Games Duty	Gaming machine operators	£720 million
Bingo Duty	Bingo halls	£33 million

Source: Written evidence from HM Treasury ([GAM0080](#))

82. The Rank Group’s evidence gave an illuminating example of the tax contribution made by gambling operators:

“At Rank, in the most recent financial year (2018/2019), we made a Group Profit After Tax (PAT) of £29.1 million but paid £191.1 million in tax. In short, we paid over six and half times more in tax than we made in group profit after tax. Of this, £159.0 million was paid in UK tax ... ”⁶⁹

83. The financial contribution made by the gambling industry through taxes must be taken into account when considering the costs incurred by the state and society. We deal with this in full in Chapter 5.⁷⁰

84. The BGC provided information about the employment benefits of the gambling industry:

“Our members are a key part of the leisure and entertainment industry. Our industry employs over 106,000 people⁷¹ and contributes more than £14 billion to the UK economy. Of the 106,000 people employed

68 Written evidence from HM Government ([GAM0090](#)) dated 6 September 2019, gave the figure of 106,000. However, the Gambling Commission’s latest statistics published in May 2020 show that in September 2019 98,000 people were employed in the gambling industry : Gambling Commission, *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019* (May 2020) p 9: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-industry-statistics.pdf> [accessed 15 June 2020]

69 Written evidence from Rank Group Plc ([GAM0029](#))

70 Chapter 5, paragraph 280

71 Written evidence from The Betting and Gaming Council ([GAM0068](#)) dated 6 September 2019, gave the figure of 106,000. In its latest statistics, published in May 2020, the Gambling Commission gives the figure as 98,000: *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*, p 9

in our industry, 56% are women and 24% are aged under 24. Jobs in our industry range from retail assistants in betting shops (each shop employing on average six members of staff), skilled croupiers in casinos to high tech jobs in online operators and suppliers. Our members also support training and apprenticeships, which is growing in provision.”⁷²

85. The British Horseracing Authority (BHA) emphasised the beneficial relationship between the gambling industry and horseracing, which is most evident in the Horserace Betting Levy. The Levy is charged at 10% of a gambling operator’s gross profit on British horseracing. The money raised is then distributed in line with three statutory purposes:

- The improvement of breeds of horses;
- The advancement or encouragement of veterinary science or education; and
- The improvement of horseracing.

86. The BHA explained that:

“the majority of Levy expenditure is reinvested by the Horserace Betting Levy Board (HBLB) for the improvement of horseracing, funding prize money which acts as the lifeblood of the industry—supporting participants, keeping more horses-in-training and improving the popularity of the sport as a socially responsible betting product.”⁷³

87. Camelot stated that since its launch the National Lottery has raised £40 billion for good causes. This represents “565,000 grants, 200 per postcode right across the UK⁷⁴” with 70% of grants being for £10,000 or less. Camelot also highlighted the benefits to the Treasury and retailers:

“Some £17 billion has been raised in 25 years for the Treasury, and as importantly, about £6.5 billion for retailers. We play a really pivotal role in keeping our independent retailers open. We have 44,000 retailers. We rely on them and they rely on us. We continue to pay about £300 million a year in commission.”⁷⁵

88. We acknowledge that gambling of all types is a source of enjoyment, and that some forms foster a strong sense of social cohesion among players. Gambling makes an important contribution to employment and to the economy. Throughout this inquiry we have borne this in mind, and in formulating our recommendations we have sought to impact on the benefits of gambling only to the extent that is required to achieve the objective of making gambling safer for all.

72 [Q 128](#) (Brigid Simmonds)

73 Written evidence from the British Horseracing Authority ([GAM0065](#))

74 [Q 119](#) (Nigel Railton)

75 *Ibid.*

CHAPTER 3: THE GAMBLING INDUSTRY: STRUCTURE, DEVELOPMENT AND CURRENT PICTURE

Gambling industry

89. The Gambling Commission publishes annual statistics⁷⁶ on the gambling industry, which show that in the year October 2018 to September 2019:
- The total gross gambling yield⁷⁷ (GGY) of the Great Britain gambling industry for all sectors was £14.26 billion; and
 - The total GGY of the Great Britain gambling industry (excluding lotteries) was £10.50 billion.
90. The remote betting, bingo and casino sectors have 38.6% of the gambling market share in Great Britain, with a GGY of £5.51 billion (October 2018–September 2019).

Size of the sector

91. The total GGY of £14.26 billion is broken down between the sectors as follows (all figures are from October 2018 to September 2019):

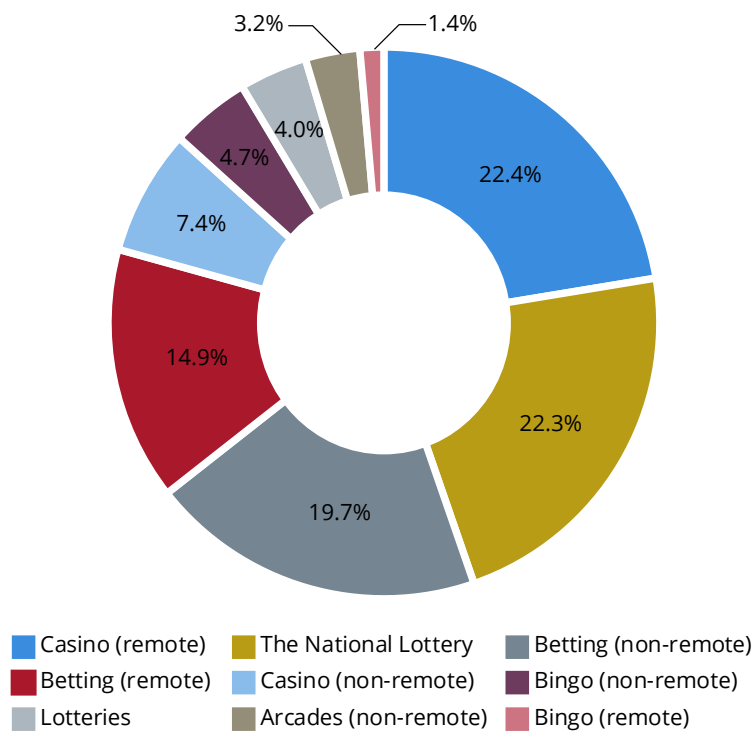
Table 5: GGY by sector

Sector	GGY
Arcades (non-remote)	£0.46 billion
Betting (non-remote)	£2.81 billion
Betting (remote)	£2.12 billion
Bingo (non-remote)	£0.67 billion
Bingo (remote)	£0.20 billion
Casino (non-remote)	£1.05 billion
Casino (remote)	£3.19 billion
Lotteries (non-remote and remote)	£0.54 billion
The National Lottery (non-remote and remote)	£3.18 billion

Source: Gambling Commission, *Industry statistics: April 2015 to March 2019 updated to include October 2018 to September 2019 (May 2020)* p 4: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-industry-statistics.pdf> [accessed 15 June 2020]

⁷⁶ *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*

⁷⁷ Gross Gambling Yield (GGY) is used to represent the income of a gambling operator, and is calculated by looking at the money taken in bets or stakes minus the money paid out in prizes or winnings.

Figure 1: GGY by Sector, October 2018 to September 2019

Source: Gambling Commission, *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019 (May 2020)* p 5: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-industry-statistics.pdf> [accessed 15 June 2020]

Offline gambling

92. Land-based gambling has been a form of entertainment in Great Britain for centuries, with on-course betting on horseracing becoming increasingly popular since the 1700s. As explained in Chapter 2⁷⁸, bingo halls, betting shops and casinos gained a foothold in Great Britain in the 1960s and are now a common sight on high streets across the country. Despite enormous changes in the ways in which people gamble, betting shops, casinos, and bingo halls are often the most visible form of gambling, and still the first that come to mind for many people.
93. Certain aspects of offline gambling are discussed in other chapters, such as bingo halls in Chapter 2⁷⁹ which discusses the social benefits of gambling. On-course betting at horseraces is discussed in Chapter 6⁸⁰ on children and young people, and in Chapter 7⁸¹ on advertising. In this section we discuss other specific issues in relation to the provision of offline gambling services.

Gaming machines

94. Most gaming machines are of the reel-based type also known as fruit, slot or jackpot machines. They are divided into categories according to the maximum stake and prize available.

78 Chapter 2, paragraphs 39–40

79 Chapter 2, paragraphs 77–78

80 Chapter 6, paragraphs 474–476

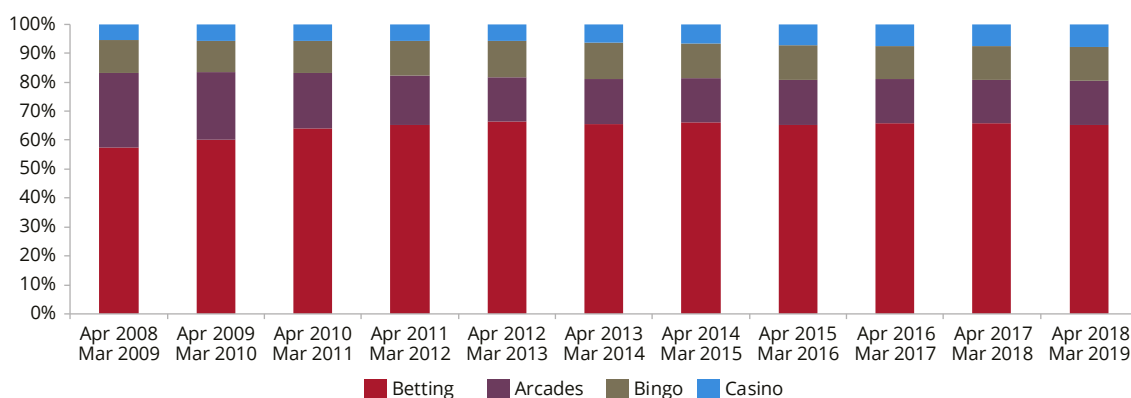
81 Chapter 7, paragraphs 519–522

Table 6: Gaming machine categories

Category of machine	Maximum stake	Maximum prize
A	No category A machines are currently permitted	No category A machines are currently permitted
B1	£5	£10,000 ⁸²
B2	£2	£500
B3A	£2	£500
B3	£2	£500
B4	£2	£400
C	£1	£100
D-on-money prize	30p	£8
D-non-money prize (crane grab machines only)	£1	£50
D-money prize	10p	£5
D-combined money and non-money prize	10p	£8 (of which no more than £5 may be a money prize)
D-combined money and non-money prize (coin pusher or penny falls machines only)	20p	£20 (of which no more than £10 may be a money prize)

Source: Gambling Commission, *Guidance to licensing authorities 5th edition (September 2015) Appendix B*: <https://www.gamblingcommission.gov.uk/for-licensing-authorities/GLA/Appendix-B-Summary-of-gaming-machine-categories-and-entitlements.aspx> [accessed 26 May 2020]

95. The total GGY for machine gaming was £2.47bn from October 2018–September 2019, a decrease of 11.8% from April 2018 - March 2019. This came from 185,203 gaming machines. In 2019 the largest number of machines were found in arcades (75,564) and bingo premises (74,199). Betting shops had 32,113 machines, but analysis of GGY up until March 2019 shows that machines in betting shops consistently account for the highest share of gaming machine GGY.

Figure 2: Machines GGY by sector location

Source: Gambling Commission, *'Industry Statistics'*: <https://www.gamblingcommission.gov.uk/Docs/Gambling-industry-statistics.xlsx> [accessed 4 June 2020]

82 With the option of a maximum £20,000 linked progressive jackpot on premises basis only.

Triennial reviews

96. Prior to the Gambling Act 2005, the government undertook a triennial review of the maximum stake and prize limits for gaming machines. The review largely focused on whether stake and prize limits should be increased in line with inflation. The last such review before the 2005 Act was in 2001. In October 2005, when the 2005 Act had been enacted but before the regulation-making powers had been brought into force, Ministers used their still extant powers under the Gaming Act 1968 to increase some of these stake and prize limits.⁸³ In July 2007 Ministers used their powers under section 236 of the 2005 Act, which by then was in force, to make the Categories of Gaming Machines Regulations 2007⁸⁴ which refined the definitions of the categories of gaming machines and set fresh (and higher) maximum stakes and prize limits from 1 September 2007, the date on which the Act came fully into force. These limits were further revised for some categories (again upward) in 2009⁸⁵ and 2011.⁸⁶
97. In January 2012 John Penrose MP, then Minister for Tourism and Heritage at the DCMS, told the House of Commons Select Committee on Culture, Media and Sport that the Government were “launching a triennial review of stakes and prizes, which has been much called for”.⁸⁷ A year later, in January 2013, the Government launched *The Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits*, which stated that the Government had “decided to implement a more coherent approach to stake and prize regulation based on the previous triennial review system.”⁸⁸ It took advice from the Gambling Commission, which in turn took advice from the Responsible Gambling Strategy Board.⁸⁹ In line with that advice, some stakes and prizes were again increased.⁹⁰
98. The reintroduction of the triennial review was supported by the majority of the consultation respondents, and the Government concluded that a triennial review was still appropriate; however, it qualified this by saying that “future reviews must be informed by evidence of impact, both socially and economically, of the changes recommended as part of this review.”⁹¹
99. In October 2016 the Government published a call for evidence for a broader review of gaming machines and social responsibility. In its advice to the

83 The Gaming Machines (Maximum Prizes) Regulations 2005 ([SI 2005/2775](#)), and The Gaming Act 1968 (Variation of Monetary Limits) Order ([SI 2005/2776](#))

84 The Categories of Gaming Machine Regulations 2007 ([SI 2007/2158](#)). For a full explanation of the changes made in 2005 and 2007 see the Department for Culture, Media and Sport, *Explanatory Memorandum to the Categories of Gaming Machine Regulations 2007*: http://www.legislation.gov.uk/ukxi/2007/2158/pdfs/ukxiem_20072158_en.pdf [accessed 25 May 2020]

85 The Categories of Gaming Machine (Amendment) Regulations 2009 ([SI 2009/1502](#))

86 The Categories of Gaming Machines (Amendment) Regulations 2011 ([SI 2011/1711](#))

87 *The Gambling Act 2005: A bet worth taking?*, Q 766

88 Department for Culture, Media and Sport, *Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits, Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines* (15 January 2013) p 4: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/73077/Con_Doc_Triennial_review.pdf [accessed 21 May 2020]

89 Now the Advisory Board for Safer Gambling.

90 The Categories of Gaming Machine (Amendment) Regulations 2014 ([SI 2014/45](#))

91 Department for Culture, Media and Sport, *Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits, Government Response to Consultation on Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines* (October 2013) p 9: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/249311/Government_Response_to_Consultation_on_Gaming_Machine_Stake_and_Prize_Limits_FINAL.docx.pdf [accessed 21 May 2020]

Gambling Commission for this review in January 2017, the Responsible Gambling Strategy Board⁹² was clearly under the impression that this was the next in the series of triennial reviews.⁹³ This was not the case. The consultation was not published until October 2017, with the Government’s response then published in May 2018. The executive summary set out the Government’s “focus on reducing gambling-related harm, protecting the vulnerable and making sure that those experiencing problems are getting the help they need.”⁹⁴ For the first time, the review recommended a reduction in some of the stakes.⁹⁵

100. Online gambling was also considered within the review; however the Government placed the onus upon the Gambling Commission and operators to reduce the risk of harm occurring.⁹⁶ We believe the Government needs to go further to address the risk of harm posed by online gambling, and the rapid development of new games and technology. Since this review concluded in 2018, there has been no further indication of when the next phase will take place.
101. **We recommend that the Government should reinstate the triennial reviews of maximum stake and prize limits, and they should be extended to include both gaming machines and online gambling products. Consultation for the next review should begin before the end of this year, with conclusions drawn and action taken by the middle of 2021.**

Gambling venues

102. The total number of licensed gambling premises was 9,745 in September 2019, a 12% decrease from March 2018. Of these, 7,315 were betting shops. This is the fifth consecutive year of decline in the number of betting premises, with a fall of 14.5% in betting shops between March 2018 and September 2019. It might be anticipated that the number of betting premises, particularly betting shops, will continue to fall as the reduced stake limits on FOBTs impact their revenue. The number of active casino premises is stable, with 155 in September 2019.

92 Now the Advisory Board for Safer Gambling.

93 Responsible Gambling Strategy Board, *Advice in relation to the DCMS review of gaming machines and social responsibility measures* (31 January 2017): <https://www.rgsb.org.uk/PDF/Advice-in-relation-to-the-DCMS-review-of-gaming-machines-and-social-responsibility-measures.pdf> [accessed 23 May 2020]

94 Department for Digital, Culture, Media and Sport, *Government response to the consultation on proposals for changes to Gaming Machines and Social Responsibility Measures* (May 2018) p 5: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/707815/Government_response_to_the_consultation_on_proposals_for_changes_to_gaming_machines_and_social_responsibility_measures.pdf [accessed 21 May 2020]

95 The Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018 (SI 2018/1402) For a further discussion of the reduction of the maximum stake for category B2 machines from £100 to £2, see paragraphs 119–124.

96 *Government response to the consultation on proposals for changes to Gaming Machines and Social Responsibility Measures*, p 7

Table 7: Licensed Gambling Premises in GB, 2011–2019
Active Premises as at 30 September 2019⁹⁷

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Betting	9,067	9,128	9,100	9,111	8,995	8,915	8,800	8,559	7,315
Bingo	695	646	680	710	674	654	635	657	642
Casino	149	146	144	147	148	152	150	152	155
Arcades	2,396	2,542	2,033	2,031	1,941	1,894	1,819	1,747	1,633
Total	12,307	12,462	11,957	11,999	11,758	11,615	11,404	11,115	9,745
Year-on-year change		1%	-4%	0%	-2%	-1%	-2%	-3%	-12%

Source: Gambling Commission, *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019 (May 2020)*: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-industry-statistics.pdf> [accessed 15 June 2020]

Casinos

103. The Hippodrome Casino’s evidence emphasised that the rate of problem gambling is lower among those who gamble at casinos, with a problem gambling rate of 7.1% for table games in 2016,⁹⁸ stating that “by comparison with other forms of betting and gaming, casino gambling would appear to be a middle-ranking activity in terms of problem gambling prevalence.”⁹⁹ While there are no harmless forms of gambling, we agree that casinos, and particularly table games, are not the most harmful and that this is largely due to the responsible way in which they are operated, and to the fact that they are more easily regulated.

104. Simon Thomas, Chief Executive and Chairman of the Hippodrome Casino London, explained some of the features of casinos that allow gambling to be tightly controlled:

“They are purpose-built for gambling. They have the correct levels of player protection and control; if you go to the Hippodrome, it says “Casino” above the door in big letters. It is not a surprise. You go in through manned door control and are checked to see whether you are sober and old enough. We have no issues with underage gambling. You then gamble across tables with trained and licensed employees, and even on the electronic side like the slot machines, there are people monitoring them at all times.”¹⁰⁰

105. He then described in more detail the process of monitoring customers:

“It is about keeping an eye on player behaviour. Every one of our slot machines is linked to an electronic system. The operatives have an iPad and can see the level of activity on any machine. If anybody has been on a machine for excessive amounts of time, they will have an intervention. If people have spent above a certain level, they will have an intervention.

97 The figures in Table 7 are for March in the given year, other than 2019 which is for September. This means that any change from 2018 to 2019 is for 18 months.

98 Written evidence from The Hippodrome Casino ([GAM0070](#))

99 *Ibid.*

100 [Q 89](#) (Simon Thomas)

It might just be a friendly chat, perhaps with somebody they know, perhaps with somebody they do not know ...

if somebody were to spend £1,500 on buy-in or win or lose, we would need full photo ID under the anti-money laundering regulations. If somebody is approaching that, we will have interventions beforehand, just to let them know that they are approaching the limit. If somebody has been on the machine for a certain amount of time—an hour or two—we will be checking on them.”¹⁰¹

106. We were impressed with the mechanisms in place at the Hippodrome to ensure that gambling is undertaken in a safe environment and that those showing possible signs of problem gambling are monitored. We would like to see best practice for monitoring customers and ensuring a safe gambling environment at casinos undertaken throughout the sector. We also note that the speed of play at land-based casinos is slower than on comparable online games; this is another important element in ensuring that casinos are safer environments for gambling.
107. The Hippodrome’s evidence suggested that “a number of changes are required to gambling legislation in Great Britain.”¹⁰² One of the changes that the Hippodrome would like to see is an increase in the number of gaming machines permitted in casinos. Their evidence set out the current situation in which the majority of casinos (145 out of 152¹⁰³) operating in Great Britain are restricted to 20 gaming machines, “regardless of size or the volume of customer visits.”¹⁰⁴ These 145 casinos have preserved the entitlements of their licences originally granted under the Gaming Act 1968. However, there are seven casinos established under, and regulated by, the Gambling Act 2005, which are entitled to offer a higher number of machines. Three “small” casinos established under the 2005 Act are entitled to offer up to 80 machines, and four “large” casinos established under the 2005 Act are entitled to offer up to 150 machines. Understandably, the Hippodrome believes that all casinos in Great Britain should be regulated in the same manner and allowed the same number of gaming machines.
108. The Hippodrome emphasised that the Government had planned to use the opening of new casinos (with greater numbers of gaming machines) under the Gambling Act 2005 “as a trial for the wider modernisation of casinos regulations”¹⁰⁵, and in July 2008 the then Parliamentary Under-Secretary for Culture, Media and Sport, Gerry Sutcliffe MP, indicated that an assessment was scheduled for 2014. So far, no such assessment has been undertaken. We therefore remain in the strange position of having the number of gaming machines in any given casino decided by the date on which it was opened, and whether it is regulated by the preserved provisions of the 1968 Act or the 2005 Act, rather than its size, number of customers or demand. We are sympathetic to the call to increase the number of gaming machines available in casinos, but believe that the Government must undertake its

101 *Ibid.*

102 Written evidence from The Hippodrome Casino ([GAM0070](#))

103 Written evidence from The Hippodrome Casino ([GAM0070](#)) dated 6 September 2019, states that there are 152 casinos currently in operation. The Gambling Commission’s latest statistics on the gambling industry states that as of September 2019, there are 155 casinos in operation: [Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019](#), p 8.

104 Written evidence from The Hippodrome Casino ([GAM0070](#))

105 *Ibid.*

assessment of casinos regulations before making any changes. We believe that the Government should undertake the assessment of casino regulations which should have been undertaken in 2014, and ensure that all casinos are regulated consistently.

109. **The Government should forthwith undertake the assessment of casino regulations which it promised would take place in 2014, and apply the same regulations to all casinos, regardless of when they opened.**

Clustering of betting shops

110. As we have explained,¹⁰⁶ the liberalisation of the regulation of gambling has led to an increased presence of gambling services on the high street. This followed the recommendations of the Budd report:

“As with casinos and bingo halls, we think that demand is best assessed by potential operators on commercial grounds alone. The evidence we have received suggests that the demand test is currently employed by bookmakers to drive away competition. This restricts new trade and is not good for the punter. We recommend that the demand test should be abolished for betting shops.”¹⁰⁷

111. The demand test for betting shops, bingo halls and casinos was therefore replaced by a duty for the Gambling Commission to “aim ... to permit gambling in so far as the Commission think it reasonably consistent with pursuit of the licensing objectives.”¹⁰⁸ Section 153(2) of the Act imposes a similar duty on local authorities: “In determining whether to grant a premises licence a licensing authority may not have regard to the expected demand for the facilities which it is proposed to provide.”¹⁰⁹
112. Allowing operators to decide “on commercial grounds alone” where to locate new betting shops has resulted in betting shops being disproportionately located in places where people can least afford to gamble: what is referred to as “clustering” or “bunching”. The Estates Gazette’s evidence showed that “more than half of the nation’s 6,000 bookies are in the UK’s most deprived areas”¹¹⁰, and that 56% of all the big four’s betting shops are located in the top 30% most deprived areas in England.¹¹¹ 78% of the stores of Paddy Power are located in the top 40% most deprived areas.¹¹² An article published in the Estates Gazette at the same time included the chart below showing that over 20% of betting shops are located in the top 10% most deprived areas, with only 2% in the 10% least deprived areas; in between there is a direct correlation.¹¹³

106 Chapter 2, paragraph 66

107 *Gambling Review Report*, para 20.13. This however is not entirely consistent with their recommendation in paragraph 21.13, to which we refer below in paragraph 259.

108 Gambling Act 2005, [section 22](#)

109 There is no similar provision in the Licensing Act 2003 in relation to the licensing of premises for the sale of alcohol. The Gambling Act 2005, [section 166](#) exempts casino licensing from this provision.

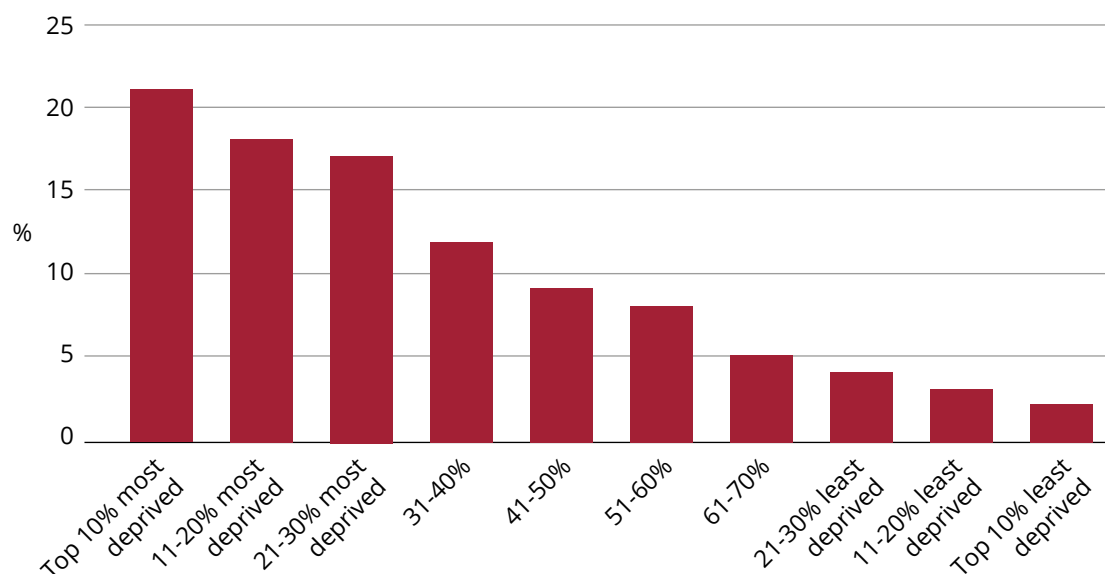
110 Written evidence from Estates Gazette ([GAM0005](#))

111 *Ibid.*

112 *Ibid.*

113 James Child, ‘All bets are off on the UK’s poorest high streets’, *Estates Gazette* (10 July 2019): <https://www.egi.co.uk/news/more-than-half-of-top-four-bookies-are-in-the-uks-most-deprived-areas/> [accessed 23 April 2020]

Figure 3: Percentage of bookmakers located by geographical decile, as defined by the MHCLG’s index of multiple deprivation



Source: James Child, ‘All bets are off on the UK’s poorest high streets’, *Estates Gazette* (10 July 2019): <https://www.egi.co.uk/news/more-than-half-of-top-four-bookies-are-in-the-uks-most-deprived-areas/> [accessed 23 April 2020]

113. Research by Landman Economics and Geofutures for the Campaign for Fairer Gambling has found a clear relationship between the extent of deprivation in local areas and the number of betting shops in those areas¹¹⁴. The industry is not, however, merely responding to the demand, it is to some extent driving it. Ease of access to betting shops incites and encourages gambling. This is an important social issue, and one way of alleviating the problem would be to increase the regulatory powers of local authorities. We deal with this in the following chapter.¹¹⁵

Lone working in betting shops

114. Dr James Banks, Reader in Criminology at Sheffield Hallam University, raised concerns about the practice of lone working in betting shops. He stated that to prevent gambling from being a source of crime or disorder (one of the licensing objectives) “I would encourage LBO [licensed betting office] operators to abolish lone working, with a view to reducing the likelihood of robbery and the risk posed to retail staff.”¹¹⁶

115. His evidence explained that analysis of the robberies committed in betting shops showed that although crimes were committed across betting shop opening hours, “many of the robberies took place in the evening when neighbouring shops will have closed and fewer people will be present either in the shop or the surrounding vicinity.”¹¹⁷ Dr Banks then stated that lone working “typically occurs in evening, but also the early morning”¹¹⁸, the times at which the betting shops will usually have fewest customers and when other businesses in the area will be closed. To mitigate the risks for

114 Written evidence from Landman Economics ([GAM0039](#))

115 Chapter 4, paragraphs 255–261

116 Written evidence from Dr James Banks ([GAM0033](#))

117 *Ibid.*

118 *Ibid.*

both lone-working staff and the individual betting shops involved, Dr Banks suggested:

“... previous research has demonstrated that greater numbers of ‘frontline’ staff or the introduction of specialised security personnel into retail environments where there is only a small volume of staff can serve to reduce the occurrence of violent crime.”¹¹⁹

116. Similar concerns were expressed in January 2017 by the Responsible Gambling Strategy Board.¹²⁰ In its advice to the Gambling Commission for the 2017 DCMS review of gaming machines and social responsibility measures, it said:

“Appropriate staffing levels are key to the detection and mitigation of harmful play. There must be serious doubt about the extent to which a single member of staff on their own in a betting shop, even at less busy times of the day or night, can simultaneously look after the counter, remain alert to the possibility of under-age play and money laundering, and still be expected to identify potentially harmful play and make appropriate interventions. The Gambling Commission should ask all operators to review safe staffing levels. Larger operators should be required specifically to address staffing levels and safety (of employees as well as players) in their annual assurance statements.”¹²¹

117. We are not aware that the Gambling Commission followed this advice, or that operators have addressed this issue. We agree that it is undesirable that a betting shop should have only one member of staff at any time, but especially in the evening, or if the lay-out of the shop does not allow one member of staff to supervise the whole premises. We have considered whether to recommend that a condition should be attached to premises’ licences requiring at least two members of staff to be present whenever the premises are open to the public. However, we have not taken evidence on this from the industry, and we recognise that this would have financial consequences, particularly for smaller operators.
118. **The Gambling Commission should work with bookmakers to create a protocol to ensure adequate supervision and staffing during opening hours, taking into consideration the size, lay-out and turnover of individual premises.**

Fixed Odds Betting Terminals

119. FOBTs are electronic machines in betting shops on which customers can play a variety of games, including roulette. Each machine accepts bets for amounts up to a pre-set maximum, and pays out according to fixed odds on the simulated outcomes of games.
120. Changes to the taxation of gambling with the introduction of a gross profits tax regime came into effect in October 2001, and allowed the gambling industry to introduce new, lower margin products, such as roulette, to

119 *Ibid.*

120 Now the Advisory Board for Safer Gambling.

121 Responsible Gambling Strategy Board, *Advice in relation to the DCMS review of gaming machines and social responsibility measures* (31 January 2017): <https://www.rgsb.org.uk/PDF/Advice-in-relation-to-the-DCMS-review-of-gaming-machines-and-social-responsibility-measures.pdf> [accessed 23 May 2020]

FOBTs. By April 2005, an estimated 20,000 terminals were in use,¹²² and this had increased to 30,000 by the time the Gambling Act came into force in September 2007.¹²³ The latest statistics from the Gambling Commission show that there are 23,441 FOBTs in Great Britain.¹²⁴

121. Concerns were raised by treatment providers about FOBTs and the relationship between FOBTs and problem gambling, as early as 2003.¹²⁵ However, it took until October 2017 for the DCMS to announce a range of proposals to strengthen protections around gambling, including lowering the maximum stake on FOBTs to between £50 and £2.¹²⁶ Following a public consultation¹²⁷ on the appropriate level of the new stake limits, the DCMS announced in May 2018 that the maximum stake would be lowered to £2.¹²⁸
122. In October 2018, the Budget report¹²⁹ stated that the reduced stake would come into effect from October 2019, and the then Chancellor of the Exchequer told the Commons Treasury Select Committee that the Government had to implement the new stake “in a way that is balanced and fair and allows for an orderly transition”. However, amendments to the Finance (No. 3) Bill to bring the implementation date forward to April 2019 attracted cross-party support.
123. In December 2018, the Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018¹³⁰ were approved by both Houses, and on 1 April 2019 the Regulations came into force and reduced the maximum stake on a single bet to £2.
124. The Gambling Commission’s latest statistics¹³¹ show that between October 2018 and September 2019, the GGY for all non-remote gaming machines fell by 11.8% compared to the previous period. This decrease was driven by the reduced stake limits on B2 machines from £100 to £2. For the whole year from October 2018 to September 2019, which included 6 months with a maximum stake of £100 and 6 months with a maximum stake of £2, the GGY on these machines fell by 46.4% compared with the last whole year with a £100 maximum stake. It can safely be said that the GGY for a whole year with a £2 maximum stake will have been more than 90% lower.

122 Europe Economics, *Fixed Odds Betting Terminals and the Code of Practice: a report for the Association of British Bookmakers Limited: Summary Only* (April 2005) para 1.2.5: <https://www.ipsos.com/sites/default/files/migrations/en-uk/files/Assets/Docs/Archive/Polls/abb.pdf> [accessed 18 May 2020]

123 *The Gambling Act 2005: A bet worth taking?*, p 5

124 *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*, p 9

125 Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill* (Report of Session 2003–04, HC 139-I, HL Paper 63–I) p 130

126 Department for Digital, Culture, Media and Sport, ‘Government to take action on Fixed Odds Betting Terminals’ (31 October 2017): <https://www.gov.uk/government/news/government-to-take-action-on-fixed-odds-betting-terminals> [accessed 23 April 2020]

127 Department for Digital, Culture, Media and Sport, *Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures* (October 2017): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/655969/Consultation_on_proposals_for_changes_to_Gaming_Machines_and_Social_Responsibility_Measures.pdf [accessed 23 April 2020]

128 HC Deb, 17 May 2018, cols 444–456

129 HM Treasury, *Budget 2018* (October 2018): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf#page=53 [accessed 23 April 2020]

130 The Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018 (SI 2018/1402)

131 *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*, p 9

Online Gambling

Background

125. The rapid growth and development of online gambling is one of the primary reasons that all three main UK political parties, and the Scottish National Party, undertook pledges to reform gambling legislation. The Conservative Party manifesto pledge has become a slogan for the concern that “the Gambling Act is increasingly becoming an analogue law in a digital age.”¹³²
126. The BGC does not agree, advocating that “it is difficult to envisage any technology that the Gambling Act 2005 would fail to cover”¹³³ under its current provisions. They, among other operators, feel that a new Gambling Bill is not needed, and sufficient powers are already granted under the Act both to the regulator and the Government.
127. Other sectors of the industry, treatment providers and charities disagree, and argue that the way we gamble has changed dramatically and the 2005 Act has not adapted to the ever-evolving technology.¹³⁴ As we have explained in Chapter 2, the 2001 Budd report recommended legalising online gambling. However, Sir Alan explained to us that as UK gambling companies could not legally provide online gambling at the time of the report, it was “difficult to appreciate the scale” of online gambling as the data was “scarce”.¹³⁵ As a result of this, the full extent of online gambling being carried out in Britain was not fully reported. As Mr Waugh, told us:
- “The prevalence survey in 1999 recorded online gambling participation as a rounding error, substantially lower than 1% whereas in 2016 it was 9%—excluding the National Lottery online, to put in context of how little was known about it at the time of the report.”¹³⁶
128. The Government accepted the Budd report’s online gambling recommendation in the 2005 Act, and subsequently the Gambling (Licensing and Advertising) Act 2014 made it a requirement that remote operators hold a licence from the Gambling Commission.¹³⁷ This legislation was perceived to have “closed a significant gap” in the regulation of online gambling, “meaning [the Gambling Commission] now regulate 100% of the legal British market.”¹³⁸
129. The technology available at the time of the Budd report, and even the Gambling Act 2005, was vastly different to the technology available today:
- “In 2005, it was estimated 13.9% of the world population uses the internet. In June 2019, it was estimated 58.8% of the world population

132 The Conservative and Unionist Party, *The Conservative and Unionist Party Manifesto 2019: Get Brexit Done, Unleash Britain’s Potential* (November 2019) p 20: https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf [accessed 31 March 2020]

133 Written evidence from Betting and Gaming Council ([GAM0068](#))

134 Written evidence from Gordon Moody Association ([GAM0032](#)) and BACTA ([GAM0050](#))

135 [Q 43](#) (Sir Alan Budd GBE)

136 [Q 43](#) (Dan Waugh)

137 Gambling (Licensing and Advertising) Act 2014, [section 1](#)

138 Written evidence from the Gambling Commission ([GAM0071](#))

now uses the internet.¹³⁹ In the UK, it was estimated in June 2019 that 94.6% of the population use the internet¹⁴⁰.¹⁴¹

130. Alongside the increasing accessibility of the internet, came greater internet speed and download capability. These developments continued to enhance the advancing capabilities of online gambling.
131. Technological advances have long since gone beyond the internet, and as Sir Alan told us, in 2001, “no one had even thought about the possibility that someone might be holding something in his or her hand and be allowed to gamble freely.”¹⁴² PCs were originally used for online gambling, but then a wider range of devices became available, from laptops and tablets to smart TVs and the rapidly increasing use of mobile phones, and the accompanying gambling apps. The Gambling Commission’s *Gambling Participation in 2019: behaviour, awareness and attitudes* report found that 50% of those gambling online were using a mobile phone, which is up from 23% in 2015.¹⁴³ As Tony Parente, one of our witnesses with lived experience, told us, now “You can gamble 24 hours a day, seven days a week, and non stop.”¹⁴⁴
132. Other advances such as social media, artificial intelligence and cryptocurrency have also contributed to the continued development of online gambling, both in terms of what we consider gambling to be, how we gamble and how gambling is monitored. Social media has created two new pathways to gambling; the first through social media’s role in advertising, which we discuss in Chapter 7, and social gaming which we discuss below and expand upon in Chapter 6.
133. Gambling operators have been accused by former gambling industry employees of “increasingly using artificial intelligence (AI) to predict consumer habits and personalise promotions to keep gamblers hooked.”¹⁴⁵ Where offline gambling can be largely conducted with anonymity, due to customers holding an account online, gambling operators have access to vast amounts of data regarding their customers’ age, payment history, any patterns in play and the popularity of specific products. Gambling operators apply AI in order to assist in utilising and understanding this data. This data is a significant resource and operators told us they need to “ensure ... that [they] use the data that [they] have as operators in a consistent and coherent way.”¹⁴⁶
134. As technology has advanced so has the need for expert knowledge, and throughout our inquiry witnesses expressed concern that the Gambling Commission cannot keep up with this rapid progress. Susanna Fitzgerald QC, a barrister and former trustee of GamCare, told us that “there is no way that the Commission can possibly match” the level of expertise in the industry, and

139 Internet World Statistics, ‘Internet growth statistics’: <https://www.internetworldstats.com/emarketing.htm> [accessed 18 May 2020]

140 Internet World Statistics, ‘Internet in Europe Stats’: <https://www.internetworldstats.com/stats4.htm> [accessed 18 May 2020]

141 Written evidence from East Riding of Yorkshire Council (GAM0028)

142 Q 43 (Sir Alan Budd GBE)

143 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, p 15

144 Q 58 (Tony Parente)

145 Mattha Busby, ‘Revealed: how bookies use AI to keep gamblers hooked’, *The Guardian* (30 April 2018): <https://www.theguardian.com/technology/2018/apr/30/bookies-using-ai-to-keep-gamblers-hooked-insiders-say> [accessed 13 April 2020]

146 Q 130 (Dan Taylor)

“it certainly does not.”¹⁴⁷ Neil McArthur, Chief Executive of the Gambling Commission, accepted that “the industry has many more data scientists and game designers,” but argued that the Commission can “set the exam question.”¹⁴⁸ This implies that the Commission could use its powers to utilise the skills that the industry possesses in order to better regulate developments in online gambling technology. The National Audit Office (NAO) report in February 2020 further confirmed that the Commission is aware of a “skills gap,”¹⁴⁹ but highlighted the constraints it is under with regard to its budget. Our support for Commission budgetary reform is highlighted in Chapter 4.¹⁵⁰

135. This brief outline demonstrates how dramatically technology has advanced, and the difficulty but necessity of anticipating and adapting to the impact that technology has on how we gamble, what we gamble on and the gambling-related harms experienced. In a Review of Online Gambling in 2018, the Gambling Commission acknowledged that “progress by the online industry to minimise harm has been significantly slower than we expected and required.”¹⁵¹ The rapid developments seen to date will only continue as new technologies are developed, and we agree with Dr Steve Sharman and Professor John Turner from the University of East London when they told us, “It is essential that any new legislation includes these newer types of gambling and retains the flexibility to evolve and to keep pace with the ever changing and developing gambling industry.”¹⁵²

Technology

136. Technology has prompted the need for the reassessment of regulation, but it can also be utilised by gambling operators to advance player protection. Some operators have begun to do this, and the BGC told us their members “are investing substantial resources in developing and deploying a range of harm prevention initiatives. Building on independent research, our members have developed behavioural tracking systems, designed to identify harmful play and deliver a set of tiered and tailored interactions to encourage customers to stay in control of their gambling.”¹⁵³
137. Professor Raian Ali and Dr John McAlaney from Bournemouth University submitted evidence setting out how technology such as Application Programme Interface (API) could be used to provide personalised real-time data to gamblers. Their research shows if “the data could be provided in an automated, real-time manner to players, it would enable them to visualise and understand their gambling behaviour, support them with budgeting and to identify potentially harmful behaviour.”¹⁵⁴ However, in order to be effective any such technological aid would require operators to share more data than they have historically been willing to provide.¹⁵⁵

147 [Q 44](#) (Susanna Fitzgerald QC)

148 [Q 141](#) (Neil McArthur)

149 *Gambling regulation: problem gambling and protecting vulnerable people*, p 10

150 See our recommendation in paragraph 201.

151 Gambling Commission, *Review of Online Gambling* (March 2018) p 4: <http://www.gamblingcommission.gov.uk/PDF/Online-review-March-2018.pdf> [accessed 13 April 2020]

152 Written evidence from Dr Steve Sharman and Professor John Turner ([GAM0037](#))

153 Written evidence from Betting and Gaming Council ([GAM0068](#))

154 Written evidence from Bournemouth University ([GAM0001](#))

155 We discuss the availability of data for research in Chapter 8, paragraphs 595–598.

The range of online gambling

138. Most formerly land-based gambling products have now also transferred onto online platforms; lotteries, bingo, casino style games and poker are all played online. However, online versions of gambling products are not subject to the same physical limitations as their land-based counterparts. For example, poker played in a casino is a relatively low-frequency gambling experience, as the speed of any individual hand is limited by how fast chips can be handled and cards dealt from a physical deck. In land-based poker, players must also travel to a card room, and often wait for a seat to open up at a game, whereas in online poker each new hand can be dealt to players instantaneously, making for a faster gambling experience. Furthermore, in online poker, players can play multiple games simultaneously. The greater speed and easy availability of online gambling products is relevant given that high-frequency gambling products are generally considered to be the most harmful.¹⁵⁶
139. Operators are also providing an increasing number of gambling activities across their platforms. For example, online poker sites now generally offer sports betting and other casino games alongside their core product of online poker, with customers able to use a single account balance across multiple forms of gambling. This is relevant to consumer protection given that problem gamblers tend to engage in multiple gambling activities.¹⁵⁷ The number of gambling activities is ever increasing, with new online games being developed all the time.
140. Online gambling has changed how very traditional forms of gambling are conducted; in horseracing for example, online gambling “now accounts for some 65.6% of turnover, and 50.4% of gross gambling yield.”¹⁵⁸ What was once the domain of land-based bookmakers is now moving more and more onto digital platforms. The diversity of sports and activities that can now be bet on is vast, from football, which is fast becoming synonymous with gambling, to snooker, darts and hurling all played across the world. The frequency of football betting used to be limited by the frequency of the games, which in England was typically 3pm on Saturdays. However, now a football bet can often be placed on an upcoming game, such as a Brazilian third division match or in one of the many international summer competitions. As a result, sports bets can be placed more easily and more frequently than ever before.
141. The variety of sports on which a bet can now be placed is complemented by the increasing variety of the types of bet available. One form of bet which has been referenced repeatedly throughout our evidence is in-play betting. As Professor Orford explained, this creates “multiple betting opportunities,”¹⁵⁹ as throughout the match, race or event players can bet quickly on a variety of different aspects of the event they are watching, or even bet on “multiple events simultaneously.”¹⁶⁰ For example, in-play bets can be placed on the identity of the next goal scorer, which can create many additional gambling

156 Natasha Dow Schüll, *Addiction by design: Machine gambling in Las Vegas*, 1st Edition (Princeton University Press, 2014)

157 Debi A LaPlante, Sarah E Nelson and Heather M Gray, ‘Breadth and depth involvement: Understanding Internet gambling involvement and its relationship to gambling problems’, *Psychology of Addictive Behaviors*, vol 28(2), (2014), pp 396–403: <https://www.ncbi.nlm.nih.gov/pubmed/23915365> [accessed 18 May 2020]

158 Written evidence from the British Horseracing Authority ([GAM0065](#))

159 Written evidence from Professor Jim Orford ([GAM0019](#))

160 Written evidence from Associate Professor Charles Livingstone ([GAM0108](#))

opportunities across the course of a high-scoring match. Gambling advertisements for next goal scorer bets have been observed to occur frequently during live high-profile football matches,¹⁶¹ a type of advertising that has not been entirely eliminated by the recent whistle-to-whistle ban. We address the role of advertising and discuss the whistle-to-whistle ban further in Chapter 7. Recent statistics show that 21% of online gamblers had bet in-play in the last four weeks, which is stable based on previous figures.¹⁶²

142. Another recent development in betting is the ability to create custom bets. Many of the larger gambling operators offer custom bet options, such as Sky Bet's RequestaBet tool or Bet365's Bet Builder. Custom bets also utilise social media, as gamblers can tweet companies with the hashtag #RequestABet, and the companies will build the bet. Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek from the University of Warwick told us their research shows "sports betting products that allow gamblers to customise their own bets are especially attractive to problem gamblers. In one recent survey, 16.0% of participants who had placed at least one custom bet were problem gamblers, compared to 6.7% who had never placed a custom bet."¹⁶³
143. In Chapter 7 we discuss concerns about the 'gamblification' of sport, and in particular its potential impact on young people. A form of betting which may further exacerbate the impact gambling has on children is eSports, which are the competitive playing of video games. Researchers told us: "ESports represents the largest growth opportunity for sports gambling and presents a particular worry as its players and spectators are young."¹⁶⁴
144. Players can bet on eSports in a traditional sense, on events occurring in the game or the outcome, but video games in recent years have also started to incorporate gambling-like features which use virtual currencies and in game items such as loot boxes and skins. This has raised concerns about what should and should not be considered gambling, and what steps should be taken in order to protect the large number of young people playing video games. As Parent Zone told us, when children and young people are using these products "they do so without the protection of regulation, and it is because regulators do not recognise their value that parents do not consider their risk."¹⁶⁵ This is an area of pressing concern with "the blurring of boundaries between video games and gambling activities."¹⁶⁶ We address the regulation of gambling-like activities in Chapter 6.
145. Virtual currencies, or cryptocurrencies, are digital currencies that are secured by data encryption, allowing currency to be transferred and transacted. Some cryptocurrencies are widely known such as Bitcoin, and social media firms like Facebook have proposed cryptocurrencies of their own. Decentralised gambling, which is also known as blockchain or crypto-gambling, is a form of gambling which uses cryptocurrency technology. As

161 Philip Newall, Ankush Thobhani, Lukasz Walasek and Caroline Meyer, 'Live-odds gambling advertising and consumer protection', *PLOS One*, vol 14(6), (2019): <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0216876> [accessed 18 May 2020]

162 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, p 18

163 Written evidence from Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek (GAM0089)

164 Written evidence from Ipsos MORI, Professor Agnes Nairn and Josh Smith (GAM0069)

165 Written evidence from Parent Zone (GAM0056)

166 Joseph Macey and Juho Hamari, 'Esports, skins and loot boxes: Participants, practices, and problematic behaviour associated with emergent forms of gambling', *New Media and Society*, vol. 21 (1), (2019), pp 20–24: <https://pdfs.semanticscholar.org/f275/a081548a2131e23054e332acf9a64baf414b.pdf?> [accessed 13 April 2020]

this is an emerging technology and the variety of cryptocurrencies available is increasing rapidly, this area of gambling creates another area of risk. Oliver Scholten, PhD student, Dr James Walker, lecturer in Computer Science and Dr David Zandle, lecturer in Computer Science from the University of York told us that the “online and unrestricted nature of decentralised gambling applications means that there are no theoretical limitations to the use of these gambling services by minors.”¹⁶⁷

146. Another development which continues to create confusion about what we consider gambling to be, is social gaming. Social gaming covers the wide variety of games that are available on social media platforms. These games contain gambling-like features, such as playing with cards or dice, or slot machine style games. In January 2015 the Gambling Commission stated in its Social Gaming report that it was accepted that winning additional spins/credits/tokens/chips in these games, despite the fact they could be purchased with real money, did not amount to a prize of money or money’s worth which would bring these games under the remit of gambling legislation. The Commission stated that this was untested in the courts (which to the best of our knowledge is still the position), and they added: “... the uncertainty, and associated commercial and regulatory risk, is a useful deterrent to those thinking of pushing the boundary.” Their conclusion was that “there is no compelling reason at the moment to impose additional regulation on the social gaming sector given that it is already subject to extensive consumer protection legislation.”¹⁶⁸
147. However, the Gambling Commission does continue to monitor social gaming in its annual participation report, and the most recent survey found 20% of respondents had taken part in social gaming, and 44% of individuals who had gambled as well as played social games said they played social games first.¹⁶⁹
148. What we understand online gambling to be has changed dramatically, and it is imperative that the recommendations we make help protect players against the potential harms that might be felt from products that are both available now and new products which might be created in the future.

Unregulated online gambling

149. When considering online gambling, we must bear in mind online gambling sites which are unregulated in the UK. Ulrik Bengtsson, Chief Executive of William Hill, told us “the UK regulation, which broadly keeps 98% of play within the licensed regime, is very successful.”¹⁷⁰ However, Professor Julia Hörnle, Professor of Internet Law at Queen Mary, University of London, believes “the extent of foreign unlicensed gambling by punters in Great Britain is unknown and therefore its impact (in terms of harmful effects) is unknown.”¹⁷¹ Nevertheless gambling operators say they remain concerned about the risk of excessively stringent regulation driving people into unregulated online markets.¹⁷²

167 Written evidence from Oliver Scholten, Dr James Walker and Dr David Zandle (GAM0074)

168 Gambling Commission, *Social gaming* (January 2015) pp 2 and 9: <https://www.gamblingcommission.gov.uk/PDF/Social-gaming-January-2015.pdf> [accessed 15 April 2020]

169 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, pp 33–35

170 Q 129 (Ulrik Bengtsson)

171 Written evidence from Professor Julia Hörnle (GAM0034)

172 Q 130 (John Coates)

150. The Gambling Commission, though aware of the potential risk, think “this could not possibly be an argument for lowering standards in the licensed community” and believe “there is no great sense of a burgeoning illegal market.”¹⁷³

Prevalence of online gambling

151. As would be expected given the growth of this sector, the Gambling Commission’s Annual Participation Survey published in 2020 found that 21% of survey respondents had gambled online in the past four weeks, an increase from 18% in the previous year.¹⁷⁴ The survey also found online gambling participation was higher among men than women—25% men and 17% women.¹⁷⁵

152. Online gambling has changed how gambling activities are carried out. The table below shows how each gambling activity was accessed by survey participants, and whether they conducted the activities in person, online or both. As the table sets out, in 2019 the majority of all forms of betting were carried out online. Sports betting, football betting and betting on horseracing have all seen a decrease in the number of individuals participating in person, as opposed to online.

Table 8: Online and in person participation in the past four weeks by activity (telephone survey, n=4,003)

	Online %	In person %
National Lottery draws	36%	73%
Another lottery	50%	53%
Bingo	24%	81%
Football pools	55%	50%
Horseraces	61%	49%
Sports betting	81%	27%
Football betting	83%	26%
Other sports betting	80%	22%
Betting on other events	58%	53%
Casino games	74%	47%

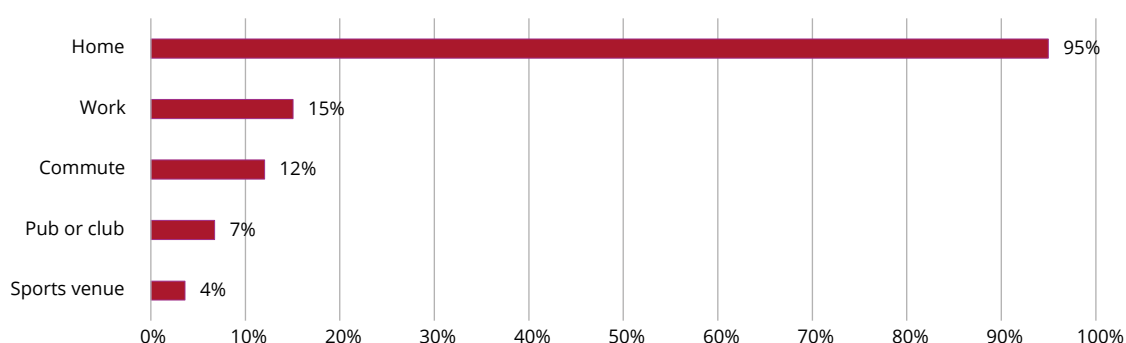
Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 12: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

153. The changing nature of how we gamble, also has an impact on where we gamble. As Figure 4 shows the majority of online gambling is carried out at home.

173 Q 146 (Neil McArthur)

174 *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report, p 10

175 *Ibid.*

Figure 4: Location of online gambling in the past four weeks

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes*, Annual report (February 2020) p 17: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

154. Many forms of offline gambling are perceived as social activities, as discussed in Chapter 2; however, the fact that online gambling is largely conducted at home highlights how the online gambling sector differs from traditional forms of gambling. Michelle Singlehurst, one of our witnesses with lived experience, explained to us that one of the issues with online gambling is that it “so easy and isolating.”¹⁷⁶ The BGC acknowledged that it “may be a reasonable assumption that a large part of gambling at home is solitary. But that does not mean that other people are not present (which may be a critical mediating factor).”¹⁷⁷ However, as discussed in more detail in Chapter 2, Mr Cronin of Tombola, emphasised the importance of community in online bingo, particularly interactive chat communities where players can chat, interact and make friends.

155. Until the day before this report was agreed, betting shops and sports venues were still closed and there was little possibility of betting offline; for many people confined to their homes, that is still the case. Estimates of the figures will not be available for many months, but it is to be expected that there is a large though unquantified increase in online betting. When betting shops re-open and the public can again attend sports venues, there will be a resurgence of offline betting, but it remains to be seen whether the relationship between offline and online betting will be anything like it was six months ago.

Young people and online gambling

156. Online gambling has also had an impact on the numbers of young people gambling. There has been “a small, but significant increase in online gambling between 2017 and 2019; from 1% of 11–16 year olds gambling online in the past seven days in 2017 and 2018, to 3% in 2019.”¹⁷⁸ These figures suggest more work needs to be done in order to prevent underage teenagers from gambling online.

176 Q 58 (Michelle Singlehurst)

177 Written evidence from the Betting and Gaming Council (GAM0129)

178 Gambling Commission, *Young people and gambling survey 2019, A research study among 11–16 year olds in Great Britain* (October 2019) p 33: <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf> [accessed 31 March 2020]. They note that when comparing data over time it is important to bear in mind changes in methodology and sample frame, alongside adaptations to the question structure.

157. CLOSER's evidence drew on the Avon Longitudinal Study of Parents and Children (ALSPAC), which follows the lives of 14,500 people and their children. This research found that the only gambling activity which was "showing a consistent increase is online gambling and betting."¹⁷⁹

Online problem gambling

158. The NatCen report on gambling behaviour found the prevalence of problem gambling in online gambling or betting is 3.5%¹⁸⁰, in comparison to the prevalence of 0.7% of problem gamblers across the population.¹⁸¹ The prevalence rate for online gambling on slots, casino or bingo games is considerably higher at 9.2%.¹⁸²
159. We must also consider the rate of low and moderate risk gambling occurring in online gambling, as although this does not meet the threshold of problem gambling, gamblers may be experiencing lower levels of gambling-related harm. The rate of low risk gambling across any online gambling or betting is 16.1%, with the rate of moderate risk gambling at 8.4%. As we saw in the rate of problem gambling, the prevalence rates for online gambling on slots, casino or bingo games is markedly higher with 21.9% of low risk gambling and 13.7% of moderate gambling.¹⁸³
160. The prevalence for low risk, moderate risk and problem gambling increases significantly if more types of gambling are participated in, and gambling is undertaken at a higher frequency.¹⁸⁴ The Royal College of Psychiatrists told us that "problem gamblers are impulsive and need instant gratification,"¹⁸⁵ and the vast array of products available and their 24 hours a day seven days a week availability online has the capacity to exacerbate this.
161. Dr Sharman and Professor Turner told us, "Our recent data looking at trends in treatment seeking gamblers suggests steep increases in online gambling as a clear preference for problematic behaviour."¹⁸⁶ The Gordon Moody Association have also found that "having engaged in online gambling prior to admission was among one of several factors that predicted an increased risk of service users leaving the treatment programme before completion."¹⁸⁷ The Alberta Gambling Research Institute found that online gambling poses higher risks for harm due to its greater convenience, 24-hour access, ability to play when intoxicated, and solitary nature of play,¹⁸⁸ and the concern is that under current regulation "online and mobile operators can develop games without controls that would help to protect the vulnerable and ensure that those games are fair and safe."¹⁸⁹

179 Written evidence from CLOSER, the home of longitudinal research ([GAM0060](#))

180 NatCen Social Research prepared for the Gambling Commission, *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales* (September 2018) p 73: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2016.pdf> [accessed 4 April 2020]

181 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 70

182 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 73

183 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 55

184 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, pp 74–76

185 Written evidence from The Royal College of Psychiatrists ([GAM0091](#))

186 Written evidence from Dr Steve Sharman and Professor John Turner ([GAM0037](#))

187 Supplementary written evidence from the Gordon Moody Association ([GAM0133](#))

188 Written evidence from Alberta Gambling Research Institute ([GAM0017](#))

189 Written evidence from Gauselmann Group ([GAM0096](#))

Building safer online gambling

162. Due to the clear and increasing prevalence of online gambling and its related harm, it is no surprise that there is continuing debate regarding the disparity found between the regulation of online gambling and that of offline gambling. Many witnesses told us that they felt online gambling was “relatively free from regulation compared with land-based gambling.”¹⁹⁰ This begs the question: why this is the case.
163. Novomatic UK Limited told us that gaming machines are “subject to strict regulation,”¹⁹¹ which includes technical standards and, for some categories of machine, external testing. They argued that whereas the regulation for gaming machines prohibits a number of characteristics that encourage a player to continue gambling, such as deliberately creating a series of losing or winning games, the regulation for online games does not. And, in addition, gaming machines have limits on stakes and prizes, where online gambling does not.¹⁹² The most notable example of the implementation of limits on land-based gambling is the reduction of maximum stake limits on FOBTs from £100 to £2, as set out above.
164. There has been significant research into the various features of FOBTs which made them more appealing to users and encouraged play, in some cases, to the point of creating harm. These features are present across gambling products and are known as structural characteristics. These characteristics include:
- Stake size
 - Event frequency
 - Amount of money lost in a given time period
 - Prize structures
 - Probability of winning
 - Size of jackpot
 - Skill and pseudo-skill elements
 - Near miss opportunities
 - Light and colour effects
 - Sound effects.¹⁹³
165. We heard very convincing evidence from Dr Luke Clark, Professor in the Department of Psychology and Director of the Centre for Gambling Research at the University of British Columbia, regarding these characteristics and

190 Q 43 (Sir Alan Budd GBE)

191 Written evidence from Novomatic UK Ltd (GAM0051)

192 *Ibid.*

193 Garry Smith, David Hodgins and Robert J Williams, *Research and Measurement Issues in Gambling Studies*, (New York: Elsevier, 2007), Jonathan Parke and Mark Griffiths, ‘The role of structural characteristics in gambling’, pp 211–243: https://www.academia.edu/780723/Parke_J_and_Griffiths_M.D._2007_.The_role_of_structural_characteristics_in_gambling. In G. Smith D. Hodgins and R. Williams Eds. *Research and Measurement Issues in Gambling Studies*. pp.211-243. New York Elsevier [accessed 14 April 2020]

the research being carried out to determine their effect on behaviour. His research into near misses found that:

“gamblers typically find near misses to be exciting events that motivate continued play. With gambling machines and even scratchcards, it is quite straightforward for the game to be designed in a way that more near misses can be delivered than we would expect by chance. We have done a number of brain imaging studies in which we have seen that people with gambling problems show a stronger brain response to near misses in the parts of the reward system.”¹⁹⁴

166. As players chase that psychological reward system response, certain game characteristics can plainly bring about damaging behavioural responses from gamblers. It is clear that game design and the application of structural characteristics play a key role in the impact different games will have and the potential harm they could create.
167. Dr Ludwig, Dr Newall and Dr Walasek pointed out since the introduction of limitations on FOBTs “the industry has an incentive to create new products which leverage similar psychological mechanisms as FOBTs, but which are sufficiently different enough to not be defined as a FOBT.”¹⁹⁵ We agree that the regulator needs to be aware of the ever-changing techniques used in game design and new products and the potential harms that they create, in order to remain responsive and effectively regulate the online market.
168. Dr Clark brought to our attention the fact that the research on structural characteristics is limited, as “they are very difficult to study.”¹⁹⁶ The source code involved in creating games and building in the characteristics is very complex, and without access to real games and to the code used, their impact is difficult to assess. “There are so many of these variables acting at once that the perfect research designs to figure out exactly which dimensions are most important in determining harm are very challenging.”¹⁹⁷
169. Due to the complexity of the research in this area, Dr Clark pointed out that there is an alternative view, that the immersiveness of a game as a whole cannot be isolated to one particular characteristic.¹⁹⁸ We are starkly aware of the complexity of determining which games pose the most risk of addictiveness, but the research available shows that there is clearly an impact on players which needs to be addressed. We have shown how long it took the Government to acknowledge the link between FOBTs and gambling-related harm; it is key that the link between game design and potential harm continues to be addressed in order to bring about change and protection for both problem gamblers and for those who will experience gambling-related harm.
170. Although difficult to study, Dr Clark made clear that as the game designers are aware of each piece of code that creates the game, and the structural characteristics included, “The industry could be mandated to share gambling products and the associated code.”¹⁹⁹ We believe this demonstrates there is a way of creating a test for gambling products which can assess games for their

194 [Q 186](#) (Dr Luke Clark)

195 Written evidence from Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek ([GAM0089](#))

196 [Q 187](#) (Dr Luke Clark)

197 *Ibid.*

198 [Q 196](#) (Dr Luke Clark)

199 [Q 188](#) (Dr Luke Clark)

addictiveness. As Josephine Holloway from Gambling with Lives told us, gambling products “need to be properly tested and given a kitemark.”²⁰⁰

Assessment of new games

171. Camelot told us that it has already introduced a “responsible game design process”²⁰¹ to assess the risk posed by the characteristics used, such as jackpot size and speed of play. This tool, called Gamgard, was developed by Dr Richard Wood, a Chartered Psychologist, and Dr Mark Griffiths, a Chartered Psychologist and Professor of Behavioural Addiction at Nottingham Trent University. It is “based upon the known risks of specific game features for people who are vulnerable to develop gambling problems.”²⁰²
172. Under the current standards, new games are submitted to the Gambling Commission for testing,²⁰³ and the testing process is outsourced to external companies.²⁰⁴ Astonishingly, the testing criteria do not consider the addictiveness or potential harm that could be caused by each game; instead the weight of testing is simply to establish “fairness” to the consumer.
173. In January 2020, the Gambling Commission announced that they were establishing three working groups to tackle three key challenges faced by the industry in order to reduce gambling-related harm. One of these working groups, which will be led by SG Gaming and Playtech, is focusing on responsible product design and aims to produce an Industry Code for Product Design.²⁰⁵ Although this is a step forward, we believe the Commission should go further.
174. The Commission believes that “focusing on individual game design and approval would be a very significant challenge for any regulator.”²⁰⁶ So it would, but as things stand, “if one operator designs a new gambling product which successfully exploits problem gamblers’ biases, then this product can be mimicked by rival operators.”²⁰⁷
175. **The gambling industry continually offers a variety of products to consumers, including some which can be highly addictive. The Gambling Commission should establish a system for testing all new games against a series of harm indicators, including their addictiveness and whether they will appeal to children. A game which scores too highly on the harm indicators must not be approved.**

Online stake limits

176. Under current regulations there are no restrictions on stakes and prizes, or speed of play for online gambling. Derek Webb, the founder of the Campaign for Fairer Gambling, a group involved in lobbying for FOBT stake limit

200 [Q 182](#) (Josephine Holloway)

201 Written evidence from Camelot UK Lotteries Limited ([GAM0040](#))

202 *Ibid.*

203 Gambling Commission, *Remote gambling and software technical standards* (June 2017): <http://www.gamblingcommission.gov.uk/PDF/Remote-gambling-and-software-technical-standards.pdf> [accessed 12 April 2020]

204 [Q 156](#) (Neil McArthur)

205 Gambling Commission, ‘Commission sets industry tough challenges to accelerate progress to raise standards and reduce gambling harm’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Commission-sets-industry-tough-challenges-to-accelerate-progress-to-raise-standards-and-reduce-gambling-harm.aspx> [accessed 12 April 2020]

206 [Q 156](#) (Neil McArthur)

207 Written evidence from Dr Elliot Ludwig, Dr Philip Newall and Dr Lukasz Walasek ([GAM0089](#))

reduction, told us that “there is no justification for the same content online to not be subject to stake limits.”²⁰⁸ Many witnesses agreed, arguing that the fact that the implementation of stake limits has not occurred across online products demonstrates a failing in regulation and legislation.²⁰⁹

177. Professor Hörnle, however, told us there is a “fundamental difference” between online and offline, as “in the online world, you have so much more data and so you should and can control spending in other ways than by having a minimum in terms of the stakes.”²¹⁰
178. The Gambling Commission online gambling review in 2018 echoed this view, stating:
- “online operators have the ability to collect significant amounts of data on their consumers and do not have the challenge of dealing with anonymous activity as is generally the case in land-based gambling ... We expect online operators to use the data available to them to identify and minimise gambling-related harm.”²¹¹
179. Some operators have already taken the decision to implement stake limits across the gambling products they offer online. Tombola has put in place a £2 maximum stake on bingo, £1 on arcade games and 40p on bingo Lite. Mr Parente told us that, as a result of this decision, Tombola “will probably not cause half as much harm as the others”²¹² who have not implemented limits.
180. Tombola told us they were “in favour of stake limits for machine style games online”²¹³, suggesting that stakes across gaming machines and machine style online products could be equalised.
181. Although the various categories of gaming machine are now subject to stake and prize limits²¹⁴, this was not originally the case. At their inception, FOBTs were not categorised as gaming machines as the random number generation involved happens remotely, rather than on the premises. This is despite the fact that in terms of the user’s experience, they are to all intents and purposes gaming machines. This technical distinction between categories meant that FOBTs were regulated differently.
182. Currently, there is no categorisation of the numerous online products available. If a comparison to gaming machines was utilised to establish online stake limits, there is a potential that new online products could be designed which were not considered equivalent to a gaming machine format, and so would not be subject to a prescribed stake limit. For example, a high stakes online gaming game could be devised that is technically a “betting” transaction, in order to evade an online stake limit, much in a similar way that FOBTs exploited a loophole in what products are allowed on a Licensed Betting Office (LBO) premises.

208 Written evidence from Derek Webb ([GAM0027](#))

209 Written evidence from Gauselmann Group ([GAM0096](#)) and Gambling with Lives ([GAM0098](#))

210 [Q 49](#) (Professor Julia Hörnle)

211 Gambling Commission, *Review of online gambling* (March 2018) p 4: <http://www.gamblingcommission.gov.uk/PDF/Online-review-March-2018.pdf> [accessed 22 May 2020]

212 [Q 63](#) (Tony Parente)

213 Supplementary written evidence received from Tombola ([GAM0105](#))

214 Gambling Commission, ‘Gaming machine categories’: <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/Sector-specific-compliance/Arcades-and-machines/Gaming-machine-categories/Gaming-machine-categories.aspx> [accessed 21 May 2020]

183. It is not only technical differences between offline and online games that must be considered in implementing a stake limit, but the risk of harm. Online products and the harms they create are not necessarily mirrored in the offline, land-based market. As set out in paragraph 138, the risk of harm created by the online format of a game differs to that of its offline counterpart. It may be that the risk of harm caused needs to be considered alongside any technical distinctions in online products.
184. The Gambling Commission are now clearly aware of the increasing pressure and evidence for action in this area, as on 12 February 2020 Mr McArthur gave evidence to the All-Party Parliamentary Group on Gambling Related Harm and “confirmed for the first time that the Gambling Commission would be reviewing online stakes within six months.”²¹⁵ We have recommended in paragraph 101, that online stake limits are brought within the remit of the triennial review of stake and prize limits, alongside gaming machines.
185. **We recommend that the Government should work with the Gambling Commission to establish a category system for online gambling products.**
186. **The Government and the Gambling Commission should use the online product categories to set stake limits for online gambling products.**
187. The Chief Executives of the five largest gambling operators raised concerns that although gaming machines have stake limits “there is not a black market for playing these, but if you were to apply that limit online you would transfer a lot of potentially vulnerable players to offshore sites, where they cannot be protected.”²¹⁶ Despite this apprehension, we have not received evidence which supports this view. We understand this concern however, we are far from convinced that this risk outweighs the need for the regulation and restriction of stake limits.
188. Alexandra Frean, the Head of Corporate Affairs at Starling Bank, told us that there “needs to be a much wider conversation between the banks”²¹⁷ regarding what role they can play in assisting the Gambling Commission and customers in preventing gambling on unregulated, offshore online sites. Lloyds Banking Group informed us they had not been approached by the Gambling Commission regarding blocking unregulated, offshore gambling operators.²¹⁸
189. **To ensure that the implementation of online stake limits does not lead to increased unregulated offshore gambling, the Government and Gambling Commission must work with payment providers and banks to establish a scheme to block payments to such operators.**

Speed of play limits

190. Associate Professor Charles Livingstone from Monash University, Australia, told us that alongside consideration of the other structural characteristics,

215 Gambling Related Harm All Party Parliamentary Group, ‘Latest News: PRESS RELEASE: Gambling Related Harm All Party Parliamentary Group questions Neil McArthur, CEO of the Gambling Commission’ (14 February 2020): <http://www.grh-appg.com/latest-news/> [accessed 2 April 2020]

216 [Q 130](#) (Kenny Alexander)

217 [Q 226](#) (Alexandra Frean)

218 Written evidence from Lloyds Banking Group ([GAM0120](#))

“From a harm prevention perspective, gambling products with slower event frequencies are likely to be less addictive.”²¹⁹ Speed of play is widely recognised as a factor in gambling-related harm, but as with the other structural characteristics research is limited. Despite this, it is clear that “rapid and continuous forms of gambling are often associated with gambling-related harm.”²²⁰

191. Tombola have again led the way in applying their own speed restrictions on their games:

“It is right that we run it more slowly, because it is 24-hours a day. Land-based bingo is run on a session basis of morning, afternoon and evening, whereas online it is available 24/7. We slow it down partially to slow down the rate of spend.”²²¹

192. Further to this Tombola told us “that there is no commercial detriment to our approach: we feel that it makes our commercial model stronger because we slow down and limit the amount of spend.”²²²

193. **We recommend the equalisation of speed of play and spin, so that no game can be played quicker online than in a casino, betting shop or bingo hall.**

219 Written evidence from Associate Professor Charles Livingstone ([GAM0108](#))

220 Jonathan Parke, Adrian Parke and Alex Blaszczyński, prepared for the Responsible Gambling Trust, Key Issues in Product-Based Harm Minimisation: Examining theory, evidence and policy issues relevant in Great Britain (2016): <https://about.gambleaware.org/media/1362/pbhm-final-report-december-2016.pdf> [accessed 13 April 2020]

221 [Q 100](#) (Phil Cronin)

222 *Ibid.*

CHAPTER 4: REGULATION

The Gambling Commission

194. We have explained in Chapter 2 how one of the major changes effected by the Gambling Act was the creation of the Gambling Commission. It replaced the Gaming Board for Great Britain, so that for the first time there was a body with overarching responsibility for regulating all forms of gambling.²²³ Its statutory duty is to pursue the licensing objectives,²²⁴ and the default position is that it should “permit gambling, in so far as the Commission thinks it reasonably consistent with pursuit of the licensing objectives.”²²⁵

Box 1: The Commission’s statutory functions under the Act

The Commission’s functions in relation to licensing and regulation under the Act can be categorised as licensing, compliance, regulatory enforcement, and criminal enforcement.

In particular, the Commission has the power to:

- determine applications for operating and personal licences, specify the conditions to be attached to such licences (both general and individual), limit the duration of such licences, and determine applications to vary or renew operating and personal licences;
- assess compliance with the Act, with any licence condition, code of practice, or other provision made by or by virtue of the Act;
- assess whether an offence contrary to the Act has been committed (including the power to request information from operating and personal licence holders);
- commence licence reviews and carry out inspections;
- take regulatory action against an operating or personal licence holder following a review (including the power to issue a formal warning, to attach, remove, or amend a licence condition, to suspend or revoke a licence, and to impose a financial penalty for breach of a licence condition), and to void a bet and require repayment of any money paid in relation to it;
- investigate and prosecute offences committed under the Act.²²⁶

Source: *Gambling Act 2005*

195. Although the jurisdiction of the Commission extends, like the Act, only to Great Britain and not to Northern Ireland,²²⁷ its powers in relation to remote gambling cover those providing gambling services from remote gambling equipment situated in Great Britain to those outside Great Britain, as well as remote operators contracting with consumers in Great Britain.

223 Responsibility for the National Lottery came later: see paragraph 196.

224 Gambling Act 2005, [section 1](#): (a) preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime, (b) ensuring that gambling is conducted in a fair and open way, and (c) protecting children and other vulnerable persons from being harmed or exploited by gambling.

225 Gambling Act 2005, [section 22](#)

226 The Commission has no power to prosecute offences in Scotland. That power rests solely with the Crown Office and Procurator Fiscal Service, to whom the Commission can refer the results of an investigation.

227 Under the Gambling (Licensing and Advertising) Act 2014, [section 5](#), the Commission has power in respect of the offence of advertising unlicensed remote gambling in Northern Ireland.

196. The provisions of the Act do not govern the National Lottery, but the Gambling Commission is nevertheless its regulator. Prior to 2013 the National Lottery was regulated by the National Lottery Commission. The Public Bodies Act 2011 envisaged the merger of the Gambling Commission and the National Lottery Commission,²²⁸ and on 1 October 2013 the Gambling Commission took over the functions of the National Lottery Commission, which was abolished.²²⁹

Funding

197. Apart from the regulation of the National Lottery, the Gambling Commission is entirely funded by licence fees paid by businesses and individuals in the gambling industry which, in 2018–19, amounted to £18.99 million—down from £19.93 million the previous year. These fees are set by the Secretary of State. The last review was in 2016, and the current fees have been in force since 6 April 2017.²³⁰ The Gambling Commission told us:

“We are constrained by the existing regulatory framework on fee setting ... The procedure for changing fees is lengthy and so is not undertaken frequently. Typically, our fees have been reviewed every four or five years, although there is no set period for these reviews. As a result, our fees can soon become out of step with the challenges we face in regulating a fast moving, innovative and growing industry ... While we believe the regulatory framework is largely capable of flexing to meet new risks, the way our licence fees are set presents a challenge ... We are increasingly finding that regulation requires us to expend resources in a way that is not directly proportionate to Gross Gambling Yield (GGY). So, while our income has increased as the regulated industry has grown, the costs being incurred in regulating the online sector, in particular, exceed the income rise.”²³¹

198. In February 2020 the NAO published a report entitled “Gambling Regulation: problem gambling and protecting vulnerable people”.²³² In that report the NAO identified and summarised some of the problems caused by the current funding structure, but offered no solutions. It seems clear to us that a review of funding every four years will not provide the Commission with the flexibility needed. The changes in gambling habits caused by the coronavirus pandemic, with no on-course gambling and virtually no gambling on sports, but a probable increase in online gambling (which even before then was the fastest growing part of the market), are likely to cause corresponding changes in the funds brought in by the fees, though we do not have any estimate of the size or direction of those changes.

199. The Gambling Commission wrote:

“Our immediate focus must be on securing the resources we need to continue to regulate effectively and we are developing proposals for revised fees for discussion with DCMS. In addition, we think there is merit in exploring alternative ways of settings fees and recovering

228 Public Bodies Act 2011, [section 2](#) and [schedule 2](#)

229 The Public Bodies (Merger of the Gambling Commission and the National Lottery Commission) Order 2013 ([SI 2013/2329](#))

230 The Gambling (Operating Licence and Single-Machine Permit Fees) Regulations 2017 ([SI 2017/303](#)). These Regulations set fees for 39 specific types of licence, and vary with the GGY of the operator.

231 Supplementary written evidence from the Gambling Commission ([GAM0116](#))

232 [Gambling regulation: problem gambling and protecting vulnerable people](#)

costs which would better align with the nature of the work involved in regulating this industry. Alternative approaches already exist and are operated by other regulators.”²³³

200. Such changes would certainly require amendment of the Act, but it seems to us that funding which is entirely dependent on fees and may change in totally unpredictable ways—like the 5% reduction from 2017–18 to 2018–19, with possibly an even larger reduction in the current financial year—cannot be satisfactory. We hope that DCMS will prove receptive to any proposals from the Gambling Commission.
201. **The Government should work with the Gambling Commission to devise a new funding structure in order to provide it with more flexibility and allow it to react and adapt to fast changing regulatory requirements.**

Strategy

202. We have already mentioned section 22 of the Act, which is headed “Duty to promote the licensing objectives”. It provides:

“In exercising its functions under this Act the Commission shall aim—

(a) to pursue, and wherever appropriate to have regard to, the licensing objectives, and

(b) to permit gambling, in so far as the Commission thinks it reasonably consistent with pursuit of the licensing objectives.”

203. Since one of the licensing objectives is “protecting children and other vulnerable persons from being harmed or exploited by gambling”,²³⁴ it is clear that this is an objective the Gambling Commission has to pursue. But the default position is that the Commission has to permit gambling unless to do so is inconsistent with that objective. This is the philosophy of the Budd report, and may have been appropriate when the Act was passed; but now that it is clear how much harm can result from this, it sends the wrong message. The default position should be that the Commission should not permit gambling unless it believes that to do so will be consistent with the licensing objectives.
204. Furthermore, it is right that the Commission should make the identification and prevention of such harm one of its main tasks; and so it already does. But when the opportunity to amend the Act comes, we believe this should be recognised by making this one of the Commission’s central statutory aims.
205. **Section 22 of the Gambling Act should be amended as follows:**

paragraph (b) should be amended to provide that the Commission should not permit gambling unless it believes that to do so will be consistent with the licensing objectives;

a new paragraph should be added making the identification and prevention of potential and actual harm a third aim of the Commission.

233 Supplementary written evidence from the Gambling Commission ([GAM0116](#))

234 Gambling Act 2005, [section 1\(c\)](#)

206. In 2018 the Gambling Commission published its Strategy for 2018–21.²³⁵ It states that the Commission’s five strategic priorities are to:

- protect the interests of consumers;
- prevent harm to consumers and the public;
- raise standards in the gambling market;
- optimize returns to good causes from lotteries; and
- improve the way we regulate.

207. The latest annual report of the Commission is the report for the year 2018–19, published in July 2019, only one year into this three-year strategy. In his introduction Dr William Moyes, the Chairman, wrote:

“During 2018–19 the Commission has made considerable progress towards the achievement of its key objectives and laid the foundations to accelerate delivery in 2019–20—the second year of our corporate plan. Important advances were made in all five of the priority areas set out in the corporate plan ... we are starting to see signs that the gambling industry is willing to recognise the need for more effective controls in relation to the protection of consumers, particularly those who may be vulnerable, such as children and young people—for example the recently announced voluntary bans on advertising during televised sports matches. Although there is much more the industry could and should do, the Commission welcomes signs of an openness to change ...”²³⁶

208. We agree that there are “signs that the gambling industry is willing to recognise the need for more effective controls in relation to the protection of consumers”, but we are far from convinced that this is due to a disinterested openness to change. The increase in the voluntary levy gives every appearance of being an attempt, so far successful, to delay the imposition of a mandatory levy.²³⁷ The whistle-to-whistle advertising ban is ineffective.²³⁸ More significant changes like the ban on the use of credit cards have had to be imposed on the industry. We believe that, particularly in the case of online gambling, such voluntary changes as there have been are the reaction to the industry’s recent realisation that the tide of opinion is turning against it. If change is to be reliably sustained, this will come only by Government action and by continuing pressure from the public, the press, and of course the Gambling Commission.

Strategy to reduce gambling harms

209. For many years the Commission has funded and staffed an advisory body which has prepared a strategy for safer gambling. The *National Responsible Gambling Strategy*, launched in April 2016 by the Responsible Gambling

235 Gambling Commission, *Strategy 2018–2021* (2018): <https://www.gamblingcommission.gov.uk/PDF/Strategy-2018-2021.pdf> [accessed 18 May 2020]

236 Gambling Commission, *Annual Report and Accounts 2018–19* (July 2019): <https://www.gamblingcommission.gov.uk/PDF/Annual-Report1819.pdf> [accessed 18 May 2020]

237 See paragraphs 549–557.

238 See paragraphs 507–510.

Strategy Board, was a three-year strategy which accordingly expired in March 2019, when a Final Progress Report was published.²³⁹

210. Before the new strategy, covering April 2019 to March 2022, was published, a number of changes were made. The title of the advisory body was altered to Advisory Board for Safer Gambling (ABSG). The body's new chair, Dr Anna van der Gaag, explained: "Our new name reflects the need for greater clarity about everyone's roles in the delivery of the new strategy. Gambling harms are rightly recognised as a public health issue ...".²⁴⁰ The task of the ABSG is to "provide independent advice to the Commission as it works to implement the new strategy over the next three years and ensure progress is made on reducing gambling harms."²⁴¹
211. Another change was that the new strategy which was published in April 2019 was not just the strategy of the advisory body, but was adopted by the Commission as its own *National Strategy to Reduce Gambling Harms 2019–2022*.²⁴² The Chairman of the Commission explained in the Strategy's Foreword that "we are putting the full weight of regulation behind this strategy by taking on ownership of it from our advisers".
212. We analyse in the following chapter the contribution this Strategy is making to the reduction of gambling harms, and how this can be improved.

Licence Conditions and Codes of Practice (LCCP)

213. Section 23 of the Act requires the Commission to prepare a statement of the principles it will follow for licensing and regulation, and section 24 has a similar requirement in respect of codes of practice. Pursuant to this the Commission has from time to time issued Licence Conditions and Codes of Practice (LCCP). The current version of the LCCP came into force on 1 January 2020, with amendments made in April 2020 implementing the ban on the use of credit cards which came into effect on 14 April 2020.²⁴³ It includes the general conditions relating to operating licences, the principal code of practice, and the general conditions attached to personal licences. There are also sector-specific sections of the LCCP. Additionally, the Commission can attach specific conditions to individual licences.
214. Licence conditions are mandatory. Providing facilities for gambling is an offence unless this falls within a number of exceptions, of which by far the most significant is that the person "holds an operating licence authorising the activity, and the activity is carried on in accordance with the terms and conditions of the licence".²⁴⁴ It follows that many of the recommendations we make can be given effect by attaching more stringent conditions to operating licences, since failure to comply with those conditions will be an offence and

239 Responsible Gambling Strategy Board, *Final Progress Report: National Responsible Gambling Strategy 2016–19* (March 2019): <https://live-rgsb-gamblecom.cloud.contensis.com/PDF/RGSB-Final-Progress-Report-2016–2019.pdf> [accessed 18 May 2020]

240 Gambling Commission, 'Gambling Commission's independent advisory board renamed to reflect sharper focus on safer gambling': <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/gambling-commissions-independent-advisory-board-renamed-to-reflect-sharper-focus-on-safer-gambling> [accessed 18 May 2020]

241 *Ibid.*

242 Gambling Commission, *National Strategy to Reduce Gambling Harms* (25 April 2019): <https://www.reducinggamblingharms.org/asset-library/national-strategy-to-reduce-gambling-harms.pdf> [accessed 28 April 2020]

243 *Licence conditions and codes of practice*, Part I: Licence condition 6.1.2

244 Gambling Act 2005, [section 33](#)

may lead the Commission to review the operator's licence with a view to suspension, revocation or the imposition of a financial penalty, and would also expose the operator to the risk of prosecution.

215. Under section 24 of the Act the Commission is required to issue one or more codes of practice. One of these describes the arrangements the operator must make (a) for ensuring that gambling is conducted in a fair and open way, (b) for protecting children and other vulnerable persons, and (c) for making assistance available to persons who are or may be affected by problems related to gambling. Section 82 of the Act describes such provisions as social responsibility code provisions. Compliance with them is automatically a condition of an operating licence, therefore any breach of them by an operator will be subject to the same sanctions as breach of a licence condition.
216. The Commission also issues ordinary code provisions which are not social responsibility provisions; these do not have the status of operator licence conditions but set out good practice. Operators may adopt alternative approaches to those set out in ordinary code provisions if they have actively taken account of the ordinary code provision and can demonstrate that an alternative approach is reasonable in the operator's particular circumstances; or that to take an alternative approach would be acting in a similarly effective manner.²⁴⁵

Enforcement

217. None of the LCCP would be of any effect if the Commission did not enforce both the licence conditions and the social responsibility provisions of codes of practice. Mr McArthur, the CEO, told us:
- “It is not our job to be the industry's friend. We are the regulator of the industry. If there is any doubt about it, there should not be. We are on the side of consumers; we want to make gambling fair and safe for consumers. Therefore, we will regulate firmly. If there are compliance failings, we will take enforcement action that is firm but fair to drive up standards. That does not mean you need to be in a completely adversarial relationship with the industry. I would like to think that our relationship is an appropriate one, whereby they know that, if there are failings, we will be firm and fair about that and then, if lessons are not learned and standards do not rise, our approach will get tougher.”²⁴⁶
218. It is beyond doubt that until relatively recently the use made by the Commission of its power to fine operators in breach of the LCCP was totally inadequate. The total of the penalties imposed in 2016–17 was a derisory £1.7 million. However, in June 2017 the Commission issued a new *Licensing, compliance and enforcement under the Gambling Act 2005: policy statement*,²⁴⁷ since when it has made a rather more proactive use of its powers. It has also started to issue annual reports on its use of the enforcement powers, with the dual purpose of encouraging operators to comply with the rules and explaining what happens when they fail to do so. The first of these reports

245 *Licence conditions and codes of practice*, Part II: Code of practice provisions

246 [Q 145](#) (Neil McArthur)

247 Gambling Commission, *Licensing, compliance and enforcement under the Gambling Act 2005: policy statement* (June 2017): <https://www.gamblingcommission.gov.uk/PDF/Licensing-compliance-and-enforcement-policy-statement.pdf> [accessed 18 May 2020]

covers the year 2017–18,²⁴⁸ when the total of the penalties imposed was £18.4 million.

219. The report for 2018–19 explains that in that year the Commission carried out more than 160 regulatory and criminal investigations, an increase on previous years. The Commission also dealt with 2,000 intelligence reports and carried out hundreds of risk-based compliance assessments. Enforcement action resulted in £19.6 million in penalty packages, the surrender of three Personal Management Licences (PMLs), warnings for four PML holders and two advice as to conduct notices for PML holders.²⁴⁹ A further £6,541,188 was divested back to impacted parties and good causes.²⁵⁰
220. When Mr McArthur gave oral evidence to us together with Dr Moyes, we asked them about the case of Paddy Power Betfair, which in October 2018 was ordered to pay a regulatory settlement of £2.2 million after the Commission found that it breached the social responsibility code when five customers were able to gamble extensively despite indicators of gambling-related harm, and also failed to act in accordance with the Commission’s guidance on antimoney laundering. We put to them that, to a firm the size of Paddy Power, a fine of £2.2 million would be laughable. Mr McArthur strongly disagreed: “I can tell you it definitely did not laugh at that ... having been on the receiving end of it, that firm absolutely knows that if this happens again all options will be considered, including bigger fines and reviewing the personal licences of those people involved.”²⁵¹
221. After this evidence session the Commission sent us supplementary written evidence with further details of their enforcement strategy:
- “We adopted a strategy of escalating enforcement alongside the publication of our Corporate Strategy in 2017. This has made clear to operators that repeated failures will not be tolerated and will lead to escalating penalties. That message, backed up by more than £30 million in penalty packages since 1 April 2018, and our published Enforcement Reports has helped to start to change the culture at the top of Operators.”²⁵²
222. For an operator, even a very large fine does not have the same effect as the revocation of its licence. The Commission added:
- “Regarding the number of operating and personal licences revoked, since November 2014 we have revoked: 9 operating licences; 9 personal management licences; 59 personal functional licences (these are for operator staff such as croupiers or cashiers). There have also been a number of occasions when operators or personal management licence holders have surrendered their licences rather than face the prospect of regulatory action by the Commission.”²⁵³

248 Gambling Commission, *Raising Standards for Consumers: Enforcement Report 2017–18* (June 2018): <http://www.gamblingcommission.gov.uk/pdf/raising-standards-for-consumers-enforcement-report.pdf> [accessed 18 May 2020]

249 Gambling Commission, *Raising Standards for Consumers: Enforcement Report 2018–19* (June 2019) p 3: <https://www.gamblingcommission.gov.uk/PDF/2604-GC-Enforcement-Report-2018-19-1.pdf> [accessed 18 May 2020]

250 Gambling Commission, *Annual Report and Accounts 2018–19* (July 2019) p 19: <https://www.gamblingcommission.gov.uk/PDF/Annual-Report1819.pdf> [accessed 18 May 2020]

251 Q 148 (Neil McArthur)

252 Supplementary written evidence from the Gambling Commission (GAM0116)

253 *Ibid.*

223. Until March of this year the record fine was £7.8 million in August 2017, imposed on the online company 888 for failures in their self-exclusion systems. However on 12 March 2020 the Commission announced that it had agreed that Betway should pay £11.6 million in respect of failures to comply with the Money Laundering Regulations, failures to conduct affordability checks and failures to give effect to self-exclusion agreements.²⁵⁴ We describe some of these failures in Chapter 5. This £11.6 million is described as a settlement consisting of a payment of £5.8 million in lieu of a financial penalty, which would be directed towards delivering the National Strategy to Reduce Gambling Harms, and a further £5.8 million “the majority of which to go to victims where it has been found, or could reasonably [be] suspected to be, proceeds of crime”.
224. Three weeks later this record was broken when on 2 April 2020 the Gambling Commission announced that Caesars Entertainment UK Ltd was to pay £13 million “following a catalogue of social responsibility, money laundering and customer interaction failures including those involving ‘VIPs’”.²⁵⁵ All of this £13 million was in lieu of a financial penalty and was directed towards delivering the National Strategy to Reduce Gambling Harms.
225. The fact that a payment agreed by the Commission can be described, not as a financial penalty, but as a payment in lieu of a financial penalty was explained in *Licensing, compliance and enforcement under the Gambling Act 2005: policy statement*,²⁵⁶ of June 2017:
- “Regulatory settlements in the Commission context are not the same as “out of court” settlements in the commercial context. A regulatory settlement is a regulatory decision, taken by the Commission, the terms of which are accepted by the licensee concerned ... It may be particularly important in this respect to provide redress to consumers who may have been disadvantaged by a licensee’s misconduct, or to relieve licensees of the profits or gross gambling yield resulting from their failures.”
226. While we welcome the fact that the Gambling Commission seems now to be prepared to make more effective use of its powers, the facts of these cases were truly shocking, and we question whether even a settlement of this size is sufficient to bring home to operators the magnitude of their failures. Certainly the sums involved are small compared to those imposed under deferred prosecution agreements (DPAs). A DPA, introduced into English law in 2014 by the Crime and Courts Act 2013, is a way of penalising a company which has committed an economic crime without the expense of a trial and without a criminal conviction as a result. DPAs have to be approved by the Crown Court, and the sums involved are of a different order of magnitude, ranging up to £500 million in the case of Rolls Royce, even after a 50% discount for cooperation with the Serious Fraud Office. Rolls Royce is a company employing some 50,000 people. The gambling industry

254 Gambling Commission, ‘Betway to pay £11.6m for failings linked to ‘VIP’ customers’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/betway-to-pay-116m-for-failings-linked-to-vip-customers> [accessed 18 May 2020]

255 Gambling Commission, ‘Systemic failings at Caesars Entertainment leads to the departure of three senior managers and sanctions of 13m’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/systemic-failings-at-caesars-entertainment-leads-to-the-departure-of-three-senior-managers-and-sanctions-of-13m> [accessed 18 May 2020]

256 Gambling Commission, *Licensing, compliance and enforcement under the Gambling Act 2005: policy statement* (June 2017) para 5.22: <https://www.gamblingcommission.gov.uk/PDF/Licensing-compliance-and-enforcement-policy-statement.pdf> [accessed 18 May 2020]

employs more than 98,000 people;²⁵⁷ GVC alone has 15,000 employees²⁵⁸ and William Hill 16,000.²⁵⁹ We mention the figures involved in DPAs, not to suggest that the Gambling Commission should necessarily impose fines of a similar magnitude, but to show that in another field it is thought entirely appropriate to impose penalties which will make a meaningful impact on the company involved.

227. **Fines currently imposed and penalties agreed by the Gambling Commission do not make a sufficient impact on large corporations. They should reflect not just the seriousness of the offence but the size of the offender. In the case of repeat offences or other extreme circumstances the Commission should demonstrate much greater willingness to exercise its power to withdraw an operator’s licence.**

How the Gambling Commission is performing: the views of witnesses

228. Very few of our witnesses were prepared to say that the Gambling Commission does a good job, with a fair balance between permitting gambling and protecting the licensing objectives; but the criticisms were predictably different, depending on the witnesses. For example, the criticisms from BACTA²⁶⁰ included: “fails to understand business ... pedantic, disproportionate and dismissive ... tendency towards regulatory creep ... bureaucratic, unreasonable (particularly on time scales) and lacking in industry knowledge ...” A particular complaint was that

“the Commission now interprets the third licensing objective to protect children and vulnerable far more widely than intended. On a natural reading of the principle it would indicate that there is a particular onus on considering for the purposes of the legislation, those who are identifiably and specifically vulnerable. That would include for example not only children but vulnerable adults such as those with learning difficulties, mental illness or affected by substance misuse. The Commission currently reflects a view that everyone is vulnerable to gambling-related harm and therefore the entire population is covered by this principle. As a result policy proposals from the Commission that have, as their intent, the putative protection of the vulnerable, are applicable to the population as a whole—most of whom gamble perfectly safely ... ”

229. Individual gamblers criticise the Commission from a very different perspective. Since we started our inquiry a number of people have written to individual members of the Committee, and to our staff, about their gambling problems. A common theme is that they have problems getting any, or any satisfactory, response from the operator, so they write to the Gambling Commission to ask it to intervene on their behalf, and the reply they receive (if indeed they do receive one which, we are told, is not always the case) is at best unhelpful, explaining that the Gambling Commission is unable to act on their behalf.

257 Written evidence from the Betting and Gaming Council ([GAM0068](#)), dated 6 September 2019 gave the figure 106,000. The figure 98,000 comes from the Gambling Commission’s latest statistics published in May 2020: *Gambling Industry Statistics: April 2015 to March 2019 updated to include October 2018 to September 2019*, p 9

258 Written evidence from GVC Holdings Plc ([GAM0042](#))

259 Written evidence from William Hill ([GAM0084](#))

260 Written evidence from BACTA ([GAM0050](#))

230. Mr Parente told us: “I have spoken to the Gambling Commission on numerous occasions, not for myself but for victims, and there is no support, no feedback and no help. If operators fail and get fined, they will fail again and get fined again. There has to be an element of accountability for their actions.”²⁶¹ Alex Macey, one of our witnesses with lived experience, felt that the Gambling Commission “is not interested in assisting.” “If you complain to the Gambling Commission, you think there will be some accountability—but there is not, so you complain to an operator and there is rarely accountability from them. So where do you turn if you have no money and you cannot afford a solicitor to go to court? You have nowhere to turn.”²⁶² This is one of the commonest complaints we have heard; we attempt to deal with it in the following chapter.
231. A further criticism, from *Gambling with Lives*, was that the Gambling Commission did not see it as part of its job to warn the public about the dangers of gambling. “The Gambling Commission did [accept that gambling is dangerous], but it did not see it as part of its job to warn people; that was the job of the charities²⁶³ ... The Gambling Commission said that its job is to identify a particular risk from a particular product or a particular level or style of gambling, but then it thinks that all it needs to do is talk to the operators.”²⁶⁴
232. This is an area where the functions of the Commission are limited by statute. As it accepts, its duties include the protection of the interests of consumers and preventing harm to consumers and the public; but this refers to the body of consumers. It can take notice of the complaints of individual consumers only to the extent that they are evidence of a failure by an operator, or a failure of the system, towards the body of consumers. It has no power to intervene in disputes between operators and their customers except in that context. As the Commission told us, “If we receive complaints about a regulatory issue ... we can investigate to see if it warrants enforcement action, but we cannot typically recover money for individual consumers.”²⁶⁵ That is a failure, not of the Commission, but of the system.
233. Professor Orford was one of very few witnesses prepared to say that the Gambling Commission was doing a good job, but even he had to qualify this:

“The other thing is that we have a very inadequate and unsatisfactory regulation system here. I hesitate to say that because I think the Gambling Commission does very good work. But the system we have of the Gambling Commission, GambleAware, and what is now called the Advisory Body for Safer Gambling, working together, and government really taking a backseat and saying, “We want you to get on with it”, is a thoroughly unsatisfactory system.”²⁶⁶

The view of this Committee

234. The work of the Gambling Commission is central to the wide liberalisation of the gambling regime created by the Act. If the industry’s freedom under the Act is not to be abused, if vulnerable people are to be protected, the

261 Q 70 (Tony Parente)

262 Q 70 (Alex Macey)

263 Q 171 (Charles Ritchie)

264 Q 171 (Liz Ritchie)

265 Supplementary written evidence from the Gambling Commission ([GAM0116](#))

266 Q 23 (Professor Jim Orford)

regulator has to be alert, dynamic and proactive. Despite the statutory constraints under which it operates, the Commission has very wide powers. It can if necessary impose stricter regulation by adding more stringent licence conditions either on all operators, or on all in a particular category, or on individual operators, so long as these are objectively justified and do not discriminate between different operators.

235. The Commission has this year made three significant changes to the LCCP: it has limited the number of organisations to which operators can pay their voluntary levy;²⁶⁷ it has banned the use of credit cards for gambling; and it has made membership of GAMSTOP compulsory.²⁶⁸ All of these are highly desirable changes which we fully endorse. But it is hard to escape the impression that these changes have been made as a reaction to external pressure. This is particularly true of the ban on the use of credit cards, which many have been calling for for a long time. A number of the changes we are recommending can be made simply by amendments to the LCCP. We expect the Gambling Commission to make these changes very soon after we report, but they are changes which a more proactive Commission might have considered making without our intervention.
236. Enforcement is another area where, as we have explained, there has been a very significant and welcome change in the attitude adopted by the Commission. Again, its increasing willingness to make better use of its very wide powers has perhaps been a reaction to anticipated criticism rather than a recognition of the need to keep gambling operators compliant with their obligations.
237. The relationship between a non-departmental public body and its sponsoring department is not always easy. In exercising its statutory functions, especially of licensing and enforcement, the Commission must be, and be seen to be, entirely independent. Yet DCMS, as the department with primary responsibility for gambling, also plays a major role. As we have explained, the funding of the Commission is dependent on DCMS. On matters like the lowering of the maximum stake for FOBTs, the Commission can advise but only Ministers can act. We explain in Chapter 8 how the views of the Commission on the introduction of a mandatory levy have been disregarded by DCMS Ministers.
238. The Commission prepares an annual report which it submits to Parliament. This could be debated in either House, but usually is not. It could be considered by the Commons DCMS Committee,²⁶⁹ which could take evidence from the Commission and others, and report on its performance over the previous year; but it has not done so, certainly in the recent past. The report of the NAO published in February this year²⁷⁰ was a one-off. The promised Government review of gambling, if and when it takes place, is not intended to concentrate on the Commission. We believe there is a need for a mechanism for a regular assessment of the past performance of the Commission from which lessons can be learned which will improve its work in the future.

267 See Chapter 8, paragraph 563.

268 See Chapter 5, paragraph 368.

269 Or, before the session 2017–18, its predecessor, the Select Committee on Culture, Media and Sport.

270 See paragraph 198.

239. **The Government should conduct a triennial review of the work of the Gambling Commission, taking evidence from a wide range of interested persons and bodies, and prepare a report to Parliament on the past performance of the Commission, on lessons to be learned for the future, and on any changes which may be needed to its constitution or to the law governing it.**

Licensing of affiliates

240. The Advertising Standards Authority (ASA) defines affiliate marketing as follows: “Affiliate marketing is a type of performance-based marketing where an affiliate is rewarded by a business for each new customer attracted by their marketing efforts, usually with a pre-agreed percentage of each sale. Affiliates typically place ads and links online that direct consumers to the website of a company.” In the context of gambling, the reward of an affiliate is often proportionate to the losses incurred by the customers it attracts to the operator with which the affiliate has a contract.
241. Alex Macey, a police officer who had suffered an addiction to gambling since the age of 11, and in particular since he joined the police in 2003, said in written evidence: “I had received a bombardment of emails and texts from companies I had never even signed-up with. Whilst it was apparent that the minority of this marketing were directly from the licence holders the majority clearly seemed to be from affiliates of the licence holders.”²⁷¹ He expanded on this in oral evidence:

“I could show you my phone today, and there would be between five and 10 emails from affiliates that have no permission to contact me. I do not even know who they are. It is quite hard to track down who they are, and they are linked to the main companies again. Funnily enough, I wrote to a company and told them: “You have sent me marketing material after I self-excluded”. They agreed that it was wrong and gave me a refund. I had to sign a bit of paper saying that I would not tell anyone about it; fine. A month later, an affiliate sent me another text from this company—so, the same company, after I had signed this non-disclosure, sent me another text message. They have no control of their affiliates’ behaviour.”²⁷²

242. When we took evidence from the main gambling operators,²⁷³ we asked them how they could justify using third parties to drive customers to their companies. Dan Taylor, the Chief Executive Officer of Paddy Power Betfair, explained that they had a small number of affiliate partners; they had reduced that number by 50% over the previous 12 months because they did not approve of the way the affiliates operated. He added that he would welcome a licensing regime for affiliates to ensure that they were held to the highest possible standards. He “would expect it to come through the

271 Written evidence from Alex Macey ([GAM0058](#))

272 [Q 58](#) (Alex Macey)

273 Kenny Alexander, CEO of GVC; Ulrik Bengtsson, CEO of William Hill; John Coates, Joint Chief Executive of Bet365; Conor Grant, Chief Operating Officer of Sky Betting and Gaming; Dan Taylor, Chief Executive of Paddy Power Betfair; together with Brigid Simmonds, Chair of the Betting and Gaming Council. Paddy Power Betfair is a division of Flutter Entertainment plc. Sky Betting and Gaming is a wholly owned subsidiary of The Stars Group, which is listed on the Toronto stock exchange. On 5 May 2020 Flutter Entertainment plc merged with The Stars Group. Paddy Power Betfair and Sky Betting and Gaming are therefore now part of the same group, though they were not at the date when they gave evidence to this Committee.

Gambling Commission and to be regulated as any other part of the industry would be.”²⁷⁴

243. Conor Grant, Chief Operating Officer of Sky Betting and Gaming, replied: “At Sky Betting & Gaming, we closed our affiliate scheme in 2017 because we were equally concerned. Since then, we have signed 12 larger media partners, as we call them.” When pressed, he accepted that the “media partners” were doing the same work as affiliates, but added that his company had changed the way it worked: “Historically, if you joined the site and lost £100, the affiliate would have had a cutback of that. Today, the media partner gets a fixed fee and no further revenue as a result.”²⁷⁵ The CEOs of Bet365, William Hill and GVC all admitted that their companies still used affiliates, some at least of which were paid on the basis that they benefited when the player lost a bet.²⁷⁶
244. We heard this evidence on 4 February 2020. On 21 February we received a submission from a body called the Responsible Affiliates in Gambling (RAiG).²⁷⁷ They explained that they wrote “having taken note of comments already made by the Committee’s participants.” Although this submission arrived over six months after the deadline, we accepted it as written evidence.
245. RAiG was set up in May 2019 by three of the largest affiliates “to foster wider initiatives in the UK affiliate market to promote social responsibility and help create a safer gambling environment for consumers.” A condition of joining the association is that each member will be subject to an annual social responsibility audit. Although the RAiG evidence does not mention who conducts this audit, their website tells us that it will be conducted by Gambling Integrity, a body whose clients include William Hill, Sky Betting and Gaming, and GVC.
246. RAiG estimate that there are “tens of thousands of affiliates operating in the UK market. The vast majority of these will be very small indeed, often individuals who promote gambling on social media. At the other end of the spectrum are listed and multi-million pound companies such as those who established RAiG.” They state: “It is widely accepted that affiliates deliver between 30%–50% of acquisition to operators in the UK and collectively, members of RAiG reach millions of unique customers each month via their websites and products.”²⁷⁸
247. Affiliates are not individually licensed. They are regulated by the ASA, but not by the Gambling Commission, whose involvement is only indirect. Mr McArthur told us: “We have made it extremely clear to our operators that they are personally accountable for the actions of affiliates, so they cannot say, as some tried a little while ago, ‘We could not possibly control this, because it is all being done by affiliates. Although it is done in our name, it is done without our knowledge’ ... We are holding the operators to account, and we have fined operators for not controlling their affiliates.”²⁷⁹
248. The submission of the RAiG of course argues that they are sufficiently regulated. Among many arguments, they point out that “the [Gambling]

274 [Q 132](#) (Dan Taylor)

275 [Q 132](#) (Conor Grant)

276 [Q 132](#) (John Coates, Ulrik Bengtsson and Kenny Alexander)

277 Written evidence from RAiG ([GAM0113](#))

278 *Ibid.*

279 [Q 154](#) (Neil McArthur)

Commission’s compliance policy has led to thousands of affiliate relationships being terminated because the operators could no longer be satisfied that some of the affiliates they were working with were sufficiently compliant. RAiG believes that these actions have already had a major impact and it again begs the question of how much additional impact licensing would have when taken together with the existing regulations.” They suggest that “improvements could be made by better enforcement of the current regulations and rules rather than introducing a licensing regime.” They note that the Gambling Commission has no plans to introduce a licensing regime for marketing affiliates and they add the disinterested observation that to do so would “create a huge burden on the regulator”.²⁸⁰

249. It is clear from the evidence of Mr Macey and our other witnesses with lived experience that many of the contacts with gamblers who have self-excluded come from affiliates of the operators. We agree with Kenny Alexander, the CEO of GVC, who when asked whether affiliates should be licensed by the Gambling Commission, replied: “Absolutely—they should be under the same sort of controls and regulations as operators”.²⁸¹ If, as we believe, the licensing of affiliates is necessary, the fact that this would undoubtedly be an additional burden on the Gambling Commission, involving perhaps the creation of a new category of licence, is no reason for not doing so.
250. **We recommend that affiliates should be licensed by the Gambling Commission before they can enter into contracts with gambling operators, and that operators should not be permitted to enter into contracts with unlicensed affiliates.**

The house edge

251. The Gambling Commission currently requires online operators to include “information that may reasonably be expected to enable the customer to make an informed decision about his or her chances of winning” for virtual gambling games such as online roulette.²⁸² This information is almost always displayed as what is known as the “return-to-player” percentage, e.g., “This game has an average percentage payout of 90%”, meaning that for every £100 bet, on average £90 will be paid back out as prizes. However, the Gambling Commission regulations also allow this information to be displayed as the “house-edge” percentage, e.g., “This game keeps 10% of all money bet on average”, meaning that gamblers will on average lose £10 for every £100 bet.
252. A return-to-player of 90% and a house-edge of 10% are therefore factually equivalent, but psychologically they are quite different. Dr Ludwig, Dr Newall, and Dr Walasek told us that research they had conducted showed that gamblers think they will have a better chance of winning when given return-to-player information than when given equivalent house-edge information. They surveyed 363 online roulette games across 26 major operators and found 357 games with return-to-player statements and none with house-edge statements. Return-to-player statements were further hidden in dense blocks of text on obscure help screens, with 95.5% of

280 Written evidence from RAiG ([GAM0113](#))

281 [Q 132](#) (Kenny Alexander)

282 Gambling Commission, Remote gambling and software technical standards (June 2017) p 12: <https://www.gamblingcommission.gov.uk/PDF/Remote-gambling-and-software-technical-standards.pdf> [accessed 18 May 2020]

statements using the smallest text size on the screen, and 99.7% using the lowest level of text boldness.²⁸³

253. This plainly does not conform with the licensing objective of “ensuring that gambling is conducted in a fair and open way”; nor does it comply with the Gambling Commission regulations which require “information that may reasonably be expected to enable the customer to make an informed decision about his or her chances of winning”.²⁸⁴ The flexibility on how to display this information has been exploited by an industry-wide strategy of only displaying hidden and confusing return-to-player statements.
254. **Licence conditions should require the proportion of the stake retained by the house to be displayed prominently and clearly, in simple terms, on each gaming machine in all gambling premises, and in remote gambling.**

Regulation by local authorities

255. In England and Wales, for 500 years the licensing of premises for the sale of alcohol was a function of justices of the peace.²⁸⁵ The Licensing Act 2003 transferred this function to new licensing committees of local authorities. The policy for this was contained in a White Paper published in 2000,²⁸⁶ and it is no surprise that the Budd review which reported in July 2001, considered “that the same arguments apply to gambling premises”, and recommended that the same transfer should apply to the licensing of premises for gambling.”²⁸⁷ It is therefore the licensing committees of local authorities which license premises for gambling.
256. We have explained in the previous chapter how the liberalisation of gambling has led to the proliferation of betting shops on high streets, and we referred to the evidence of the Estates Gazette that this has in turn led to “bunching”, with almost 700 units on the same high streets as other bookmakers.²⁸⁸ The Local Government Association have also drawn attention to this issue, which they refer to as the “clustering” of betting shops, and have pointed out to us that licensing authorities have a contradictory mix of powers under the Gambling Act, with the ability to bar the opening of local casinos, but no real power to prevent the opening of other premises. “Due to the statutory ‘aim to permit’,²⁸⁹ licensing authorities are unable to prevent the opening of certain gambling premises in their areas even if they feel that they are already saturated with them. There should be more local flexibility within the Act for democratically elected councillors to make such decisions if they can be shown to be in the interests of the local economy and community.”²⁹⁰

283 Written evidence from Dr Elliot Ludvig, Dr Philip Newall and Dr Lukasz Walasek (GAM0089)

284 Gambling Commission, *Remote gambling and software technical standards* (June 2017) p 12: <https://www.gamblingcommission.gov.uk/PDF/Remote-gambling-and-software-technical-standards.pdf> [accessed 18 May 2020]

285 Originating with the Vagabonds and Beggars Act 1494.

286 Home Office, *Time for Reform: Proposals for the Modernisation of our Licensing Laws*, Cm 4696, April 2000

287 *Gambling Review Report*, paras 18.16–18.21

288 Written evidence from Estates Gazette (GAM0005)

289 A reference to Gambling Act 2005, [section 153\(1\)](#), which requires a licensing authority to “aim to permit the use of premises for gambling” if they think it is consistent with codes of practice and guidance issued by the Gambling Commission, with the licensing objectives, and with their own licensing policy statement.

290 Written evidence from the Local Government Association (GAM0057)

257. Leeds City Council were keen to have more local autonomy:

“The Council would welcome more control, such as the ability to control numbers in a given area, for example in the same way as cumulative impact areas work for the Licensing Act 2003. This would prevent the proliferation of any single type of gambling premises in an area—such as betting shops, AGCs or bingo halls, which not only have an impact on the local high street but also seem to accumulate in deprived areas. The Council would also welcome the ability to incorporate local conditions and requirements into the Statement of Licensing Policy to control matters such as single staffing, window displays, visibility of gaming and gambling machines, etc. to promote the protection of children and vulnerable people.”²⁹¹

258. Gerald Gouriet QC expressed similar views:

“It is something of a myth that giving the licensing function to local authorities has resulted in ‘local licensing control’. The control that most licensing authorities would like to exercise is the refusal of a licence for a betting shop or adult gaming centre on the simple ground: “the local community doesn’t want it”. Licensing authorities do not have that power—although licensing justices under the repealed legislation did. Even if (as is frequently the case) substantial numbers of local people strongly object to the grant of a new licence for gambling premises on the perfectly rational ground that the high street already has enough of them and the local community doesn’t want any more, that is not a lawful ground for rejecting an application made in accordance with the 2005 Act.”²⁹²

259. We agree. We accept that to give local authorities such a power in respect of the licensing of premises for gambling would be a reversal, not only of the general “aim to permit” philosophy which underpins the Act, but also of the prohibition on licensing committees having regard to “the expected demand for the facilities which it is proposed to provide.”²⁹³ It would not however be inconsistent with the Budd report which, having recommended the abolition of the demand test, went on to say: “We recommend that in determining whether the location for gambling premises is appropriate the local authority should have regard to the general character of the locality and the use to which buildings nearby are put.”²⁹⁴

260. We believe such a change would be justified. The interests of the operators should not be the only significant factor in a decision on where a betting shop is located. Local authorities should be able to decide not just on the basis of “what is good for the punter”,²⁹⁵ but what is good for the community as a whole. In this respect licensing committees should have the same powers as they do when licensing premises for the sale of alcohol.

261. **The Act should be amended to give licensing committees deciding on the licensing of premises for gambling the same powers as they already have when deciding on the licensing of premises for the sale of alcohol.**

291 Written evidence from Leeds City Council ([GAM0038](#))

292 Written evidence from Gerald Gouriet QC([GAM0045](#))

293 Gambling Act 2005, [section 153\(2\)](#)

294 [Gambling Review Report](#), para 21.13

295 [Gambling Review Report](#), para 20.31

CHAPTER 5: GAMBLING-RELATED HARM

The scale of the issue

262. The Gambling Commission, in its 2020 annual report on *Gambling participation in 2019: behaviour, awareness and attitudes*,²⁹⁶ defines problem gambling as “behaviour related to gambling which causes harm to the gambler and those around them. This may include family, friends and others who know them or care for them.” The Commission uses two measures to estimate the prevalence of problem gambling. The first is a survey conducted by NHS Digital, but recent figures are available only for England since questions were not included in the surveys for Wales and Scotland. According to Health Survey England 2018, 2.7% of adults were considered low-risk gamblers (gamblers who experience a low level of problems with few or no identified negative consequences), and a further 0.8% were classed as moderate-risk gamblers (gamblers who experience a moderate level of problems leading to some negative consequences). But 0.5% of respondents were classified as problem gamblers who gamble with negative consequences and a possible loss of control.²⁹⁷
263. The Commission also tracks problem gambling data using its telephone survey, which acts as a more regular and up to date measure for identifying any changes in problem gambling trends. Respondents are categorised as either a problem gambler (0.6%), moderate-risk gambler (1.2%), low-risk gambler (2.7%), or non-problem gambler. The Commission believes that the Health Survey provides “the most robust estimates of problem and at-risk gambling due to the use of a high quality random probability sampling approach [and] a large sample size”.
264. The Government’s written evidence, submitted in September 2019, is based on the 2016 survey, and their estimate is that:
- “0.7% of the adult population, or approximately 340,000 individuals, are problem gamblers ... confidence intervals are relatively broad, but we can be 95% confident that the actual figure is between 250,000 and 460,000 adults. Rates of problem gambling have been relatively stable at under 1% for many years. The 2015 Health Survey figures showed a problem gambling rate of 0.8%, but the fall between 2015 and 2016 is not statistically significant.”²⁹⁸

The same survey figures equate to some 1.8 million gamblers who are at low or moderate risk.

296 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*

297 Supplementary written evidence from the Gambling Commission ([GAM0116](#)): “The Health Survey England 2020 fieldwork is taking place this calendar year, and the Welsh Problem Gambling Survey (as part of the National Survey for Wales) from April 2020–March 2021. Regrettably, the Scottish Government have not provided space for questions on gambling in the Scotland Health Survey in 2020 but we hope that this will be possible for 2021. At this stage we are not aware of when the NHS in England plans to publish the gambling data from HSE 2020, but if it follows the same pattern as the 2018 HSE release, we could expect this to be published by them around December 2021. The Welsh Government will publish the first tables of National Survey results in June 2021, and the dataset on the UK Data Archive in September 2021.”

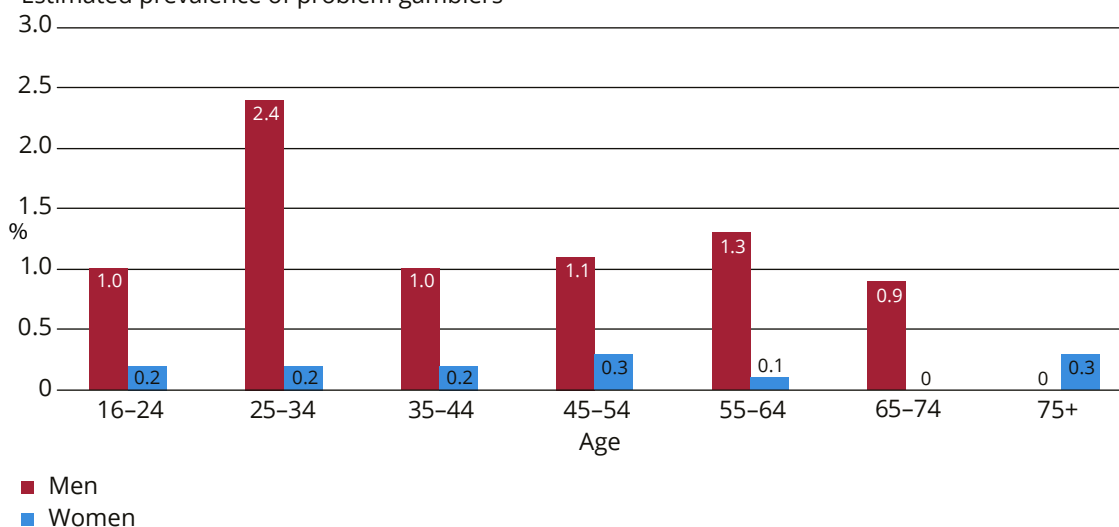
298 As explained in paragraph 262 above, the estimate in the 2018 Health Survey was 0.5%, but this difference too is not statistically significant.

265. These figures are sometimes disputed, and the size of the samples criticised.²⁹⁹ It has been suggested that newer methodologies such as expenditure tracking might in future provide more reliable figures on how many people are harmed by gambling. But what is beyond dispute is that there are a very large number of individuals afflicted by problem gambling, and a still much larger number who are at risk of joining their ranks. It is also more common among males than females, and the problems continue at every age, as the following figure shows:

Figure 5: Distribution of problem gamblers in Great Britain by age and sex

Men aged between 25 and 34 are most likely to be problem gamblers

Estimated prevalence of problem gamblers



Note: Prevalence figures are the percentage of people in each age and sex grouping estimated to be problem gamblers.

Source: National Audit Office, *Gambling regulation: problem gambling and protecting vulnerable people* (28 February 2020) p 18: <https://www.nao.org.uk/wp-content/uploads/2020/02/Gambling-regulation-problem-gambling-and-protecting-vulnerable-people.pdf> [accessed 23 April 2020]

266. Problem gambling is still most common among younger gamblers. Among boys of 11–16, 2.0% are classified as problem gamblers; the only age group with a higher percentage of problem gambling is 25–34 year old men, at 2.4%. For girls of 11–16, while the problem gambling rate at 0.7% is lower than for boys, this is over double the rate of any other female age group.³⁰⁰

267. It is also clear that there is considerable geographical variation in problem gambling. It is higher in Scotland (0.9%) and in Wales (0.8%) than in England (0.7%), but the most striking variations are between the English regions. The rate is highest in the North East and in the West Midlands (both 1.1%); in London it is 0.9%, but only 0.3% in the South East and 0.2% in the South West.³⁰¹ A study commissioned by Leeds City Council in 2016 found that there were approximately 10,000 problem gamblers in Leeds (1.8% of the adult population) and a further 30,000 at risk (5.5%).³⁰² The Leeds figures have to be approached with some caution, since the definitions used were not identical, and research has indicated that the mode of administration

299 E.g. in written evidence from Geoff Banks (GAM0003).

300 See paragraph 420, Table 12.

301 *Gambling behaviour in Great Britain in 2016, evidence from England, Scotland and Wales*, p 78

302 Written evidence from Leeds City Council (GAM0038)

of a prevalence survey can affect the results obtained. But on any view they demonstrate a much higher level of problem gambling in Leeds than the average for England.

268. There are other variations in distribution. Research shows that 11.6% of the homeless population experience gambling-related harm, over 10 times the rate in the general population.³⁰³ Other research demonstrates that rates of problem gambling among prison inmates in the UK are between 12 and 24 times greater than those recorded in general population surveys.³⁰⁴ Analysis of British Gambling Prevalence Survey data found that those in the lowest income quintile were spending an average of 12–14% of their net income on gambling, compared to only 2% or less in the highest quintile. Problem gambling is more common in those on lower incomes and among black and ethnic minority groups in Britain.³⁰⁵

British Gambling Prevalence Survey

269. All the witnesses who have spoken to us about the available data have without exception criticised the lack of reliable data and the urgent need for more research. The British Gambling Prevalence Survey (BGPS) was a nationally representative survey of participation in gambling and the prevalence of problem gambling in Great Britain. Three surveys were carried out in the series—in 1999 (commissioned by GamCare) and in 2007 and 2010 (commissioned by the Gambling Commission). The aims of the BGPS were to measure the prevalence of participation in all forms of commercial and private gambling (including estimates of expenditure and information on venue); estimate the prevalence of problem gambling and look at which activities have the highest prevalence of problem gamblers; investigate the socio-demographic factors associated with gambling and with problem gambling; and to assess attitudes towards gambling.³⁰⁶
270. Since 2010 the BGPS has not been repeated, but instead the Gambling Commission has funded the regular inclusion of a less detailed set of questions roughly every two years in the Health Survey England (HSE) and the Scottish Health Survey (SHeS). The Gambling Commission has also commissioned separate surveys of gambling behaviour in Wales. These studies have been used together to report on gambling behaviour in Great Britain. However, the reduced length of the questionnaire that can be included in HSE and SHeS compared with the BGPS means that detailed evidence on key topics has not been collected more recently. For example, detail from BGPS about specific engagement in gambling activities, such as frequency and expenditure, was used to produce valuable evidence about the proportion of spend attributable to problem gamblers. Detail has also not been collected on modes of access or types of product preferences. Other topics covered in BGPS included areas such as motivation, attitudes and

303 Steven Sharman, Jenny Dreyer, Mike Aitken, Dr Luke Clark and Dr Henrietta Bowden-Jones, ‘Rates of Problematic Gambling in a British Homeless Sample: A Preliminary Study’, *Journal of Gambling Studies*, vol 31(2), (2015), pp 525–532: https://www.researchgate.net/publication/259877368_Rates_of_Problematic_Gambling_in_a_British_Homeless_Sample_A_Preliminary_Study [accessed 8 June 2020]

304 Written evidence from Dr James Banks ([GAM0033](#))

305 Written evidence from Professor Jim Orford ([GAM0019](#))

306 Written evidence from the NatCen for Social Research ([GAM0066](#)), quoting from NatCen Social Research prepared for the Gambling Commission, British Gambling Prevalence Survey 2010 (February 2011): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf [accessed 18 May 2020]

gambling histories, including initial experience, behaviour change and help seeking, all of which provided valuable evidence for policy makers.³⁰⁷

271. **We recommend that the British Gambling Prevalence Survey be reinstated as a first step towards understanding how gambling and gambling prevalence are changing in the UK.**

Longitudinal surveys

272. This, however, would only be a first step. Prevalence surveys rely on retrospective and subjective self-reports, and generally cannot be done with more than a few thousand participants at one time. This means that a prevalence survey cannot usefully answer the question of gambling-related suicide or mortality. Even a sequence of prevalence surveys would generally only be considered a repeated cross-sectional design and not a longitudinal study. Methodologies that can survey a broader range of the population, or that can provide objective measures of gambling involvement and harm, should be considered if they emerge.
273. A longitudinal study is a study that tracks the same individuals over time, such as the 1958 National Child Development Study which follows lifetime outcomes for an initial sample of 17,415 people born in England, Scotland and Wales in a single week of 1958.³⁰⁸ By contrast, the three British National Gambling Prevalence Surveys effectively follow a “repeated cross-sectional” design, since new people are predominately sampled at each time point. Both methodologies should be equally effective for some research questions, such as estimating the proportion of the population who are problem gamblers. Longitudinal studies, however, are uniquely capable of probing causal factors such as why some people are more likely to become problem gamblers, since data can be collected from the same person over all stages of the lifespan.
274. Dr Heather Wardle, Assistant Professor at the London School of Hygiene and Tropical Medicine, stated that an excellent longitudinal study was needed: “If it is developed in accordance with the most robust methodology, the first year would essentially be a re-run of something like the British Gambling Prevalence Survey, so it would provide that up-to-date information and data.”³⁰⁹ Professor Orford added that “we were in the lead internationally at one time. I think we were the first country in the world to have a succession of three proper British National Gambling Prevalence Surveys, and although good data are being collected there are things that a prevalence survey can do that health surveys cannot do.”³¹⁰
275. The Government has until now not been very much involved in any surveys into the prevalence of gambling-related harm, but told us:
- “The government is also committed to creating a better understanding of gambling-related harms so it can determine how best to prevent harms from occurring and support those negatively impacted by gambling-related harms. Public Health England (PHE) has been commissioned by government to undertake a comprehensive independent evidence review on the public health harms of gambling. This is the first ever review of

307 Written evidence from the NatCen for Social Research ([GAM0066](#))

308 UCL Centre for Longitudinal Studies, ‘1958 National Child Development Study’: <https://cls.ucl.ac.uk/cls-studies/1958-national-child-development-study/> [accessed 18 May 2020]

309 [Q 19](#) (Dr Heather Wardle)

310 [Q 19](#) (Professor Jim Orford)

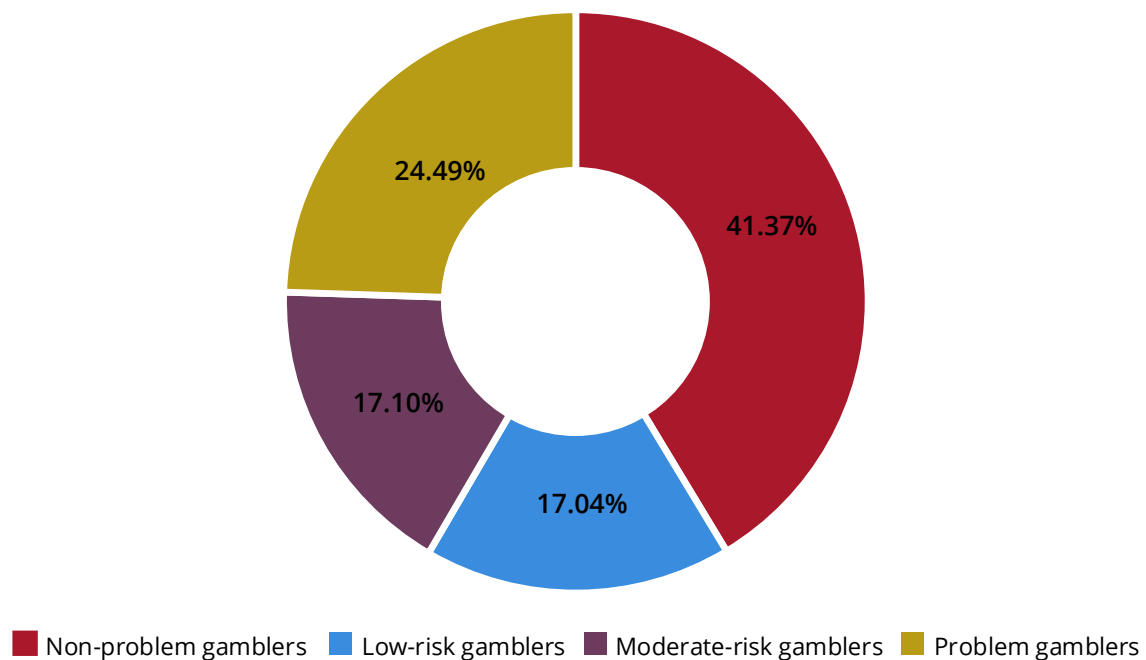
evidence on the public health harms relating to gambling in England ... In addition, the National Institute for Health Research (NIHR) has commissioned a complementary review of the effectiveness and cost-effectiveness of existing policies and interventions for reducing gambling-related harms. Both reviews will provide an independent review of the existing research in this area to establish what is known, where there are clear gaps in the evidence, and to provide the best available evidence to support national and local policy and decision making in addressing gambling-related harms.”³¹¹

276. **The Government should commission a longitudinal survey to trace how and why individuals become problem gamblers, the actions they take, the treatment they receive, and the outcomes associated with problem gambling.**

The value to the industry: the greater the problem, the higher the profit

277. The value of problem gamblers to the industry is illustrated by the following chart. It is limited to online gambling, and taken from a publication dated August 2018, and some of the figures come from the 2015 Gambling Commission Gambling Addiction Survey. There is however no reason to suppose that the figures have changed significantly. The 2.66% of the population who are low-risk gamblers contribute 17% of the industry’s profits. A further 17% is contributed by the 1.03% who are moderate-risk gamblers, while the problem gamblers, on this measure 0.8%, contribute an astonishing 25%.

Figure 6: Percentage of online gambling industry profits derived from each category of gambler



311 Written evidence from HM Government ([GAM0090](#)). Both reviews were to have reported in March 2020, but in Supplementary written evidence from HM Government ([GAM0135](#)) (29 April 2020) Ministers explained that as a result of Covid-19, publication of the NIHR report could be expected “in the coming months”, but the PHE review would be delayed until “later in 2020 or early 2021”.

Source: ResPublica, *Online Gambling: Addicted to Addiction* by Tim Cowen and Phillip Blond (August 2018) p 12: <https://www.respublica.org.uk/wp-content/uploads/2018/08/Online-Gambling-Addicted-to-Addiction.pdf> [accessed 23 April 2020] Howard Reed of Landman Economics calculated this data using the number of days and the amount of money spent on online gambling, using Table 13 in PWC prepared for GambleAware, *Remote Gambling Research: Interim report on Phase II* (August 2017) p 43: <https://about.gambleaware.org/media/1549/gamble-aware-remote-gambling-research-phase-2-pwc-report-august-2017-final.pdf> [accessed 4 June 2020], and combining this with Tables 3.3 and 4.5 in NatCen Social Research, *Gambling behaviour in Great Britain in 2015, Evidence from England, Scotland and Wales* (August 2017): <http://natcen.ac.uk/media/1464625/gambling-behaviour-in-great-britain-2015.pdf> [accessed 4 June 2020]

The wider impact of gambling harms

278. The *National Strategy to Reduce Gambling Harms 2019–2022*³¹² defines “gambling harms” as “the adverse impacts from gambling on the health and wellbeing of individuals, families, communities and society.” These harms are thus not limited to harms caused to problem gamblers or to those at risk of becoming problem gamblers; other gamblers can also suffer harms and cause harms to others.³¹³ Nor are the harms limited to the gamblers themselves, their families and friends. Other individuals, banks and companies may be unable to recover money lent by them or stolen from them. There will be a wider cost to society for health and treatment, welfare and employment, lost tax receipts, benefit claims, homelessness, the NHS and the criminal justice system.
279. The Gordon Moody Association, with their long experience of treating problem gamblers, wrote:
- “The cost to society should not only be counted in terms of the financial cost to an individual. Impact on their loved ones and family members should also be measured in terms of the devastating impact it can have on their own mental health, physical health, family relationships, employment and quality of life—thus demonstrating the wider social impact of problem gambling.”³¹⁴
280. The cost to individuals is often unquantifiable, but the cost to society can be quantified within very broad limits. In December 2016, the Institute for Public Policy Research (IPPR) published research, funded by GambleAware, on the cost of gambling-related harm to Great Britain. The report estimated that the direct cost of problem gamblers to the public purse was between £260 million and £1.2 billion per year. That report was the first attempt to provide an estimate; the estimates are wide, and the availability of relevant data was limited. The authors are at pains to say that the findings “should not be taken as the excess fiscal cost *caused* by problem gambling. Instead, they should be taken as an *illustrative* estimate for the excess fiscal costs incurred by people who are problem gamblers, beyond those that are incurred by otherwise similar members of the population.” Nevertheless this provides a picture of which parts of Government absorb the largest costs of gambling-related harm, as set out in the table below:

312 Gambling Commission, *National Strategy to Reduce Gambling Harms* (25 April 2019) p 6: <https://www.reducinggamblingharms.org/asset-library/national-strategy-to-reduce-gambling-harms.pdf> [accessed 28 April 2020]

313 Some estimates suggest the typical problem gambler affects six others on average: Belinda Goodwin, Matthew Browne, Matthew Rockloff and Judy Rose, ‘A typical problem gambler affects six others’, *International Gambling Studies*, vol. 17(2) (2017): https://www.tandfonline.com/doi/full/10.1080/14459795.2017.1331252?casa_token=K_RE8bZ7_eYAAAAA%3AnV9ctFc0enGv7mn3P85J2784J6dxjSD-Ejm6tMUQWBwu7Ah-svDtgxJ8m_zVODkYJpIdIkwZ1Pkp39Y [accessed 18 May 2020]

314 Written evidence from the Gordon Moody Association ([GAM0032](#))

Table 9: The cost to the public purse resulting from problem gambling, England and Great Britain

Department/Interaction	Cost range England only £million	Cost range Great Britain £million
Health		
Hospital inpatient services	110–290	140–610
Mental health primary care	10–20	10–40
Secondary mental health services	20–50	30–110
Welfare and employment		
Jobseeker’s claimant costs and lost labour tax receipts	30–80	40–160
Housing		
Statutory homeless applications	10–30	10–60
Criminal justice		
Incarcerations	30–90	40–190

Source: Institute for Public Policy Research (IPPR), *Cards on the Table, The cost to government associated with people who are problem gamblers in Britain (December 2016)* p 47: https://www.ippr.org/files/publications/pdf/Cards-on-the-table_Dec16.pdf [accessed 22 April 2020]

281. Among the witnesses who emphasised to us the wide effect of gambling-related harms, and the danger of overlooking them, were Dr James Banks, whose research highlighted how family members “experience significant and sustained gambling-related harm across multiple domains. Family members highlight how they need help and support to assist in both addressing their loved one’s problem gambling and their own needs.”³¹⁵ Dr Wardle explained how “prevalence rates of problem gambling ... are measuring problem gambling in terms of clinical symptoms and behaviours rather than the harms (and distress) experienced among the wider population Review of problem gambling screening instruments show they do not capture this broader range of harms simply because they do not ask about them all.”³¹⁶
282. Professor Orford told us that “In the 2010 British Gambling Prevalence Survey 3.8% said Yes to the question: *In the last 12 months, has any close relative of yours (including partner) had a gambling problem?* That gives an estimate of over one and a half million people in the country as a whole, and it excludes children under 16 with parents with gambling problems.”³¹⁷
283. The fullest list of associated harms was provided by Dr Carolyn Downs, who told us that from the first UK study exploring the relationship between gambling and debt “the stark conclusion was that for each individual with a gambling problem between four and eleven other people or organisations

315 Written evidence from Dr James Banks (GAM0033)

316 Written evidence from Dr Heather Wardle, Professor Gerda Reith, Professor Robert D Rogers and Erika Langham (GAM0043)

317 Written evidence from Professor Jim Orford (GAM0019)

were directly socially and economically adversely affected.” The study identified the following social and economic impacts:

- Relationship difficulties up to and often including relationship breakdown
- Intimate partner violence and domestic violence were commonly reported by participants
- Problem gamblers reported disengaging from family life
- Personality changes (short-tempered, aggression, withdrawn)
- Shame and social exclusion of family members when they discover levels of debt or crime caused by their loved one
- Family members unaware of problem gambling of loved one until loss of home/arrival of bailiffs/arrival of police to arrest problem gambler
- Social exclusion through poverty
- Damage to communities from clusters of betting shops/arcades
- Children of problem gamblers changing school as a result of eviction and having education disrupted.
- Mental and physical health problems for both the problem gambler and family members
- Low self-esteem among problem gamblers
- Staff at betting shops/arcades experience abuse or violence from disgruntled gamblers.³¹⁸

284. The importance of not ignoring these wider effects of problem gambling was emphasised by Dr Luke Clark, who gave evidence to us by video link:

“The research over the past five or so years has shown quite convincingly that there is a much wider spectrum of harm spread throughout the population. These examples of milder harms that would not traditionally be called symptoms could be an inability to pay debts, sleep difficulties through worrying about gambling, selling personal belongings and items to support gambling, and a range of effects on significant others. There are so many more mildly affected individuals in the population experiencing those harms that the actual majority of the harm in the population is attributable to those individuals who do not meet clinical thresholds.”³¹⁹

285. We think this a point worth emphasising. Gambling-related harm is often thought of as being limited to problem gamblers and those at risk of becoming so. This research shows that this is far from the case.

318 Written evidence from Dr Carolyn Downs ([GAM0049](#))

319 [Q 190](#) (Dr Luke Clark)

A health issue

286. Until relatively recently problem gamblers were regarded as responsible for their own misfortunes. That is no longer the case, as Dr Clark explained:

“Gambling disorder is a recognised psychiatric illness in the American DSM³²⁰ and the World Health Organization ICD³²¹ schedules. In both of those current systems, it is recognised alongside substance addictions as the first behavioural addiction. There is a lot of research from neuroscience in particular that supports that classificatory decision for gambling disorder as an illness.”³²²

287. In February 2018 the Gambling Commission published a paper entitled *Gambling-related harm as a public health issue: Briefing paper for local authorities and local public health providers*.³²³ This paper set out the Commission’s position on why gambling-related harm should be considered as a public health issue. Among its aims was to ensure that “Awareness of gambling problems and their symptoms is raised with front line health professionals and other agencies where problem gamblers may present themselves e.g. debt advice.” We explain below³²⁴ how in our view more needs to be done to ensure that “front line health professionals”, in particular GPs, are better aware of the prevalence of gambling problems.

288. Among the many witnesses who felt that problem gambling should be seen primarily as a health issue was Gambling with Lives, who thought new legislation “needs to recognise that gambling should be treated as a public health issue, with all the implications that has on product safety, availability, advertising and marketing.”³²⁵ One of the speakers at a reception given by Gambling with Lives was Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care:

“I say with total clarity, that gambling addiction is a mental health issue. And as Health Secretary I pledge myself to the actions that are needed to tackle it and support those who need support ... We [the Government] are reviewing the Gambling Act because no one had smartphones in 2005 and we’re putting mental health at the heart of that review. I will be personally involved in making sure that review, that will be cross-government including the Department of Health, will take the action necessary to bring the law into the 21st century.”³²⁶

The Department with primary responsibility

289. As with all topics of any significance, a large number of departments are involved in the law, policy and practice governing gambling, so that any

320 US Diagnostic and Statistical Manual of Mental Disorders

321 WHO International Classification of Diseases: the ICD-10 Classification of Mental and Behavioural Disorders, F63 Habit and Impulse Disorders, F63.0 Pathological Gambling. ICD-11, which comes into force in 2022, distinguishes between offline and online disorders, and for the first time includes gaming disorders.

322 [Q 194](#) (Dr Luke Clark)

323 Gambling Commission, *Gambling-related harm as a public health issue: Briefing paper for Local Authorities and local Public Health providers* (February 2018): <https://www.gamblingcommission.gov.uk/PDF/Gambling-related-harm-as-a-public-health-issue.pdf> [accessed 18 May 2020]

324 Paragraphs 308–310

325 Written evidence from Gambling with Lives ([GAM0098](#))

326 Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care, Speech at the Reception for Gambling with Lives, Houses of Parliament, 26 February 2020

decisions by the Government on gambling are the result of often complex discussions between departments:

Box 2: Government departments with responsibilities for gambling

Department for Digital, Culture, Media and Sport (DCMS) for gambling's association with sport and media (currently lead department)

Department of Health and Social Care (DHSC) for health issues

Home Office (which used to have primary responsibility) for the link with crime

Ministry of Justice (MoJ) for the criminal justice system, and with responsibility for coroners

Department for Education (DfE) for education on the risks of gambling

Department for Business, Energy and Industrial Strategy (BEIS) for the business implications for the gambling industry

Department for Work and Pensions (DWP) for the employment issues

Ministry of Defence (MoD) for gambling among the military³²⁷

HM Treasury for the taxes raised by gambling.

290. Because of the number of departments involved, there has to be a department with primary responsibility for gambling. Until 2001, that was the Home Office; since then it has been DCMS. A number of witnesses have suggested to us that primary responsibility should be transferred to DHSC. They include Dr Wardle³²⁸ and Professor Orford.³²⁹ Dr van der Gaag thought that a public health approach was “critical”, and drew our attention to the fact that in New Zealand having the Ministry of Health “playing a central role in driving that strategy forward has been one of the reasons for its success.”³³⁰ Marc Etches, the Chief Executive of GambleAware, conceded that there had been “good joint working” between DCMS and DHSC, but thought that “what would really be a gamechanger is the Government of the day recognising that the harms that arise from gambling are a health issue.”³³¹
291. Similar arguments have recently been advanced by the House of Commons Health and Social Care Committee for overall responsibility for drugs policy to move from the Home Office to DHSC.³³² However we think, especially from what was said by the Secretary of State for Health,³³³ that the Government do in fact already recognise that gambling harms are a health issue. In their final evidence, Ministers wrote:

“Problem gambling is indeed a health issue, which is why the Department of Health and Social Care leads on providing access to NHS treatment and advice, and developing the research and evidence base ... The Department for Digital, Culture, Media and Sport and the Department of Health and Social Care co-chair a quarterly cross-government and

327 [Q 4](#) (Tim Baxter)

328 [Q 19](#) (Dr Heather Wardle); also in written evidence from Dr Heather Wardle, Professor Gerda Reith, Professor Robert D Rogers and Erika Langham ([GAM0043](#))

329 [Q 24](#) (Professor Jim Orford)

330 [Q 35](#) (Dr Anna van der Gaag)

331 [Q 72](#) (Marc Etches)

332 Health and Social Care Committee, *Drugs Policy* (First Report, Session 2019, HC 143)

333 See paragraph 288.

third sector official-level steering group to coordinate and share activities on research, education and treatment.”³³⁴

292. Ministers do not however favour a transfer of primary responsibility from DCMS to DHSC. Such a transfer might have a symbolic value, but we agree that it would not alter the fact that at least the nine departments we have listed in Box 2 would continue to have their individual responsibilities in relation to gambling. There is also a risk that DHSC, already a large department with multiple responsibilities, might not be able to give gambling policy the overall attention it deserves. We think that DCMS is well placed to continue to coordinate the law and policy governing gambling and the fight against gambling-related harms, and we do not recommend a change.
293. **We believe that, despite the symbolic value of a transfer of primary responsibility for gambling from DCMS to DHSC, there would not be any practical benefit from such a transfer, and there might be disadvantages. DCMS should continue to be the department with primary responsibility.**
294. DCMS, like the Gambling Commission, has seldom been proactive, and sometimes has been more obstructive than reactive, as in the case of lowering the maximum stake of FOBTs, where it was supported by the Treasury. The failure to take action on a mandatory levy, which we discuss in Chapter 8,³³⁵ is another example.
295. A decision to undertake a major review of gambling and of the gambling industry came about only because, with a general election looming, political parties were driven to give undertakings to do something which would satisfy electors. The election is now six months behind us, but nothing has happened and no dates have been set. We expect DCMS, as the owner of the policy for gambling, to take this forward with some urgency. This report, the evidence on which it is based, and the recommendations we make, should make for a solid foundation.
296. **In exercising their responsibilities, DCMS Ministers and officials should give much greater priority to gambling, and in particular to measures which DCMS, other departments or the Gambling Commission could take to minimise gambling-related harms.**

Suicide

297. Gambling with Lives is a charity set up by families bereaved by gambling-related suicides. All lost young people aged 18–34 who had been addicted to gambling when they were children or adolescents, on machines and in environments that they and their families thought were safe. They sent us written evidence, and their co-founders, Charles and Liz Ritchie, with another member, gave us oral evidence. Subsequently they have sent us further supplementary evidence. Additionally, in a very moving private session, we met a number of members of the bereaved families to hear their accounts of the circumstances in which they had lost their loved ones, and what they thought might be done to lessen the chances of this happening to other families.

334 Supplementary written evidence from HM Government ([GAM0135](#))

335 See paragraphs 543–557.

The dearth of statistics

298. We have already emphasised how analysis of the harms caused by gambling is hampered by a dearth of reliable statistics. This is particularly true in trying to assess the number of suicides related to problem gambling, an issue that cannot be addressed via prevalence surveys. Gambling with Lives have collated academic research suggesting that the number of gambling-related suicides per year is in the range 250–650, but they noted³³⁶ that the Government has no official figures or even estimates of the number of gambling-related suicides each year in the UK. They suggest that this can be rectified through the commissioning of a dedicated research programme.

299. As the National Centre for Social Research told us,³³⁷ there used to be such a programme.

“The Adult Psychiatric Morbidity Survey (APMS) is ideally placed to examine problem gambling in the context of other health and social harms and has been used to provide high quality evidence in this area. We believe that inclusion of questions on problem gambling on a mental health survey which covers the range of related health and social harms that APMS does (both psychiatric comorbidities and also things like social network size and quality of support, problem debt and disconnection, and suicidal thoughts, attempts and self-harm behaviours) is very valuable. APMS surveys have been carried out every 7 years since 1993 (followed by 2000, 2007 and 2014); questions on gambling were last included in 2007. To maintain this sequence a survey is due in 2021, and we believe it is very important that the government commits to carrying out the next survey in the series, and that it should include questions on gambling.”

300. Work carried out for the Gambling Commission to explore the link between problem gambling and suicide included a workshop on evidence needs around suicide and problem gambling.³³⁸ This recommended that questions on gambling should be included in the 2021 Adult Psychiatric Morbidity Survey, the analysis of which would:

- give an indication of temporal trends in prevalence of problem gambling and suicidal behaviours.
- allow for examination of the consistency of the relationship between gambling and suicidal behaviours.
- allow for an examination of the association between gambling and suicidal behaviours including ideation, as well as other co-morbidities, particularly mental disorders assessed using validated questionnaires.”

301. **The seven-yearly Adult Psychiatric Morbidity Survey included questions on gambling in 2007, but not in 2014. The 2021 Survey should again include questions on gambling, and the prevalence of suicidal tendencies linked to gambling.**

336 Written evidence from Gambling with Lives ([GAM0098](#))

337 Written evidence from the NatCen for Social Research ([GAM0066](#))

338 Ann John, Heather Wardle, Sally McManus and Simon Dymond prepared for GambleAware, *Scoping Current Evidence and Evidence-Gaps in Research on Gambling-Related Suicide* (July 2019): <https://www.gamblingcommission.gov.uk/PDF/Report-3-Gambling-related-suicide-and-suicidal-behaviours.pdf> [accessed 18 May 2020]

Statistics through the coronial process

302. Gambling with Lives suggested that another way of collating statistics about the numbers of gambling-related suicides might be through changes to medical recording and the coronial process.³³⁹
303. It is not, and never has been, part of the duties of coroners to record the reason for a death; they have always been limited to discovering “who, when, where and how”, but not “why” a person died; indeed there is a statutory prohibition on such a finding.³⁴⁰ There is a good reason for this: “why” often involves deciding that a criminal offence has been committed, often with an indication of the likely perpetrator, and this would impact on the criminal process and might prejudice a fair trial. But the result is that a finding that a death was the result of suicide will not say that the suicide was caused in whole or in part by gambling, even if the coroner believes that this was the case. Coroners’ offices therefore have no record of gambling-related suicides.
304. Until 1 October 2019 doctors were under no formal duty to notify a coroner of a person’s death or, if they did, to include any particular information. On that day new Regulations came into force, the Notification of Deaths Regulations 2019,³⁴¹ which were made under the Coroners and Justice Act 2009. Regulation 3(1) requires doctors to notify senior coroners in writing of any death where the doctor “suspects that [a] person’s death was due to ... self-harm”. Regulation 4 lists the details of the information a doctor is required to supply, including the circumstances which apply to the death (such as self-harm). Doctors must provide any further information they consider to be relevant, and could therefore state that they believe the death from self-harm was gambling-related; but they are not under an obligation to do so. If they were required to do so, each of the 88 coroners’ offices would accumulate a record of the deaths where doctors suspect that the death was gambling-related. These records could be collated by the Ministry of Justice.
305. We accept that there might still be defects. The records would not list the findings of coroners, but the opinions of doctors, who might apply different criteria, or might not discover that a suicide was gambling-related. Nevertheless we believe such records would be a great deal better than the current lack of any formal record, and should provide more accurate estimates of the numbers of suicides which are gambling-related.
306. **The Notification of Deaths Regulations 2019 should be amended to include in the list of information which doctors are required to provide to coroners a requirement, when a doctor suspects that a death by self-harm was gambling-related, to inform the coroner of this.**
307. **Coroners’ offices should keep a record of such information and forward it at intervals to the Ministry of Justice, which must collate it and keep a list of the numbers of deaths by self-harm which doctors suspect were gambling-related. The numbers of such deaths, but not details of individual deaths, should be publicly available.**

339 Written evidence from Gambling with Lives ([GAM0098](#))

340 Coroners and Justice Act 2009, [section 5\(3\)](#)

341 The Notification of Death Regulations 2019 ([SI 2019/1112](#))

Training of doctors

308. Ms Ritchie pointed us to a report published in the *British Medical Journal* as long ago as January 2007,³⁴² shortly before the Gambling Act 2005 came fully into force, in which the British Medical Association suggested that training in spotting gambling addiction should be provided for GPs because of the anticipated increase in the number of gambling addicts. Nothing, she said, had been done; there was still no training for GPs. Mr Ritchie added: “If a young man, in particular, goes to the doctor now and says he has anxiety, depression and sleeplessness, the first or second question should be about gambling.”³⁴³
309. This was a point also made by Anna Hemmings, the Chief Executive of GamCare: “Training other professionals is also really important. If you go to your GP and say that you are depressed because you are in debt, do they ask about gambling? Do debt advisers ask about it? Over the past couple of years, we have trained around 20,000 professionals with the view to trying to encourage them to ask a question.”³⁴⁴ 20,000 sounds like a large number, but Ms Hemmings did not say how many of these professionals are GPs or other doctors, who are often the first port of call.
310. **Guidance should be issued to doctors that they should be alert to asking patients who present with symptoms of anxiety and/or depression whether they have any gambling problems, and if so to offer them advice about where they should seek specialist help.**

Affordability checks

311. Affordability checks are critical to any attempt to make gambling safer and reduce problem gambling. Affordability checks are needed not only to ensure that customers are not gambling beyond their means, but also to prevent them gambling with what may be the proceeds of crime, or to use gambling as a way of laundering money.
312. Kenny Alexander, the CEO of GVC, summarised the position as he saw it:
- “Affordability is absolutely key. There is a huge desire for the industry to get to a standard view among all licensed operators, all using the same affordability checks, all agreeing and making the same decision about an individual player if they were to come to that business. If possible ... we could take one view of a player, so that he is not spending an amount with me and the same with Ulrik [Bengtsson, i.e. William Hill]. There should be a single standard view for looking at the affordability of players for all licensed operators We should take best practice across the industry, put it in place as what any licensed operator should be using, and we should be able to share that information so that it cannot be abused by breaching my affordability and doing the same with Ulrik—that completely defeats the purpose. ... If we can address it and get it right, I think that the number of problem gamblers in existence today—a magnitude of about 400,000—will come down significantly once that plays through over the next three to five years.”³⁴⁵

342 Lisa Hitchen, ‘Compulsive gamblers must get free NHS treatment’, *BMJ*, vol 334, (2007): <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1779863/> [accessed 18 June 2020]

343 [Q 179](#) (Charles Ritchie)

344 [Q 212](#) (Anna Hemmings)

345 [Q 136](#) (Kenny Alexander)

He did not explain why it should take as long as three years, let alone five.

313. Mr Bengtsson added: “The really important thing is that these limits and affordability checks are for individuals. There have been some suggestions of one level for everyone, which clearly would not work. I want to make that clear.”³⁴⁶

314. With that we wholly agree. What can be an enormous sum and totally unaffordable for most people is, for some, small change, as this example shows. It comes from a case where *Aspinall’s Club* was seeking to recover the £2 million which the defendant had paid by a cheque which he had dishonoured:

“On 10 March 2000 the defendant, Fouad Al-Zayat, a businessman resident in Nicosia, Cyprus visited the claimant’s gaming club, *Aspinall’s*, in Mayfair. He had visited the club on an irregular but frequent basis since 10 October 1994. He continued to do so until 11 April 2006. During that period he gambled £91,538,077 and lost £23,225,041.89. ... In 1999 and 2000 he began to gamble sums in excess of one million pounds in a single night. ... On the night of 10 March 2000 he gambled £2m. and lost every penny.”³⁴⁷

315. At the other end of the scale, this example is taken from the Gambling Commission’s decision in the case of *Caesars Entertainment* to which we referred in the previous chapter as an example of a recent large financial settlement:

316. Customer L visited a casino and was allowed to buy-in for circa £60,000. The customer’s occupation was recorded as a retired ‘Postman’. The casino was aware the customer had previously self-excluded for six months before returning to gambling. Despite this knowledge, the customer was allowed to gamble for a period of 44 days, losing over £15,000.³⁴⁸

317. An example of a company totally disregarding the need to check the source of funds comes from the Gambling Commission’s decision in the case of *Betway* to which we have already referred:

Customer A held 11 separate accounts with *Betway*. The customer deposited more than £494,000 over a period of one year and five months, £300,000 of which was over five months, and was the subject of 18 reviews by *Betway*’s risk and fraud team. *Betway* did not undertake any checks to establish Customer A’s source of funds as the customer failed to trigger any of *Betway*’s financial thresholds in place at the time. Customer A has subsequently been convicted of fraud. Customer A also displayed signs of problem gambling having self-excluded on a number of occasions, one of which followed depositing and losing over

346 Q 136 (Ulrik Bengtsson)

347 *Aspinall’s Club Ltd v Fouad Al-Zayat* [2008] EWHC 2101 (Comm), judgment of Mr Justice Teare, para 1

348 Gambling Commission, ‘Systemic failings at *Caesars Entertainment* leads to the departure of three senior managers and sanctions of £13m’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/systemic-failings-at-caesars-entertainment-leads-to-the-departure-of-three-senior-managers-and-sanctions-of-13m> [accessed 13 May 2020]

£50,000 in a single day. Betway could not provide evidence of any social responsibility interactions being carried out with this customer.³⁴⁹

How to measure affordability

318. These are examples where it is clear that the gamblers could not afford the bets they were placing, but usually things will not be quite so clear cut.
319. Gambling operators already have available a large amount of information about their customers, especially those gambling online. In February 2019 the Gambling Commission published responses to a consultation showing that licensees could access information relating to a customer's financial circumstances, such as bank statements, proof of income, and credit checks. Others suggested that licensees could analyse income and expenditure, with a number suggesting using socio-demographic data to form an understanding of affordability. One respondent said that a customer's lifestyle could inform a licensee about how much they could afford to gamble.³⁵⁰
320. beBettor is a gambling compliance data processing company assisting gambling companies with the issue of affordability. They told us that they help gambling companies understand how much their customers can afford to gamble before experiencing financial harm, and measure gambling activity data within their network of operators against these affordability estimates. They said:
- “The affordability estimates we provide are calculated through processing individual customer data, and mapping this against socio-demographic and economic data sources available in the public domain (“Open Data”). Part of the difficulty in assessing the social and economic impact of gambling to date is that the industry response has been fragmented, with operators reluctant to work together. However, operators working collaboratively will achieve greater results in the area of problem gambling than more isolated efforts.”³⁵¹
321. It is a safe assumption that anyone who is gambling with borrowed money is doing so because they do not have that money themselves; they are clearly not able to afford to gamble. The Gambling Commission has recently banned the use of credit cards for all forms of remote gambling (betting, gaming and lotteries), and for non-remote betting.³⁵² The regulatory framework already prevents non-remote casino, bingo, adult gaming centre and family entertainment centre operators from accepting payment by credit card, and no gaming machine can be configured to accept payment by credit card.
322. We accept the evidence of the banks that it is not for them to monitor how their customers spend their own money, or spend overdrafts that have been agreed,³⁵³ but if an operator becomes aware that money being used to gamble comes from an overdraft, this should immediately ring alarm bells. The

349 Gambling Commission, ‘Betway to pay £11.6m for failings linked to ‘VIP’ customers’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/betway-to-pay-116m-for-failings-linked-to-vip-customers> [accessed 13 May 2020]

350 Gambling Commission, *Changes to the licence conditions and codes of practice on age and identity verification for remote gambling: consultation response* (February 2019): <https://www.gamblingcommission.gov.uk/PDF/AV-CI-Consultation-responses-Feb-2019.pdf> [accessed 26 May 2020]

351 Written evidence from beBettor Limited (GAM0021)

352 *Licence conditions and codes of practice*, Part I: Licence condition 6.1.2

353 See paragraph 333.

alarm bells would be louder still if the money derives from a payday loan, but since these are mostly paid in cash, the source is even more difficult to trace.

323. Since May 2019 the LCCP has required operators to have in place systems for age and identity verification.³⁵⁴ These are questions of fact and so relatively easy to measure and police. There is no provision of the LCCP specifically about affordability; the word does not feature in the Licence Conditions or in the Codes of Practice. Since 31 October 2019 there has been a Social Responsibility Code provision on customer interaction³⁵⁵ which requires licensees to “interact with customers in a way which minimises the risk of customers experiencing harms associated with gambling”. This vague wording is supplemented by Formal Guidance for Remote Gambling Operators³⁵⁶ which has passages on affordability, vulnerability, and how to spot harmful gambling. There is also a link to current compliance and enforcement casework, giving operators an indication of where the Commission draws the limits of what it deems to be unacceptable interaction with customers on affordability.
324. This document leaves much to the discretion of individual operators. We consider that this is very undesirable, as matter of principle. Gambling operators are subject to an acute conflict between their commercial interests (which may be promoted by allowing problem gamblers to bet more, when they should not be permitted to bet at all) and their duty to comply with the Social Responsibility Code. In order to reduce the danger that the conflict between interest and duty will cause operators to allow or even encourage problem gamblers to gamble when they should not, it is essential that the Guidance be tightly drafted so as to define clearly and prescriptively the steps operators should take.
325. The Guidance states: “Historically, gambling operators have not systematically considered customer affordability when developing their customer interaction policies.”³⁵⁷ We would have expected the Guidance then to state in the most explicit terms that it is now the duty of operators to develop policies which will enable them to identify when customers are betting amounts they cannot afford, and to cease accepting their bets. It neither states this nor clearly implies it.
326. **The Gambling Commission must amend its Formal Guidance for Remote Gambling Operators to define the minimum steps which operators should take when considering customer affordability, and to make clear that it is for the operator to take those steps, and any necessary additional steps, which will enable them to identify customers who are betting more than they can afford.**

Data protection issues

327. One of the difficulties with affordability checks has always been the ease with which a customer who is turned away by an operator on affordability

354 *Licence conditions and codes of practice*, Part I: Licence condition 17.1.1 and Part II: Social responsibility code provision 3.2.7

355 *Licence conditions and codes of practice*, Part II: Social responsibility code provision 3.4.1

356 Gambling Commission, *Customer interaction – formal guidance for remote gambling operators: Formal guidance note under SR Code 3.4.1* (July 2019): <https://www.gamblingcommission.gov.uk/PDF/Customer-Interaction-Formal-Guidance-Remote-July-2019.pdf> [accessed 11 June 2020]

357 *Customer interaction – formal guidance for remote gambling operators: Formal guidance note under SR Code 3.4.1*, para 2.8

grounds can then begin placing bets with another operator who may not have access to the same data against which to test affordability. The gambling operators have told us that for online players they have “a huge amount of data on our customers”³⁵⁸ and “a vast amount of information on play”,³⁵⁹ but that they could not share it with other operators because of the General Data Protection Regulation (GDPR). They said they had approached the Information Commissioner through the Gambling Commission but had not had much response.³⁶⁰

328. The Responsible Affiliates Group made the same point: “There are valid controls contained within GDPR and Data Protection laws to limit exchanges of personal data even if the aim is to improve protections for them. To date this has limited the ability of operators to share data between themselves and with the affiliate sector.”³⁶¹
329. We therefore approached the Information Commissioner’s Office (ICO) ourselves, and asked if the GDPR prevented gambling operators from sharing the personal data of vulnerable gamblers with other gambling operators, and what would need to be changed to allow operators to do this. We received a full and helpful reply whose main conclusion is: “Data protection law does not prevent gambling operators from sharing the personal data of vulnerable gamblers. We believe that there are ways to do this that are compliant with data protection legislation. It is important that people who may be vulnerable receive the help they need.”³⁶²
330. The ICO explain some of the steps which will be needed to enable data to be shared, and their full evidence, like all written evidence, is available on our website for the operators to read. Operators will have to contact the ICO and make their case for an exemption from the GDPR. But there is no doubt that this can be done. The ICO’s evidence concludes:
- “Our key message is that data protection legislation does not prevent gambling operators from sharing the personal data of their vulnerable users. Operators will need to ensure that they share data fairly and proportionately and consider particular elements of GDPR such as the lawful basis to enable the sharing.”
331. **DCMS and the Gambling Commission should without delay contact the Information Commissioner’s Office and agree a procedure, consistent with the GDPR, allowing operators to share with all other operators the information they derive from affordability checks on individuals.**
332. **It should be a condition of gambling licences that where an operator’s affordability check throws doubt on whether an individual can safely gamble at the rate they have been doing, this information should be shared with all other licensed gambling operators, which will be bound by it in the same way.**

358 [Q 131](#) (John Coates)

359 [Q 130](#) (Dan Taylor)

360 [Q 130](#) (Brigid Simmonds)

361 Written evidence from RAiG ([GAM0113](#))

362 Written evidence from Information Commissioner’s Office ([GAM0119](#))

The role of the banks

333. Plainly, the primary source of how much an individual can afford to spend on gambling is, apart for the individuals themselves, their bank. Banks are in a privileged position, in seeing both a gambler's income and their electronic transactions across all gambling operators. But as Alexandra Frean, the Head of Corporate Affairs at Starling Bank, told us, and as we accept:

“We are a bank. Our job is to hold people's money securely and help them transact. It is not our job to pass judgment on how they spend their money. Our concern is affordability. If they get into financial difficulties and cannot pay back their overdraft or loan, we would intervene to support them, whatever they spend their money on.”³⁶³

Lloyds Banking Group made the same point to us in written evidence: “We do not see our role as, in effect, policing customers' spending habits and behaviours. Instead, we aim to provide customers with the tools to manage and track their spending so they can make informed choices; and we encourage customers to engage with us if they need support with their finances.”³⁶⁴

334. The BGC told us that they supported calls for banks to enable customers to block gambling transactions as a further way for people to stay in control.³⁶⁵ In fact, even at the time they wrote, some banks already provided those facilities, as we were told by Peter Holloway:

“I have an interest in the structure of business, business practices and especially Business Information Systems. I also suffer the tragedy of my stepson's suicide; a victim of gambling. ... A few months ago two new Challenger Banks, Starling Bank and Monzo Bank, became the first banks to introduce a 'gambling blocker', enabling gambling customers with addiction problems to block betting payments from their accounts. What is just as important, is they combine this with customer care features and advice to gamblers at a standard of practice not seen before ... Their reward being a huge influx of new customers at the expense of their High Street competitors The big four were on the back foot and forced to respond. Barclays have recently become the first UK High Street Bank to adopt payment blocking on gambling and some other retail services. Three more UK High Street Banks, Lloyds, Santander and RBS are about to follow suit.”³⁶⁶

335. Lloyds Bank have in fact already followed suit, as they explained:

“We implemented card controls on both credit and debit cards for our customers in Q4 2019. These controls provide customers with the ability to apply a block on all identifiable gambling transactions (i.e. those with licensed operators). Critically, we apply a 48-hour 'cooling-off' period for removal of the spending block. This is a major differentiator compared to many of our competitors since it provides an appropriate level of friction in the unblocking process. This is in order to prevent the

363 Q 220 (Alexandra Frean)

364 Written evidence from Lloyds Banking Group (GAM0120)

365 Written evidence from the Betting and Gaming Council (GAM0068)

366 Written evidence from Peter Holloway (GAM0081)

risk of a customer impulsively removing the block and gambling further without time to reflect on their desire to gamble.”³⁶⁷

336. Ms Frean explained to us how this works in practice at Starling Bank:

“We have introduced a gambling block in our app. We were the first bank to do so; we did it back in June 2018. This is a very simple function in the app: you can go into a section called “card controls” and turn gambling payments on and off. That blocks payments for spending codes that cover betting and gambling at the track, online and in betting establishments. We have subsequently improved that feature. We have put in a 48-hour delay, so that if you want to reactivate gambling payments, you can tap in the app to do so but will have to wait for 48 hours. ... The block and the 48-hour delay are there to help with impulse control; gambling can often be an impulsive decision.”³⁶⁸

337. Ms Frean confirmed that other banks had now copied this, Lloyds among them. Most had adopted a block of 48 hours. 17% of Starling’s 1.3 million customers had activated the gambling block:

“They are not all people with gambling problems. There are people who turn it on because they can. When a lot of people open an account, they go into the app, see what it does, and say, “That’s interesting”. We cannot tell what proportion are people who have turned it on to stop themselves gambling. [When they switch it on] there are two effects. One is that they will get a little message saying that we are blocking gambling and it will be 48 hours before we turn it back on. We signpost them with the telephone number and a link straight through to the National Gambling Helpline. If they then tried to make any transaction at a licensed gambling merchant, it would be declined and would not work. It does not block the purchase of National Lottery tickets, which you might buy at a newsagent or a supermarket, but it blocks most gambling.”³⁶⁹

338. In supplementary written evidence Ms Frean added: “It would be helpful for the banking sector to work together more collaboratively on this issue and I will be asking UK Finance to do more to bring the sector together to discuss this and we will work with them on it.”³⁷⁰ We welcome this initiative. For a bank to be able to let a customer block their spending on gambling is a very valuable development, and we hope that any banks which have not already done so will follow suit.

339. **We recommend that the banks should work together with UK Finance to create an industry-wide protocol on blocking gambling payments, with at least a 48 hour cooling off period.**

340. What would be more valuable still would be if the gambling operators could approach the banks for data on the accounts of customers who are problem gamblers, or at risk of being so, or who are opening new gambling accounts. The gambling operators, if they were serious about the importance of affordability checks, might have been expected to discuss with the banks how they could cooperate, but Ms Frean told us that Starling Bank “have

367 Written evidence from Lloyds Banking Group (GAM0120)

368 Q 223 (Alexandra Frean)

369 *Ibid.*

370 Supplementary written evidence from Starling Bank (GAM0122)

not been approached by any gambling companies to do affordability checks. We would certainly be open to speaking to them about it”³⁷¹ Similarly, Lloyds Bank were “not aware of any direct contact from gambling operators in relation to undertaking affordability checks, but we are open to having such discussions.”³⁷²

341. As we have said, for gambling operators to share among themselves the data required for affordability checks raises data protection issues that can be resolved. For banks to be able to share such data with the industry will raise separate data protection issues, and we have not sought the opinion of the ICO on this.
342. **The Gambling Commission, the Betting and Gaming Council, and UK Finance should work with the Information Commissioner’s Office to create a consistent industry-wide approach on the sharing of customers’ financial data for the purpose of affordability checks.**

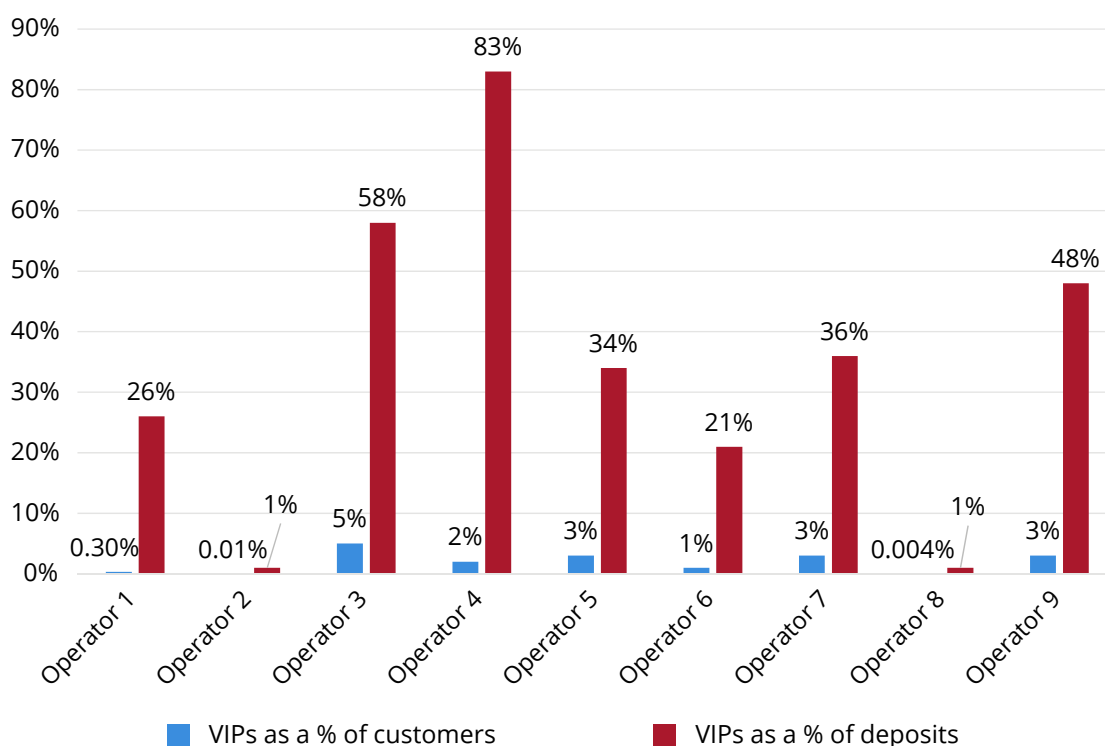
VIP schemes

343. Far and away the industry’s most successful inducement is the VIP scheme, which gives special treatment to those who gamble large sums. If they can afford to do so, this does not necessarily cause any harm; but too often those targeted by operators are chosen because they are particularly susceptible to persuasion to gamble large sums, often when they cannot afford to do so. And, when considering VIP schemes, affordability is key.
344. Conor Grant, the Chief Operating Officer of Sky Betting and Gaming, told us:
- “I personally do not like using the term ‘VIP’. We do not have it in our business any more: we call them key account managed customers. The reality is that there are people who can afford to spend more on gambling. As in any commercial enterprise, those customers expect a different level of service. We are providing that.”³⁷³
345. Whatever term is used to describe them, to the industry these customers are indeed Very Important People, since they make a contribution to operators’ deposits, and hence profits, out of all proportion to their numbers, as Figure 7 shows:

371 [Q 221](#) (Alexandra Frean)

372 Written evidence from Lloyds Banking Group ([GAM0120](#))

373 [Q 136](#) (Conor Grant)

Figure 7: VIP account and deposit comparator (online)

Source: Gambling Commission, *What is a VIP*: <https://www.whatdotheyknow.com/request/618693/response/1480666/attach/3/Slides.pdf> [accessed 18 May 2020]

346. The figures come from a survey by the Gambling Commission, who point out that this is not necessarily representative of the online industry as a whole. However the picture it shows is that VIPs are a small select band: in one case only 0.004% of customers (probably in single figures), and in no case more than 5%. Yet those 5% of customers yield 58% of Operator 3's deposits; in the case of three operators, 3% of customers yield respectively 34%, 36% and 48% of deposits; while 2% of Operator 4's customers yield 83% of their deposits. Of the estimated 47,000 online VIPs, 8% are problem gamblers.

Abuse of VIP schemes

347. Lydia Thomas, a journalist on BBC Radio 4's consumer affairs programme *You and Yours*, told us that for the past four years she has been reporting on the gambling industry. She gave us an insight into how VIP schemes operate:

“Many companies offer VIP programmes to customers who they can see are spending a lot of money with them. They do this to keep customers loyal to them. Once a customer is entered into the scheme they will receive special offers, such as free bets and bonuses. They're usually entered into a loyalty rewards programme (so the more they spend the more free bets they get), and they will also be assigned a personal manager who phones and emails them regularly, establishing a direct relationship and in many cases, befriending them. Often the customers are invited to away days like football matches. The Gambling Commission requires companies to check a player's income before they are made a VIP, but in my experience this check isn't done. Because no check is done the gambling companies have no idea whether a player is a high roller who can afford huge losses, or someone who cannot afford it. Customers I

have spoken to say they feel “groomed” to spend more by the gambling company.”³⁷⁴

348. Ms Thomas added:

“On behalf of customers I have submitted Subject Access Requests to these gambling firms to supply the customers with their account data. In this data you can see evidence of problem gambling, for example, gambling all night, on obscure sports, or using a range of payment options. These are all clear instances the Gambling Commission says companies should flag. You can see breaks in play and then emails arriving in inboxes offering customers free bets. You can see notes on customer’s accounts stating the customer hasn’t played for a while, and customer service agents discussing how they should contact the customer to play again.”

349. Michelle Singlehurst, one of our witnesses with lived experience, described her personal experiences:

“One thing that horrified me was to find out that, as a VIP, which I definitely am not, they had a different system for me. I said to them, ‘Hang on a minute. You are telling me that you self-excluded me because of a concerning email I sent, or a concerning call. Give me that information, please’. They said, ‘Sorry, we found you on a different system because you are a VIP’. Ladbrokes—this I find incredible, considering I have not gambled since 17 January [2019]—sent me an email on 17 March [2019] saying, ‘Hi, you’re not a VIP anymore’. ... When I spoke to Coral recently, they said to me, ‘Oh, you’re level 9’. I said, ‘Sorry? I’m excluded from using’. They said, ‘No, you’re a level 9 VIP’. I do not even know what that is. Obviously, they have tiers. I have other emails that say ‘Thank you for joining us. If you carry on spending at this level, we’ll make you a VIP’.”³⁷⁵

The industry view

350. When representatives of the five major operators gave evidence to us, we questioned them about VIP schemes, and in particular about incentivisation—paying VIP managers bonuses for attracting more customers, or customers who gamble more. Mr Grant told us that Sky Betting and Gaming had 3 million customers and 100 VIPs representing 1% of their revenue.

“The relationship that we have with these customers acknowledges that they have a propensity to spend more. We are very stringent on the affordability checks and ensuring that they have adequate resources to spend at higher levels. The relationship that they have with the individuals is not one in which the individual is remunerated or given a bonus based on customer performance.”³⁷⁶

351. Mr Alexander told us that “VIPs or high-value customers—whatever you want to call them—make up 1.4% of our database. These make up 38% of the total deposits of Ladbrokes Coral, which is our UK business. As you would expect, they spend more than the rest.” He added: “All retail consumer businesses have loyalty schemes that reward people who use the

374 Written evidence from Lydia Thomas ([GAM0004](#))

375 [Q 61](#) (Michelle Singlehurst)

376 [Q 136](#) (Conor Grant)

sites, but I think that some of the gambling ones have got too aggressive: you are incentivised to play more and more to get better tickets, more bonuses, et cetera.”³⁷⁷ He referred to a case in which a customer of Ladbrokes Coral, before they were taken over by GVC, had spent £3 million before having an affordability check, and said: “I can pretty much guarantee that the VIP manager of that customer was incentivised. Not all VIP managers are now.”³⁷⁸—from which we deduce that some VIP managers still are incentivised.

352. Dan Taylor, the CEO of Paddy Power Betfair, who preferred to use the expression “managed customers”, explained that “the key account managers who have those relationships do not have their incentives linked to the spend of those customers in any way, but they are linked to the successful completion of those responsible gambling processes.” He added: “All our key account managers and anyone working in our customer service team go through responsible gambling training.”³⁷⁹
353. On the question of incentivisation, Ulrik Bengtsson said: “At William Hill, we are measured on sustainability and responsible gambling measures, but there are people in the organisation who are measured on revenue.”³⁸⁰ But, he added, “We have very strict measures in place for what we call high-value customers or VIPs. You have to be over 25; can never have taken time out, self-excluded, set deposit limits or had a form of responsible gambling intervention from us in your history; and we are very diligent in the source of funds measures that we take to make sure that these people can afford to play on these levels.”³⁸¹
354. John Coates, Joint Chief Executive of Bet365, told us that Bet365 “would not bonus in that way”.³⁸² The fact remains that, at the time we took this evidence, of the five companies, William Hill still had “people in the organisation who are measured on revenue”³⁸³, while at GVC “not all VIP managers are [incentivised] now.”³⁸⁴ Despite the care which they profess to take about affordability checks, we find it hard to see how the incentive of higher pay or bonus can fail to tempt staff into putting numbers of players and great amounts wagered above customer safety.
355. A number of the largest operators have formed working groups with the Gambling Commission whose purpose is:

“to accelerate progress to protect consumers from gambling harm. ... Working groups made up of senior leaders from the industry were formed in January 2020—concentrating on use of VIP incentives, safer advertising online and the use of safer product design. The Industry working groups featured over 30 operators, co-ordinated by the BGC.”³⁸⁵

377 [Q 136](#) (Kenny Alexander)

378 *Ibid.*

379 [Q 136](#) (Dan Taylor)

380 [Q 131](#) (Ulrik Bengtsson)

381 [Q 136](#) (Ulrik Bengtsson)

382 [Q 132](#) (John Coates)

383 [Q 131](#) (Ulrik Bengtsson)

384 [Q 131](#) (Kenny Alexander)

385 Gambling Commission, ‘Gambling Commission and industry collaboration makes progress on safer gambling’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Gambling-Commission-and-industry-collaboration-makes-progress-on-safer-gambling.aspx> [accessed 13 May 2020]

356. We thought it strange, to say the least, that the industry should be leading a working group intended to better regulate its own VIP schemes. The Chairman of the Gambling Commission, Dr William Moyes, attempted to throw a different light on it:

“We are not asking GVC to lead an inquiry and to take charge of this area. ... We have asked GVC to pull together a number of large operators to propose a code of conduct. In our view, if the code of conduct is strong, the industry is well bound into it and it has the industry’s support, we could import it into our licensing regime. If the code of conduct is poor, we do not have to follow it. We will do our own work, and we will not follow that experiment again. But we would like to feel that the industry, particularly the bigger companies that the industry would regard as the leaders of the sector, can be brought into developing solutions to new problems as they emerge. If the evidence shows us that they cannot be brought in and they will always propose something that is pretty weak, we will not do it again.”³⁸⁶

357. However on 1 April 2020 the working group announced:

The industry has agreed to:

- Restrict and prevent customers under 25 years of age from being recruited to high value customer schemes.
- All customers must first pass thorough checks relating to spend, safer gambling and enhanced due diligence before becoming eligible for high value customer incentives.
- Reward programmes will also be required to have full audit trails detailing decision making with specified senior oversight and accountability.

358. To this the Commission responded:

- The Commission will now consult on permanent changes to the Licence conditions and codes of practice (LCCP).
- The Commission expects the industry to implement its code as soon as possible and considers most measures should be implemented within 3 months.
- The Commission will monitor and support implementation of the industry’s code as an interim measure.³⁸⁷

359. Given the size of the contribution VIP schemes (under whatever name) make to the profits of the industry, we think it unlikely that they could formulate a long term scheme which, on any objective assessment, might be thought to control the problem. However we agree with the Commission that, as an interim measure, the industry’s proposal is better than nothing, and should be implemented within three months. At the time of writing, those three months are almost up.

³⁸⁶ Q 160 (Dr William Moyes)

³⁸⁷ Gambling Commission, ‘Gambling Commission and industry collaboration makes progress on safer gambling’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Gambling-Commission-and-industry-collaboration-makes-progress-on-safer-gambling.aspx> [accessed 13 May 2020]

360. **The Gambling Commission must closely monitor the working of the interim measures for the regulation of VIP schemes while it consults urgently on changes to the LCCP for the permanent regulation of such schemes.**
361. **The licence conditions for gambling operators must be amended to require them to undertake a thorough affordability and source of funds check before admitting any new customer to a VIP scheme (however it may be called). Such customers must be at least 25 years old.**
362. **It should be a condition of an operator's licence that the salaries and bonuses of employees of the operator, its subsidiaries or affiliates should not in any way depend on the length of time or frequency that a customer they have had personal contact with gambles, or the amount spent or lost, or the profit made by the operator from that customer.**

Self-exclusion

363. The social responsibility code is unequivocal about the need for licensees to have effective procedures for self-exclusion. They must:
- have and put into effect procedures for self-exclusion and take all reasonable steps to refuse service or to otherwise prevent an individual who has entered a self-exclusion agreement from participating in gambling.
 - take all reasonable steps to prevent any marketing material being sent to a self-excluded customer.
 - take steps to remove the name and details of a self-excluded individual from any marketing databases used by the company or group (or otherwise flag that person as an individual to whom marketing material must not be sent), within two days of receiving the completed self-exclusion notification. This would not extend to blanket marketing which is targeted at a particular geographical area and where the excluded individual would not knowingly be included.
 - close any customer accounts of an individual who has entered a self-exclusion agreement and return any funds held in the customer account. It is not sufficient merely to prevent an individual from withdrawing funds from their customer account whilst still accepting wagers from them. Where the giving of credit is permitted, the licensee may retain details of the amount owed to them by the individual, although the account must not be active.
 - put into effect procedures designed to ensure that an individual who has self-excluded cannot gain access to gambling.
 - when administering the self-exclusion agreement, signpost the individual to counselling and support services.³⁸⁸

These requirements apply to remote and non-remote licences, but there are additional provisions specific to each of these.

388 *Licence conditions and codes of practice*, Part II: Social responsibility code provisions 3.5.1 and 3.5.3

364. As with the case of affordability checks, the problem with self-exclusion has always been the ease with which individuals who have self-excluded, or believe they have, can nevertheless begin gambling again. We have been told of many examples of individuals being contacted by another company, a subsidiary, an affiliate or even the company from which they have self-excluded with inducements to continue gambling. If self-exclusion is time limited, the day it ends is seen as the day to restart inducements.

Self-exclusion disregarded

365. Alex Macey, one of our witnesses with lived experience, explained this:

“The parent company could have 10 or 20 companies below it. I would open an account, lose money on payday and tell the company, ‘I have a gambling problem. Permanently exclude me’. The following month I would become weak and spend my wages again. I would literally type ‘online gambling company’ into Google. Whichever one came up, I would click on it and open an account. So the pattern was that I was telling them the same messages over and over again and they were letting me open account after account after account. They were sending me marketing emails and texts, all after I had self-excluded and told them how destructive my problem was.”³⁸⁹

366. Two particularly glaring examples come from the Gambling Commission’s Enforcement Report 2017–18.³⁹⁰

“We reviewed a large operator’s licence after concerns were raised that self-excluded customers had been allowed to continue gambling. The operator ran two distinct platforms, which together hosted more than 270 websites and brands through which customers could gamble. The operator’s process was supposed to ensure a customer who self-excluded from one platform would be self-excluded from both but this process failed. It was discovered by the operator over the course of a year that some 7,010 self-excluded customers were able to continue gambling, depositing £3.5m. Customers were able to gamble, using deposits and recycled winnings, to a total of £50.6m. ... As part of a regulatory settlement the operator agreed to return to the self-excluded customers the £3.5m deposited during the period and make a payment in lieu of a financial penalty of £4m as to the self-exclusion breaches.”

“We also took action against another operator who had failed to return deposited funds to self-excluded customers on the closure of their accounts. Our investigation revealed some 36,748 customers were affected. It was further revealed this same operator had sent marketing material to around 50,000 self-excluded customers inviting them to gamble. We imposed a penalty package of £1m for both failings.”

367. More recently, on 8 April 2020, the Gambling Commission published its reasons for suspending Triplebet’s licence. They include: “a player who registered, played and self-excluded on the same day, re-opened his account 6 months later, playing for 10 hours a day on 2 consecutive days and nights,

389 Q 58 (Alex Macey)

390 Gambling Commission, *Raising Standards for Consumers: Enforcement Report 2017–18* (June 2018) p 16: <http://www.gamblingcommission.gov.uk/pdf/raising-standards-for-consumers-enforcement-report.pdf> [accessed 18 May 2020]

and then losing a large sum in a single day before self-excluding again, all without any monitoring or interaction.”³⁹¹

GAMSTOP

368. What of course is essential is a mechanism allowing the fact that a customer has self-excluded from one operator to be rapidly communicated to all other operators, their subsidiaries and affiliates, so that they can all exclude that customer at the same time for the period requested. GAMSTOP is just such a mechanism.³⁹² Until recently its effectiveness was limited because an operator’s membership of GAMSTOP was voluntary, but since 31 March 2020 membership has been compulsory, and within three days the Gambling Commission announced that it had suspended the licences of two online operators for failure to fully integrate the self-exclusion scheme GAMSTOP.³⁹³
369. GAMSTOP has explained the way it operates:³⁹⁴
- After you sign up, you’ll receive a single email summarising all the details of your exclusion from gambling. It can take up to 24 hours for your self-exclusion to become effective.
 - After this period, you will be excluded from gambling with online gambling companies licensed in Great Britain.
 - You will be excluded for a period of 6 months, 1 year or 5 years (depending on the option chosen).
 - Once the minimum duration period has elapsed the self-exclusion will remain in force until you have returned to GAMSTOP to ask for it to be removed and gone through the relevant process.
 - Currently a request to self-exclude on GAMSTOP will not automatically remove you from receiving gambling marketing. You can unsubscribe from any emails you receive from gambling companies, and unfollow gambling sites on social media accounts such as Facebook and Twitter in order to reduce the marketing.
 - A request to self-exclude on GAMSTOP does not trigger an automatic return of withdrawable funds from those companies that you hold accounts with. You will need to contact the company directly. GAMSTOP is not responsible for returning funds.
370. We welcome the fact that, when the period of self-exclusion expires, the self-exclusion remains in force unless the gambler takes positive steps to have it removed. We are less happy that self-excluded gamblers will continue to receive communications unless they take steps to unsubscribe.

391 Gambling Commission, ‘Commission publishes the reasons for suspending Triplebet’s licence’: <http://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2020/Commission-publishes-the-reasons-for-suspending-Triplebet’s-licence.aspx> [accessed 4 May 2020]

392 GAMSTOP is operated by a not for profit organisation called The National Online Self-Exclusion Scheme Limited.

393 Gambling Commission, ‘Gambling Commission suspend two operator licences for failure to participate in GAMSTOP’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/news/gambling-commission-suspend-two-operator-licences-for-failure-to-participate-in-gamstop> [accessed 4 May 2020]

394 GAMSTOP, ‘About GAMSTOP’: <https://www.gamstop.co.uk/about> [accessed 4 May 2020]

371. **Licence conditions must require every operator who has been notified, whether through GAMSTOP or otherwise, of an individual’s self-exclusion, not to send any communications not required by law to that individual during the period of self-exclusion, and thereafter to do so only if the individual takes steps to have the self-exclusion removed.**

A Duty of care

372. One of the questions we asked in our Call for Evidence was: “Should gambling operators have a legal duty of care to their customers?” The responses of some of our witnesses did not distinguish between a duty of care and a duty owed by operators to their customers to obey the law. Some thought the duty should be owed by the state, and that the state had a duty of care which should be exercised by improved oversight of operators.³⁹⁵ The European Lotto Association wrote that “Gambling operators have a legal responsibility to comply with existing regulatory restrictions and to operate in good faith. This responsibility represents their duty of care for their customers.”³⁹⁶
373. This is a misunderstanding. Operators of course are required to obey the law, and this includes conditions imposed on them by their licences and by the social responsibility provisions in the codes of practice.³⁹⁷ Our question sought views on whether a legal duty of care should be owed by the operator to the customer, so that breach of the duty would be a tort and create a cause of action by the customer against the operator.
374. The BGC thought that there was a “narrow duty of care already recognised at common law because it is owed to customers as a class and enforceable by any customer rather than limited to individual customers towards whom the operator has assumed a particular responsibility.”³⁹⁸
375. Simon Thomas of the Hippodrome Casino also thought there already was such a duty:
- “We have a duty of care now and we get sued by customers. If we get it totally wrong, people can fairly have a go at us, which obviously helps us to be very responsible. ... we as the gambling industry have had some fairly public cases where people have been sued, because they did not follow reasonable protocols and they allowed problem gamblers to gamble with money that was not theirs.”³⁹⁹
376. We think the current position in English law is not so clear. The leading case is *Calvert v. William Hill Credit Ltd.*⁴⁰⁰ The claimant, a greyhound trainer, was successful at betting on greyhounds—too successful, and the bookmakers limited his betting. He turned to other forms of betting, became (in the words of the judge) a pathological gambler, and ruined himself. He twice attempted to self-exclude from William Hill, but although he was assured by their employee that he was self-excluded, the employee failed to implement this, and Mr Calvert continued to bet with them. When he ran out of money he sued William Hill on the basis of a breach of a duty of care owed to him.

395 e.g. written evidence from Derek Webb ([GAM0027](#)).

396 Written evidence from the European Lotto Betting Association ([GAM0007](#))

397 Gambling Act 2005, [section 82](#)

398 Written evidence from the Betting and Gaming Council ([GAM0068](#))

399 [Q 98](#) (Simon Thomas)

400 *Graham Calvert v William Hill Credit Limited* (2008) EWHC 454 (Ch); and on appeal *Graham Calvert v William Hill Credit Limited* (2008) EWCA Civ 1427

The judge held that, while there was no general duty of care, the failure to implement his self-exclusion was a breach of a narrow duty of care arising out of the employee's assurance. But the judge decided that Mr Calvert would have carried on gambling with other operators and ruined himself anyway, so his claim failed because he was unable to prove that the breach of duty had caused the relevant losses. The Court of Appeal concurred.

377. This case is only of limited assistance. The facts predated the entry into force of the Gambling Act, so that William Hill's licence contained no conditions about self-exclusion. In anticipation of the Act's entry into force William Hill and other companies had adopted their own voluntary social responsibility codes which included a form of self-exclusion agreement. However it was not this code which imposed a duty of care, but the assurance which William Hill's employee gave to Mr Calvert that he was self-excluded, when in fact he was not.
378. The witnesses who did consider the question of a legal duty of care had very differing views. The Gambling Commission thought this unnecessary. They pointed out that licensees already have legal duties under generally applicable consumer protection law or data protection law, and added: "We have not committed resource to explore in-depth how imposing further civil duties of care to consumers could operate as we do not consider that the existence or lack of such a civil duty impacts upon our ability to deliver our regulatory objectives."⁴⁰¹
379. Most of the industry were strongly opposed to the creation of a duty of care. The BGC, while they believed that there was already a narrow duty of care,⁴⁰² thought that a wider duty was:
- "unnecessary because the existing duties under the 2005 Act regime already impose extensive obligations on operators to protect children and other vulnerable persons from being harmed or exploited by gambling, and there is no evidence that these obligations and their enforcement by the Gambling Commission have proved to be ineffective or insufficient. A new duty of care enforceable in a private law claim by an individual customer would inevitably impose very similar obligations to those currently enforced by the Gambling Commission, leading to a risk of piecemeal, overlapping and inconsistent enforcement."⁴⁰³
380. BACTA thought that any duty owed to customers should not be a legal duty: "It would be near impossible to determine the extent of that duty of care and the extent of any responsibility and thereafter liability."⁴⁰⁴ The Rank Group were concerned to know how such an additional legal duty could be applied in a manner that was fair, just and reasonable; they wondered how the role and findings of the regulator would interact with the role of the courts. They also thought that any duty of care should not be imposed on the gambling industry alone, but also on other industries with similar issues for addictive behaviour, such as the alcohol industry.⁴⁰⁵

401 Written evidence from the Gambling Commission ([GAM0071](#))

402 Written evidence from the Betting and Gaming Council ([GAM0068](#))

403 *Ibid.*

404 Written evidence from BACTA ([GAM0050](#))

405 Written evidence from Rank Group plc ([GAM0029](#))

381. Professor Hörnle thought that a duty of care was a good idea, but that it was very badly defined.

“If through regulation we had a clearer idea of the obligations of a specific operator in a specific field of gambling, a duty of care could be backed up not only by regulation and fines but also by a civil duty of care, in other words a tort actioning negligence where someone could sue for compensation.”

She gave as an example the testing of affordability.

“If the regulator had a best practice code saying that, if someone has spent so much in this amount of time, you have to find further information and whether they can afford it, and if those best practice standards and regulatory standards have not been complied with, there would be a civil law obligation as well.”⁴⁰⁶

382. Gerald Gouriet QC did not favour a wide-ranging duty of care. In answer to the question “Would it be unreasonable to create by statute a duty of care to cover a deliberate or negligent failure to give effect to a self-exclusion agreement?” he pointed out that self-exclusion agreements usually require the gambler to sign an express disclaimer of liability for the consequences of gambling while self-excluded; the effect of such disclaimers would need to be limited by statute. He added:

“The difficulty is finding a fair balance: self-excluded problem gamblers who gamble while excluded and win tend not to kick up too much of a fuss. A scenario might unfairly be created in favour of the self-excluded gambler, in which he can recover his losses in an action of negligence against one operator—whilst holding onto his winnings from another.”

We accept that this is a possibility, but have little sympathy with an operator who has to pay winnings when the reason for this is simply his own failure to give effect to a self-exclusion agreement.

383. In the light of these differing views, should the law create a duty of care? The judge in *Calvert*, Mr Justice Briggs, thought that “the recognition of a common law duty to protect a problem gambler from self-inflicted gambling losses involves a journey to the outermost reaches of the tort of negligence, to the realm of the truly exceptional.”⁴⁰⁷ The judgment of the Court of Appeal quoted this with approval,⁴⁰⁸ and we recognise the force of it. We recognise also the primary duty of operators to comply with the LCCP, and of the Gambling Commission to enforce that compliance.
384. We are however persuaded that the current legal and regulatory context does not sufficiently deter gambling operators who stand to benefit from allowing problem gamblers to lose money. There is an obvious and acute conflict between, on the one hand, complying with regulatory obligations such as those relating to self-exclusion and affordability checks and, on the other hand, the natural commercial desire to maximise profit. We believe that the existence of a legal liability to pay compensation to gamblers who have lost money when gambling in circumstances which gave rise to an obligation on the gambling operator to refuse to accept their bets would be beneficial. It

406 Q 46 (Professor Julia Hörnle)

407 *Graham Calvert v William Hill Credit Limited* (2008) EWHC 454 (Ch), para 2

408 *Graham Calvert v William Hill Credit Limited* (2008) EWCA Civ 1427, para 13

would create a strong incentive for gambling operators to comply with their regulatory and statutory obligations.

385. We recognise that it will only be in exceptional cases that gamblers who contend that they have sustained loss as a result of a gambling operator's breach of duty will bring legal proceedings. It would, almost by definition, be difficult for the losing gambler to fund complex litigation. It may be difficult to find lawyers prepared to conduct such litigation on a contingency basis. It is likely, therefore, that legal proceedings would only be brought in cases where a very large sum of money had been lost by a problem gambler in circumstances in which the gambling operator's breach of its regulatory obligations amounted to improper exploitation of the gambler.
386. We believe therefore that the issues as to the existence and scope of a tortious duty of care that were considered in *Calvert* may be most satisfactorily addressed by the creation of an action for breach of statutory duty. By way of example, section 138D(2) of the Financial Services and Markets Act 2000⁴⁰⁹ provides:
- “A contravention by an authorised person of a rule made by the [Financial Conduct Authority] is actionable at the suit of a private person who suffers loss as a result of the contravention, subject to the defences and other incidents applying to actions for breach of statutory duty.”
387. The equivalent of “a rule made by the Financial Conduct Authority” would be the licence conditions and social responsibility codes of practice made by the Gambling Commission, for instance in relation to affordability tests and self-exclusion. A contravention of these would not only lead to the sanctions which the Gambling Commission can impose, but would also give rise to an action for breach of statutory duty at the suit of a customer who can prove that he has suffered loss as a result.
388. The causation issue which was fatal to the claim in *Calvert* might still arise. Unless express provision were made to the contrary,⁴¹⁰ it would still be arguable by the operator that the loss suffered by the customer was not attributable to the operator's breach of duty, since the loss would have been suffered in any case. This defence may have been appropriate when there was nothing to prevent a customer who had self-excluded from one operator from finding another operator with which to place a bet, and every chance that the other operator would not conduct an affordability test. We hope that, particularly if our recommendations are implemented, the days are now approaching when it is unlikely that a customer who has self-excluded will be able to find another operator prepared to accept a bet.
389. **The law should be amended to make an operator who contravenes provisions of the licence conditions and social responsibility codes liable to an action for breach of statutory duty at the suit of a customer who has suffered loss as a result of that contravention.**

409 Inserted by the Financial Services Act 2012, [section 24\(1\)](#)

410 It would be possible for the legislation which created the relevant statutory duty to provide that the *Calvert* causation defence would not be available as a matter of law. Alternatively, it might provide that the defence would not be available where certain conditions were met; for instance, where the breach of duty had been deliberate, or had been committed recklessly.

Disputes between customers and operators

390. We referred in the previous chapter to the fact that gamblers in dispute with an operator feel they have “nowhere to turn”. They cannot turn to the Gambling Commission, which is a regulator. As Gambling with Lives acknowledges, “the current remit of the Gambling Commission to investigate the activities of individual companies in respect of their licensing conditions does not provide adequate protection or redress for individuals whose rights have been violated by a gambling company.”⁴¹¹

391. Social responsibility code provision 6.1.1 requires licensees to “put into effect appropriate policies and procedures for accepting and handling customer complaints and disputes in a timely, fair, open and transparent manner.” If this fails to resolve the dispute, as is usually the case, the code requires licensees to:

“ensure that they have arrangements in place for customers to be able to refer any dispute to an ADR entity in a timely manner if not resolved to the customer’s satisfaction by use of their complaints procedure within eight weeks of receiving the complaint, and where the customer cooperates with the complaints process in a timely manner.”⁴¹²

392. Short of turning to the courts which, as we have said, individuals would seldom be in position to do, alternative dispute resolution (ADR) is currently the only practical avenue. The framework for ADR provision in the gambling (and other) sectors was established by the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015.⁴¹³ The scope of the Regulations explicitly covers disputes concerning contractual obligations regarding the sale of goods or the provision of services. Mr McArthur confirmed that “a lot of the adjudication will be about bets and whether they should have been honoured.”

393. The Gambling Commission gives guidance to ADR providers on the limits of their powers:

“A dispute is a particular type of gambling-related complaint. It is a complaint about contractual obligations in sales or services contracts or about the customer’s gambling transaction (including management of the transaction and related customer accounts) that has not been resolved through the gambling business’s complaints procedure. For example, a dispute might be an unresolved complaint:

- linked to the terms of a bonus offer that the consumer has taken up, or to other terms and conditions
- about the consumer’s ability to manage his or her account

411 Written evidence from Gambling with Lives ([GAM0098](#))

412 [Licence conditions and codes of practice](#), Part II: Social responsibility code provision 6.1.1

413 The Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information) Regulations 2015 ([SI 2015/542](#)). The Regulations have subsequently been amended. They implement [Directive 2013/11/EU](#) of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation ([EC](#)) No 2006/2004 and Directive [2009/22/EC](#) (OJ L 165 18 June 2013, p.63).

- about the consumer’s ability to access his or her deposited funds or winnings.”⁴¹⁴

394. We received written evidence from the Independent Betting Adjudication Service (IBAS),⁴¹⁵ one of a number of ADR services approved by the Gambling Commission, and the one which deals with the largest number of disputes. They told us that recent estimates indicate that IBAS receives and processes approximately 90% of complaints from gamblers across all sectors of gambling. They have received over 70,000 requests for adjudication since they were established in 1998, and 6,386 in 2018. They state, not in their evidence but on their website, that in 2019 they received 6,282 requests for adjudication,⁴¹⁶ and the total of payments awarded or conceded to customers was £634,426. They also state on their website:

“Our primary aim is to deliver a fair-minded, even-handed adjudication that reflects a thorough understanding and knowledge of betting and gaming. Any consumer who is dissatisfied with the outcome of the IBAS process is free to pursue the matter further through the courts. Operators are bound by IBAS rulings up to £10,000 but also are free to demand that any case above that threshold be examined in court.”⁴¹⁷

395. Richard Powell gave us evidence of the operation of the ADR scheme in a dispute with Bet365 over £3,300 of bets placed without his knowledge by his autistic grandson: “I then requested Alternative Dispute Resolution (ADR) and they [Bet365] nominated IBAS to be the ADR entity to adjudicate the dispute. IBAS refused since it was out-with their remit.” We were not told why this should have been outside the remit of IBAS. Mr Powell continued: “I nominated Pro Mediate who are a Gambling Commission approved ADR body. Bet 365 refused to accept Pro Mediate or any other ADR entity. Pro Mediate advised me that Bet 365 had a reputation, along with other UK bookmakers, for refusing to offer ADR other than via IBAS.”⁴¹⁸

396. This of course is only one case, and we accept that people are less likely to send us evidence of successful ADR. Mr McArthur described ADR as “too much of a mixed economy at the minute”.⁴¹⁹ This, together with the fact that the operators are (at least in the case of IBAS) bound by decisions only up to £10,000, makes us doubtful of the value of ADR in practice.

Non-disclosure agreements

397. At the conclusion of a dispute referred to an ADR service, licensees must provide the Commission with a copy of the decision or note of the outcome.⁴²⁰ But they are not required to give the decision any wider publicity; on the contrary, they, and the complainant, are required by the IBAS terms and conditions “to keep the details of the Dispute and IBAS’s ruling confidential

414 Gambling Commission, Alternative dispute resolution (ADR) in the gambling industry: Standards and guidance for ADR providers (October 2018) p 7: <https://www.gamblingcommission.gov.uk/PDF/ADR-in-the-gambling-industry-guidance.pdf> [accessed 4 May 2020]

415 Written evidence from IBAS (GAM0048)

416 Ministers told us that in the year to September 2019 IBAS had 5,235 disputes referred to them, but refused to accept 684 of them because they considered that those cases were matters of regulation: Supplementary written evidence from HM Government (GAM0135).

417 IBAS, ‘About Us’: <https://www.ibas-uk.com/about-us/> [accessed 4 May 2020]

418 Written evidence from Richard Powell (GAM0044)

419 Q 150 (Neil McArthur)

420 *Licence conditions and codes of practice*, Part I: Licence condition 15.2.2

and, in particular refrain from making any public comment during or after the Dispute process.”⁴²¹

398. In the case of settlements of disputes not limited to the contractual process, and hence not covered by the ADR scheme, operators are also required to notify the Gambling Commission of the outcome, but again they have every interest in preventing its wider dissemination, and frequently make the settlement the subject of a non-disclosure agreement (NDA). An example was given to us by Mr Macey:

“one of the companies that were initially dismissive towards me ... offered to pay me the money I had lost with them (£1800) and requested I signed a ‘settlement agreement’. The case was primarily centred on the fact that the licence holder had sent me marketing material after I had self-excluded (it also included non-interaction however they were dismissive of this).”

Later Mr Macey made clear that the ‘settlement agreement’ included a non-disclosure provision: “I am likely to be appearing on BBC Radio 4’s ‘You and Yours’ programme on Friday 13th September whereby I intend to publicly talk about this issue and breach the settlement agreement.”⁴²²

399. When the industry representatives gave evidence, we asked them if their companies had ever agreed to compensate people suffering from gambling harms only if they signed non-disclosure agreements. Mr Alexander replied “We [GVC] have never done that. We have NDAs in place that are customer-friendly. In 2019, we entered into 28 of these settlement agreements. They have all been disclosed to the Gambling Commission We have never forced customers to sign them in the way that you have said.” He added that “there were 28 ... they were absolutely not forced, and they were fully disclosed to the Gambling Commission.”⁴²³

400. This evidence was given on 4 February 2020. We asked for further information on a number of issues. On 2 March we received supplementary evidence from GVC stating:

“At GVC, we do not use “NDAs” per-se in relation to the settlement of customer disputes. We use “Settlement Agreements” ... Usually, Settlement Agreements involve us paying a financial sum to the relevant customer. However, we would not offer to pay someone more money in return for signing a settlement agreement Confidentiality clauses are commonplace in most, if not all Settlement Agreements, across all industries, where threatened or actual litigation is settled.”⁴²⁴

401. We asked for further clarification of the 28 settlement agreements which Mr Alexander had said were “fully disclosed to the Gambling Commission.” On 27 March we received further supplementary evidence stating:

“Of the 28 settlement agreements referred to by Mr Alexander at the session on 4th February, the Gambling Commission are specifically aware of 4 complaints which have involved the use of a settlement

421 IBAS, ‘Terms of use’, para 16: <https://www.ibas-uk.com/how-ibas-works/terms-of-use/> [accessed 4 May 2020]

422 Written evidence from Alex Macey (GAM0058)

423 Q 137 (Kenny Alexander)

424 Supplementary written evidence from GVC Holdings Plc (GAM0117)

agreement in the last 12 months. ... The important position that Mr Alexander was seeking to highlight was that of the 28 agreements, where there is a requirement to inform the Gambling Commission of the underlying facts, we have in the last 12 months complied with this and will continue to do so, and that none of the agreements prevented the customer or third party from speaking to any regulator, including the Gambling Commission about the underlying dispute or the agreement itself.”⁴²⁵

402. It is clear to us that the agreements which GVC prefer not to call NDAs are agreements which almost invariably, if not always, include a provision prohibiting the other party from disclosing the terms of the agreement to anyone other than the regulator. We can understand that, in the course of his oral evidence, Mr Alexander might have been mistaken in saying that all 28 agreements had been “fully disclosed to the Gambling Commission”, but it is unfortunate that we had to ask for further supplementary evidence before the true position was revealed. Finally, although GVC “would not offer to pay someone more money in return for signing a settlement agreement,” we are left with the distinct impression that they would not be prepared to pay any money to someone who was unwilling to sign a settlement agreement with a non-disclosure clause.

403. Mr Taylor told us that “We have signed confidentiality agreements to prevent copycat claims, but nothing prevents the information going to the Gambling Commission, and we would explicitly notify it of those as well.” However, we subsequently received written evidence from Flutter Entertainment plc, the owners of Paddy Power Betfair, which demonstrates the lengths to which they are prepared to go to attempt to confuse what is in fact a very simple issue:

“We welcome the opportunity to clarify the difference between NDAs and settlement agreements, which are terms often used interchangeably despite them being very different. An NDA (or a non-disclosure agreement) is an agreement between two or more parties that contains obligations on those parties to keep certain information confidential. NDAs are used widely for many different business reasons and not simply to settle disputes between parties. NDAs also often do not require one party to make a payment to the other. A settlement agreement, on the other hand, is an agreement between two (or more) parties where the purpose is to specifically settle a dispute. Settlement agreements will invariably include confidentiality obligations on the respective parties, which have the primary purpose of stopping fraudulent copy-cat claims. We would like to place on the record once again that Paddy Power and Betfair do not use NDAs when settling disputes with customers, however we do use settlement agreements. Although our settlement agreements do contain confidentiality provisions, as explained previously, we have never included a provision within any settlement agreement with a customer that would preclude that customer from contacting the Gambling Commission.”⁴²⁶

404. We have already explained why we do not regard NDAs and settlement agreements as “very different” when the settlement agreements “do contain

425 Supplementary written evidence from GVC Holdings Plc ([GAM0126](#))

426 Supplementary written evidence from GambleAware ([GAM0128](#))

confidentiality provisions”. Our view seems to be shared by William Hill, the relevant part of whose supplementary evidence begins: “Finally, with regard to NDAs or settlement agreements—we have used these in a very small number of cases to settle customer disputes in the interests of both parties without recourse to costly and time consuming legal action.”⁴²⁷

405. The lengthy oral and written evidence we have received from the industry on this issue convinces us of two things. First, the industry is anxious to use non-disclosure clauses in the agreements they reach because the factual background of such agreements reflects little credit on them. And secondly, it is only if the facts behind the settlement of disputes are routinely revealed (assuming the customer so wishes) that this will contribute to improving the conduct of the operators. This lack of transparency, so strongly defended by the industry, is one of the main factors which persuade us that only a wholly independent scheme will be adequate to settle disputes between operators and their customers.

An Ombudsman scheme

406. An ombudsman scheme would satisfy these criteria. As Lydia Thomas said, “Many other industries have an ombudsman, who customers can take their complaints to. Take for example the energy industry, it has an ombudsman, and strict regulations to try and protect consumers from unfairness—why is it not the same in the gambling industry?”⁴²⁸ Gambling with Lives also favoured “an independent ombudsman with responsibility for protecting the individual consumer.”⁴²⁹
407. Dr Moyes told us that while the Commission itself did not have a position on this, he himself was “a bit sceptical”. He added: “My sense is that when complaints come in about gambling, the complainant wants fast action and is not terribly interested in a deep analysis of systems, in the way that in some other sectors—health, for example—the ombudsman plays a really valuable part.”⁴³⁰ When they sent us supplementary evidence, the Commission were still unwilling to take a position: “We are open to exploring with government how this gap in the availability of redress could be filled. The establishment of a gambling ombudsman would likely require a statutory basis. Such a body would need to replace existing ADR providers so that consumers were clear about who to turn to.”⁴³¹
408. We wholly agree that an ombudsman should replace rather than complement ADR. There are non-statutory schemes which work well, but they rely on the full cooperation of the companies involved. A mandatory ombudsman scheme for the gambling industry would need a degree of coercion which only statute could provide.
409. A precedent for this is provided by the Financial Ombudsman Service (FOS), which settles individual disputes between consumers and businesses that provide financial services: bank accounts, investment products, mortgages, loans, some pension products, PPI etc. Their service is free for consumers,

427 Supplementary written evidence from William Hill (GAM0118)

428 Written evidence from Lydia Thomas (GAM0004)

429 Written evidence from Gambling with Lives (GAM0098). They also thought an ombudsman should protect “the wider public”, but this would in our view not be the primary aim, though it might also have that result.

430 Q 149 (Dr William Moyes)

431 Supplementary written evidence from the Gambling Commission (GAM0116)

and over one million people a year contact them with their problems. The FOS was set up under Part 16 of the Financial Services and Markets Act 2000. The complaint initially goes to a case handler for informal adjudication, but a consumer who is dissatisfied with the case handler's assessment can ask an ombudsman to carry out a formal review of the case. The ombudsman's decision in writing is communicated to both sides. If it is accepted by the consumer, it becomes legally binding on the financial business.

410. A feature of the scheme which seems to us important is its transparency: under section 230A of the Financial Services and Markets Act 2000,⁴³² an ombudsman's determination must be published unless the ombudsman believes this would be inappropriate. Unless the complainant agrees, the report of the ombudsman's determination will not disclose any details which would allow the complainant to be identified, but there is no way in which the complainant can be prevented from publicising the determination.
411. IBAS, despite being a provider of ADR services, explained why they favoured a Gambling Ombudsman:

“It is our stated ambition to grow and evolve into an ‘Ombudsman’ member, becoming in the process the first Gambling Ombudsman. We believe that a single, gambling ombudsman would be in the best interests of clarity and consistency in decision making, as well as reducing potential confusion for consumers.”⁴³³

Brigid Simmonds, the Chair of the BGC, also told us that IBAS would be quite keen to become an ombudsman, adding: “That is one of the things that the Committee might think about going forward”.⁴³⁴ We have indeed thought about this. Our view is that a provider of ADR services which is already seen by some as having close links to the industry, by which it is directly funded, would not necessarily be seen to have the degree of impartiality required of an ombudsman; but that would be for others to judge once our recommendation has been implemented.

412. Ministers told us: “The National Audit Office has recommended that the government consider reviewing the effectiveness of existing mechanisms for individual redress, and we are considering this recommendation carefully.”⁴³⁵ We believe the Government need look no further.
413. **We recommend the setting up of a statutory independent Gambling Ombudsman Service, modelled on the Financial Ombudsman Service, to settle disputes between gambling operators and gamblers. Membership of the service should be a condition of the grant of an operator's licence.**

432 Inserted by Financial Services Act 2012, [schedule 11, paragraph 7](#)

433 Written evidence from IBAS ([GAM0048](#))

434 [Q 137](#) (Brigid Simmonds)

435 Supplementary written evidence from HM Government ([GAM0135](#))

CHAPTER 6: CHILDREN AND YOUNG PEOPLE

Young people and gambling prevalence

414. It is illegal for any child under 16 years old to take part in any form of commercial gambling, other than using Category D gaming machines. However, the Gambling Commission's Young People and Gambling Survey 2019⁴³⁶ found that 11% of young people between 11–16 years old had spent their own money on a gambling activity in the seven days prior to the study. This suggests a decrease in gambling participation since 2018, when 14% indicated that they had gambled in the past week. This is consistent with the downward trend in gambling since 2011, when 23% of 11–16 year olds in England and Wales stated that they gambled. The decline in young people having gambled in the last week is reflected in the reported trends of gambling participation in the past 12 months, decreasing from 39% in 2018 to 36% in 2019.
415. The 11% of young people in 2019 who said that they had gambled in the past week equates to approximately 350,000 young people in England, Scotland and Wales. Participation in gambling remains higher among boys (13%) than girls (7%), and older children (12% of 14–16 year olds compared to 9% of 11–13 year olds). The rates of gambling in the past week (11%) are lower than drinking alcohol (16%), but higher than using e-cigarettes (7%), smoking (6%) or taking illegal drugs (5%).
416. The most common gambling activities that young people had spent their own money on in the previous week were placing a private bet for money (5%) and fruit/slot machines (4%). 3% of young people had bought a National Lottery scratchcard from a shop, played cards for money with friends or placed a bet at a betting shop. There has been a small increase in online gambling among young people from 1% in 2018 to 3% in 2019.

Table 10: Types of gambling in the past week by gender

	Males	Females
Gambling with friends	7%	3%
Gambling on premises	7%	4%
Any National Lottery games	5%	2%
Any online gambling	4%	1%

Source: Gambling Commission, *Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain (October 2019)*: <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf> [accessed 6 April 2020]

417. The first experience of gambling for most young people is playing on fruit/slot machines, which was mentioned by 23% of 11–16 year olds who have ever gambled. This is followed by placing a private bet for money (e.g. with friends), mentioned by 13% of young people.

436 *Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain*

Table 11: First gambling activity

First gambling activity	
Fruit or slot machines	23%
Placing a private bet for money	13%
Playing cards for money with friends	10%
Bingo somewhere other than a bingo hall	9%
National Lottery scratchcards	6%
Betting at a betting shop	3%
Lotto	3%
Bingo at a bingo club	3%

Source: Gambling Commission, *Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain* (October 2019): <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf> [accessed 6 April 2020]

418. These figures combine the proportion of young people who indicated that they gambled in the past week, and/or four weeks and/or 12 months.

Young people and problem gambling

419. The DSM-IV-MR-J screen is one of the most widely used mechanisms for identifying adolescent problem gamblers. It contains nine questions which can help to decide if an individual is a problem gambler, an at-risk gambler, or non-problem gambler⁴³⁷. The Gambling Commission has applied the DSM-IV-MR-J screen to the Young People and Gambling Survey dataset to assess the relationship between young people and problem gambling.

420. The Gambling Commission's analysis⁴³⁸ shows that 1.7% of 11–16 year olds, which equates to 55,000 young people, are classified as problem gamblers, 2.7% as at risk gamblers, and 31.5% as non-problem gamblers. It also suggests that there is a variation by gender, with boys more likely to be defined as either problem gamblers or at-risk gamblers, than girls.

Table 12: Gambling classification by gender

Classification	Non-gambler	Non-problem gambler	At-risk gamblers	Problem gamblers
Boys aged 11–16	61.4%	32.4%	3.8%	2.0%
Girls aged 11–16	67.3%	30.4%	1.6%	0.7%

Source: Gambling Commission, *Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain* (October 2019): <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf> [accessed 6 April 2020]

437 The individual is asked whether they undertake nine particular behaviours or actions 'never', 'once or twice', 'sometimes' or 'often'. The individual will score a point for each of the nine criteria that they meet. If the individual has undertaken four or more of the behaviours listed, they receive a score of four or more and will be classified as a 'problem gambler'. A score of two or three identified the individual as an 'at-risk gambler', and a score of zero or one indicates a 'non-problem gambler'.

438 *Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain*

421. The analysis also shows that there is very little variation in the rates of problem and at-risk gambling, among different ages.

Table 13: Gambling classification by age

Classification	Non-gambler	Non-problem gamblers	At-risk gamblers	Problem gambler
11–13 years	66.2%	29.6%	2.4%	1.6%
14–16 years	61.7%	33.2%	3.0%	1.7%
Total	63.9%	31.5%	2.7%	1.7%

Source: Gambling Commission, *Young People and Gambling Survey 2019: a research study among 11–16 year olds in Great Britain (October 2019)*: <https://www.gamblingcommission.gov.uk/PDF/Young-People-Gambling-Report-2019.pdf> [accessed 6 April 2020]

Loot boxes

422. In video games, a loot box is a virtual item which can be redeemed to receive a further randomised virtual item, such as a customisation option for a player’s character or additional weapons and armour. Typically, players pay for the loot box itself or receive the box during the game and later buy a ‘key’ to redeem it. Dr David Zendle, lecturer in Computer Science at the University of York, referred to the Commons Digital, Culture, Media and Sport Select Committee’s definition of loot boxes as “things in video games where you are handing over money and you are getting something uncertain that is determined randomly in some way”.⁴³⁹
423. This definition encompasses not only loot boxes, but also skins, player packs and all other mechanisms by which a player pays money for a randomised item. Skins are virtual items which change the appearance of the player’s character in a game, but have no impact on performance or gameplay. Skins can be purchased with real money, won during the course of playing a game, and are sometimes obtained by opening loot boxes.
424. As the quality of skins in video games improved over time, demand increased, creating a market for skins as an online currency. Players can now buy and sell skins for real money, as well as using skins as a virtual currency to gamble on other activities, such as professional video gaming, known as eSports. Using skins as a currency to gamble online is considered gambling, and is already regulated by the Gambling Commission under the Gambling Act 2005. The regulation of skins gambling has no impact on skins in video games, it is still possible for players to purchase skins with real money, obtain them by opening loot boxes, or win them while playing a game. Any reference to skins in this report refers to skins as an element in video games, not skins gambling.
425. In this chapter, ‘loot boxes’ will be used to refer to all mechanisms by which a player pays money for a randomised item.
426. Loot boxes have been a feature of video games since the early 2010s, but came to prominence with the release of *Star Wars Battlefront 2* in November 2017. This game was subject to widespread criticism⁴⁴⁰ as some of the main

439 Q 199 (Dr David Zendle)

440 ‘Star Wars Battlefront II game faces further backlash’, *BBC News* (15 November 2017): <https://www.bbc.co.uk/news/technology-41997252> [accessed 16 April 2020]

characters in the franchise were not automatically available, but had to be purchased in-game with real money or purchased with in-game currency earned by playing the game for a prolonged period.

427. In April 2018, the Belgian Gaming Commission concluded that loot boxes met the legislative definition of a “game of chance”, and are therefore a form of gambling and illegal under Belgian law⁴⁴¹. The director of the Gaming Commission, Peter Naessens, stated:

“Paying loot boxes are no innocent component of video games which present themselves as a game of skill. Players are tempted and misled by them and none of the protective measures for games of chance are applied. Now that it has become clear that children and vulnerable persons in particular are being exposed to this without any protection, the game producers, and also the parties involved, are called upon to put a stop to this practice.”⁴⁴²

428. In April 2018, the Netherlands Gaming Authority declared that some loot boxes would be classed as legal and others as illegal, depending on whether the content was transferable⁴⁴³. It stated that loot boxes where the content was non-transferable were seen as games, and therefore legal, while loot boxes where the content was transferable were seen as gambling, and therefore illegal.

429. As mentioned in Chapter 3⁴⁴⁴ when considering online gambling, another development that blurs the boundaries between video gaming and gambling is social gaming. Traditionally, social gaming was used to refer to video games that allow or require social interaction between players, rather than games played in solitude. Over time social gaming has become the term to describe games played on online social media platforms, often with other players. Some social games include gambling-like features such as playing with cards or dice, or slot machine style games.

430. The Gambling Commission explained that:

“Some of the games you can play online might look like gambling but do not meet the legal definition. They may involve a game of chance for a prize and may use gambling mechanics such as cards or dice but, crucially from a narrow legal perspective, if the prize is not money or money’s worth, they are not gambling under UK legislation.”⁴⁴⁵

431. The Commission commissioned a scoping review of social gaming to assess the potential risks. Based on this review, it concluded that there was no “persuasive case”⁴⁴⁶ to move from its present position of keeping a ‘watching brief’ on social gaming. The Commission gave two reasons for this decision:

441 Belgian Gaming Commission, ‘Belgian Gaming Commission rules after analysis: “Paying loot boxes are games of chance”’: https://www.gamingcommission.be/opencms/opencms/jhksweb_en/gamingcommission/news/news_0061.html [accessed 16 April 2020]

442 *Ibid.*

443 Netherlands Gaming Authority, *A study by the Netherlands Gaming Authority has shown: Certain loot boxes contravene gaming laws* (19 April 2018): https://kansspelautoriteit.nl/publish/library/6/press_release_loot_boxes_19_april_2018_-_en.pdf [accessed 16 April 2020]

444 Chapter 3, paragraphs 146–147

445 Gambling Commission, ‘Social Gaming’: <https://www.gamblingcommission.gov.uk/for-the-public/Safer-gambling/Consumer-guides/Social-gaming.aspx> [accessed 22 April 2020]

446 *Ibid.*

“While the data suggests that, in general, the vast majority of people who play social games spend very modest amounts of time and money, there is clearly a very small group who spend significant amounts. However, it is likely that this group is not sufficiently large to justify any form of additional regulatory intervention.

While playing social games does not appear to be harmful in itself (for the vast majority of players) we are much less clear on whether in some circumstances it leads on to, or causes, more harmful behaviours.”⁴⁴⁷

Loot boxes and problem gambling

432. Dr Zendle’s written evidence⁴⁴⁸ referred to his research which shows that loot box spending is linked to problem gambling in both adults and adolescents. Dr Zendle has undertaken various studies which found that spending money on loot boxes is linked to problem gambling, and that the more money individuals spent on loot boxes, the more severe their problem gambling. Dr Zendle emphasised that “in every single one”⁴⁴⁹ of these studies, there was a link between spending on loot boxes and problem gambling. Moreover, “all effects observed were of a clinically important magnitude.”⁴⁵⁰ Dr Zendle expanded on this point in oral evidence, stating that the link between problem gambling and loot boxes is “extraordinarily robust. It is of a magnitude that is uncommon in the social sciences. You see it every time you measure how much people are spending on loot boxes and their problem gambling. It has been replicated across the world, from Canada to Finland to the UK”.⁴⁵¹ These observed links between loot box spending and problem gambling were much stronger in adolescents than adults.
433. Dr Zendle’s research suggests that either loot boxes cause problem gambling, or they exploit problem gambling among gamers to generate profits:
- “It may be the case that these things are linked because spending on loot boxes causes problem gambling. This is a credible explanation because loot boxes are very similar in many ways to gambling, and therefore may provide a gateway to it. However, it may alternatively be the case that this relationship exists because people who already have gambling problems are drawn to spend significantly more on loot boxes. This also makes sense. Problem gambling is characterised by uncontrolled excessive spending on gambling. Loot boxes share many similarities with gambling. It therefore makes sense that this uncontrolled spending may transfer to loot boxes too.”⁴⁵²
434. In oral evidence, Dr Zendle explained that some more recent research “found that young people who spend money on loot boxes are more than 10 times as likely to be problem gamblers than those who do not”.⁴⁵³ However, Dr Zendle also emphasised that the research does not show that loot boxes are a gateway into gambling, just that the two coincide.

447 *Ibid.*

448 Written evidence from Dr David Zendle ([GAM0022](#))

449 *Ibid.*

450 *Ibid.*

451 [Q 199](#) (Dr David Zendle)

452 Written evidence from Dr David Zendle ([GAM0022](#))

453 [Q 199](#) (Dr David Zendle)

435. Dr Zendle suggested that as loot boxes share many features with gambling, and that spending on loot boxes is linked to problem gambling in both adults and children, they should be regulated. He explained:

“The ideal thing to have happened would have been industry self-regulation. It would have been some sort of big commitment from the video games industry to find out what is happening and do something about it. That has not happened. Therefore, I am not against the proposals... that some form of regulation external to the games industry is necessary.”⁴⁵⁴

436. Concerns about the relationship between loot boxes and problem gambling have also been raised by organisations working with children and young people. In October 2019, the Children’s Commissioner published a report *Gaming the System*,⁴⁵⁵ which looked at the relationship between video gaming and children. The report raised concerns about loot boxes specifically, as well as the wider role that money plays in video games.

437. The Children’s Commissioner’s report made various recommendations about limiting the role of money in video games aimed at children, such as introducing maximum daily spend limits and introducing features to allow players to track their historic spend. The report also made specific recommendations to ensure that loot boxes would be regulated as a form of gambling:

“The Government should take immediate action to amend the definition of gaming in section 6 of the Gambling Act 2005 to regulate loot boxes as gambling.

The Government must also undertake a wider review into the current definition of gambling in the Gambling Act, to ensure that it accurately reflects new forms of gambling, including those forms found in online games.”⁴⁵⁶

438. Simone Vibert, the Senior Policy and Public Affairs Analyst from the Children’s Commissioner’s Office, explained the importance of children’s perceptions of loot boxes. She said that the most important point to come out of the Commissioner’s research was that children themselves describe buying loot boxes as a form of gambling, without being prompted. As a result, the Children’s Commissioner believed that loot boxes should be treated as a gambling product “If it looks like gambling and it feels like gambling in children’s eyes, our message is very simple: that it should be regulated and recognised as such.”⁴⁵⁷

439. Ms Vibert also explained in more detail the Commissioner’s concerns about the Gambling Act, and how its definitions fail to reflect the way in which children are thinking about video gaming and gambling:

“In our view, the fundamental stumbling block here is the Gambling Act’s definition of gambling. In particular, the definition of a prize, “money or money’s worth”, does not reflect the way children spend and,

454 *Ibid.*

455 Children’s Commissioner, *Gaming the System* (October 2019): <https://www.childrenscommissioner.gov.uk/wp-content/uploads/2019/10/CCO-Gaming-the-System-2019.pdf> [accessed 14 April 2020]

456 *Ibid.*

457 [Q 200](#) (Simone Vibert)

in our eyes, gamble money online. Some of these items in games do not have monetary value. Some of them do because you can trade them illegally on other sites, but let us park that for now. They have immense value to the children who are spending money to get them, whether that is to take part in the game all their friends are playing or whether it is to not be bullied, in some cases. That is where we feel the Gambling Act is not working in the way it should in the modern world.”⁴⁵⁸

440. While witnesses, including Dr Zendle and Ms Vibert, emphasised the need to regulate loot boxes, the Gambling Commission was rather more hesitant about bringing such products into its remit. Mr McArthur stated that he was concerned about the “blurring of the lines”⁴⁵⁹ between gambling and video gaming, and that some video games “look and feel like gambling, but are not”.⁴⁶⁰ However, Mr McArthur refused to comment on any possible legislative amendment to bring loot boxes within the remit of the Gambling Commission, merely stating that “a change of the law is a matter for Parliament. If that decision was taken, we would regulate it.”⁴⁶¹
441. Mr McArthur described various options for dealing with loot boxes: “One possibility is the Gambling Commission regulating this; one is these products not existing; one is somebody else regulating it.”⁴⁶² However he seemed reluctant to see the Gambling Commission taking on the regulation of loot boxes and told us “I am not making a land grab to regulate the gaming industry. I would rather they stayed away from the perimeter in the first place.”⁴⁶³
442. The Government’s evidence stated that its review of the Gambling Act 2005 would “focus on issues around loot boxes⁴⁶⁴”. While we welcome the Government’s intention to consider the relationship between gambling and video gaming, we believe that this issue requires more urgent attention. The Government emphasises that “it is important that gambling legislation is applied to activities in a proportionate manner, and any changes should be informed by evidence and after a full consideration of the unintended consequences that may result⁴⁶⁵”. We agree that it is vital that any legislative changes are based on evidence; the evidence we have heard has stressed the urgency of taking action, and has not drawn attention to any unintended consequences.
443. The House of Commons Digital, Culture, Media and Sport Committee’s report on Immersive and Addictive Technologies⁴⁶⁶ recommended that the Government should bring forward regulations under section 6 of the Gambling Act 2005 to specify that loot boxes are a game of chance. The Government’s response⁴⁶⁷ to the report, published in June 2020, stated

458 [Q 202](#) (Simone Vibert)

459 [Q 158](#) (Neil McArthur)

460 *Ibid.*

461 [Q 159](#) (Neil McArthur)

462 *Ibid.*

463 *Ibid.*

464 Supplementary written evidence from HM Government ([GAM0135](#))

465 *Ibid.*

466 Digital, Culture, Media and Sport Committee, *Immersive and addictive technologies* (Fifteenth Report, Session 2017–19, HC 1846)

467 HM Government, *Government Response to the Digital, Culture, Media and Sport Select Committee Report on Immersive and Addictive Technologies* (June 2020): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/890734/CCS207_CCS0520664408-001_Gov_Resp_DCMS_Committee_Report_CP_241_Web_Accessible_1_1_.pdf [accessed 8 June 2020]

that to support the review of the Gambling Act 2005, the Government will be launching a call for evidence on loot boxes. The call for evidence will examine:

“The size and variation of the market, the design of mechanisms, the context in terms of other types of in-game spending, the impact on consumers and particularly young people including links to problem gambling, and the effectiveness of the current statutory and voluntary regulation.”⁴⁶⁸

444. The Government’s response emphasises that the results from the call for evidence will be considered alongside the review of the Gambling Act 2005, and “the Government stands ready to take action should the outcomes of the call for evidence support taking a new approach to ensure users, and particularly young people, are protected”.⁴⁶⁹
445. There is academic research which proves that there is a connection, though not necessarily a causal link, between loot box spending and problem gambling. We echo the conclusions of the Children’s Commissioner’s report, that if a product looks like gambling and feels like gambling, it should be regulated as gambling. We also agree with the House of Commons Digital, Culture, Media and Sport Committee’s recommendation that loot boxes should be regulated as a game of chance.
446. **We recommend that Ministers should make regulations under section 6(6) of the Gambling Act 2005 specifying that loot boxes and any other similar games are games of chance, without waiting for the Government’s wider review of the Gambling Act.**

Redefining gambling

447. As stated above⁴⁷⁰, loot boxes first appeared in video games in the early 2010s, and despite growing concerns about their impact on children and young people, action has yet to be taken to regulate them in Great Britain. It is crucial that any future developments in gambling, video gaming or other products that may contain gambling-like elements, which would not currently fall within the definition of gambling, should be brought within the remit of the Gambling Act as they appear. It is too late to regulate a product as gambling, when it has already caused harm to children and young people. Neither the Government nor the Gambling Commission can afford to wait years before bringing new ‘gambling-like’ products within the remit of the Act.
448. The recommendation above will deal with the immediate issue of loot boxes, but gambling operators or gaming companies may develop new products which blur the distinction between video gaming and gambling. If these products cannot be brought within the legislative definition of a ‘game of chance’, they will not be regulated as gambling. Children and young people should be protected from all gambling and gambling-like products, not merely those that can be defined as a ‘game of chance’. To ensure that all future gambling-like products are regulated as gambling, Ministers must have a power analogous to section 6(6) of the Act to specify that any activity

468 *Government Response to the Digital, Culture, Media and Sport Select Committee Report on Immersive and Addictive Technologies*, p 7

469 *Ibid.*

470 See paragraph 426.

which has the characteristics of gambling, even if not similar to a game of chance, should be brought within the purview of the Act.

449. **We recommend that section 3 of the Gambling Act 2005 should be amended to give Ministers a power, analogous to that in section 6(6), to specify by regulations that any activity which in their view has the characteristics of gambling should be treated as gambling for the purposes of the Act.**

Underage gambling and problem gambling

450. We received conflicting evidence about the links between early-onset gambling and problem gambling. In oral evidence in September 2019 Mr Waugh stated:

“I think it was a finding from the British Gambling Prevalence Survey that problem gamblers have, on average, an age of initiation in gambling about two years younger than non-problem gamblers, so we ought to be concerned about youth gambling not simply for what happens to children when they are children but what happens when they grow up.”⁴⁷¹

451. The British Gambling Prevalence Study also found that problem gambling prevalence was significantly higher among those who reported that they were 15 or under the first time that they ever gambled (1.6%) than those who were 22 or over (0.6%).⁴⁷² However, Mr Waugh also referred to research that questioned the link between childhood gambling and problem gambling:

“There was one study in 2011 around problem gambling among adolescents in Great Britain by Professors Forrest and McHale. They looked at whether there was any correlation between problem gambling among children and seaside towns and they found no correlation. They found if you lived in a seaside town, children were more likely to gamble but not any more likely to be problem gamblers.”⁴⁷³

452. John White, Chief Executive of BACTA, also questioned the evidence for believing that there is a link between early-onset gambling and problem gambling:

“Your next question was about the association between gambling when you are young and potential problems later on in life... I do not think the evidence is as clear as people have suggested on that. Some of the longitudinal studies say that people come in and come out... I do not think the evidence is quite as clear-cut as might be suggested.”⁴⁷⁴

453. We note the lack of consensus in the academic research about a link between early-onset gambling and problem gambling in later life, but we ourselves heard of the repeated experiences of families whose sons started gambling underage and subsequently took their own lives. The families were from different areas of the country, different socio-economic backgrounds, with sons who died at different stages of life, but they were all united by the fact that their sons had started to gamble underage. Charles Ritchie told

471 [Q 39](#) (Dan Waugh)

472 NatCen Social Research prepared for the Gambling Commission, *British Gambling Prevalence Survey 2010* (2011): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf [accessed 15 April 2020]

473 [Q 39](#) (Dan Waugh)

474 [Q 81](#) (John White)

us: “That is pretty much the case for all the Gambling with Lives families. Most people we have come across who have developed a gambling disorder generally started very young, certainly under 18.”⁴⁷⁵ This correlation cannot be ignored until the academic research is unequivocal. Stronger enforcement action is required to ensure that young people cannot gamble underage.

454. **The Gambling Commission and local trading standards officers should undertake regular age test purchases and visits in all land-based gambling venues such as betting shops, amusement arcades and National Lottery retailers, and develop an appropriate age testing scheme for online gambling operators.**

Minimum age for gambling

455. Most commercial gambling in Great Britain is legal only for those aged 18 and over. However, there are two exceptions:
- Young people between 16 and 18 can legally purchase National Lottery products, including draw-based games, scratchcards and online instant-win games. They can also participate in society lotteries and football pools; and
 - There are no age restrictions on Category D games machines, which include fruit machines, pushers and cranes.

National Lottery

456. In July 2019, the UK Government launched a consultation⁴⁷⁶ seeking views on whether the minimum age for some, or all, National Lottery games and products should be increased from 16 to 18.
457. The consultation asked for views on three possible options:
- Making no change, and retaining the minimum age of 16 for all National Lottery games;
 - Raising the minimum age from 16 to 18 for National Lottery instant-win games, such as scratchcards and online instant-win games; and
 - Raising the minimum age to 18 for all National Lottery games.⁴⁷⁷
458. At the time, the then Minister for Sport and Civil Society, Mims Davies MP, said: “ ... we also need to make sure that the National Lottery is fair and safe. That is why we are looking to raise the minimum age for instant win games so children and young people are protected ... ”⁴⁷⁸
459. The written evidence we received was unequivocal in recommending that the minimum age for playing all National Lottery products should be increased from 16 to 18. Dr Frank Atherton, Chief Medical Officer for Wales, stated that “the age of national lottery participation should be increased from 16 to 18

475 [Q 174](#) (Charles Ritchie)

476 Department for Digital, Culture, Media & Sport, ‘Consultation on the minimum age for playing National Lottery games’, 16 July 2019: <https://www.gov.uk/government/consultations/consultation-on-the-minimum-age-for-playing-national-lottery-games> [accessed 16 April 2020]

477 *Ibid.*

478 Department for Digital, Culture, Media & Sport, ‘National Lottery scratchcard minimum age could be increased to 18’, 16 July 2019: <https://www.gov.uk/government/news/national-lottery-scratchcard-minimum-age-could-be-increased-to-18> [accessed 16 April 2020]

year olds”⁴⁷⁹, while the European Lotto Betting Association emphasised that its members believe “that the legal age for access to all forms of commercial gambling should be 18”⁴⁸⁰ and these restrictions should also apply to National Lottery products. Professor Orford noted that “consideration should be given to having a minimum age of 18 years for all gambling”⁴⁸¹ and the Royal College of Psychiatrists stated that “young people between 16 and 18 should not be able to purchase National Lottery products”.⁴⁸²

460. Even Camelot had no opposition, with Nigel Railton, the Chief Executive of Camelot stating:

“To be honest with you, we are reasonably relaxed about it. For 25 years the age has been 16 so it is probably a good time to look at it. We do not have that many people playing at 16 or 17 online ... Our position is that it is ultimately a matter for Government and if Government want to raise the age to 18, we will support that.”⁴⁸³

461. **The minimum age at which an individual can buy any National Lottery product should be raised to 18.**

Category D gaming machines

462. In evidence given to us, Sir Alan Budd discussed the UK’s anomalous position in allowing children to play certain types of gaming machines, and stated that “the Review Body spent a long time discussing this specific issue because we were aware that nowhere else in the western world were children allowed to play on gaming machines.”⁴⁸⁴ There are many countries that prohibit gambling below the age of 18, including Italy, Germany, Portugal, and Denmark.

463. BACTA’s evidence argued that “the legal availability of certain forms of commercial gambling is not unusual by international standards”⁴⁸⁵ and that “penny fall machines can be found across the globe”. However, as described below, the concerns about Category D gaming machines centre on fruit machines, rather than penny fall machines or cranes.

464. Research by Dr Wardle⁴⁸⁶ showed that in 2017 an increasing proportion of children who gamble did so on fruit machines, with 40% gambling on fruit machines in 2017, compared to 23% in 2011. Research published by Cardiff University in October 2019 also emphasised the popularity of fruit machines among children:

“The gambling activity most frequently reported was fruit/slot machines... This may be particularly problematic given their availability and potential to become habitual due to high operant conditioning

479 Written evidence from Dr Frank Atherton, Chief Medical Officer for Wales ([GAM0006](#))

480 Written evidence from the European Lotto Betting Association ([GAM0007](#))

481 Written evidence from Professor Jim Orford ([GAM0019](#))

482 Written evidence from the Royal College of Psychiatrists ([GAM0091](#))

483 [Q 120](#) (Nigel Railton)

484 [Q 39](#) (Sir Alan Budd GBE)

485 Written evidence from BACTA ([GAM0050](#))

486 London School of Hygiene & Tropical Medicine, *Trends in Children’s Gambling 2011–2017*: <https://www.rgsb.org.uk/PDF/Trends-in-childrens-gambling-2011-2017.pdf> [accessed 16 April 2020]

processes, high event frequencies, near miss opportunities and short intervals to pay out.”⁴⁸⁷

465. Dr Philip Newall and colleagues⁴⁸⁸ investigated links between recollected usage of legal gambling under the age of 18 and current problem gambling symptoms among a group of British gamblers aged 18 to 40.⁴⁸⁹ This research found that adult gamblers with more problem gambling symptoms tended to have engaged more often with Category D fruit machines (when aged below 18), and the National Lottery and National Lottery scratchcards (when aged 16 or 17). While this does not show a causal link between the use of these products and later life outcomes, the research does indicate that the children who tend to use these gambling products frequently are more likely to become problem gamblers as adults.

466. These concerns about fruit machines and childhood gambling are not confined to academic research. Three of our four witnesses with lived experience explained how fruit machines had played a part in introducing them to gambling. Owen Baily, one of our witnesses with lived experience, stated: “When I look back at my entry point to gambling, on reflection, I developed a very unhealthy attachment to a fruit machine, which grew and developed.”⁴⁹⁰ Tony Parente, another lived experience witness, also pointed to fruit machines as a gateway into gambling: “When I was 17 or 18, I slowly started on the fruit machines in pubs and service stations,”⁴⁹¹ As did Alex Macey:

“I live in a seaside resort, and probably at age 10 I started to go into town with friends on the weekend and into the arcades—there were plenty of them, and still are. My friends would go on the normal games, perhaps putting a little bit of money in a fruit machine, but I was compelled to lose everything on the fruit machines.”⁴⁹²

467. The Gambling Commission’s evidence also raised concerns about Category D machines:

“The Commission does have concerns about Category D fruit machines which are typically found in premises catering for children and young people—it is confusing for children and parents when products for children look and feel exactly like those which are limited to adults, and we do not know enough about the long-term impacts.”⁴⁹³

468. The European Lotto Betting Association’s written evidence goes further than merely raising concerns about Category D gaming machines, it suggests that children should not have access to “any type of gambling products regardless

487 G J Melendez-Torres, Rebecca Anthony, Gillian Hewitt, Simon Murphy and Graham Moore, ‘Prevalence of gambling behaviours and their associations with socio-emotional harm among 11–16 year olds in Wales: findings from the School Health Research Network survey’, *European Journal of Public Health*, ckz176, (3 October 2019): <https://academic.oup.com/eurpub/article/doi/10.1093/eurpub/ckz176/5580543> [accessed 11 June 2020]

488 Dr Alex Russell, Dr Steve Sharman and Dr Lukasz Walasek

489 Philip Newall, Alex Russell, Steve Sharman, Lukasz Walasek, ‘Frequency of engagement with legal UK youth gambling products is associated with adult disordered gambling’, *PsyArXiv*, (March 2020): <https://psyarxiv.com/72uav/> [accessed 16 June 2020]

490 Q 51 (Owen Baily)

491 Q 52 (Tony Parente)

492 Q 52 (Alex Macey)

493 Written evidence from the Gambling Commission (GAM0071)

of their perceived risk profile⁴⁹⁴.” It goes on to state that “Category D games machines could act as gateway gambling products for young children.”⁴⁹⁵

469. BACTA responded to some of these concerns about children accessing Category D gaming machines, with Mr White explaining that the Category D fruit machines in arcades are there “for the adult members of the family”⁴⁹⁶ and that Category D machines at the seaside should be “legally able to be in the same room as the other machines”⁴⁹⁷ that children use. Mr White acknowledged that it is “undoubtedly a fact that for some of the people you have had before this Committee that their gambling problems are associated with their early exposure to gambling.”⁴⁹⁸ He suggested that “the vast majority of people have very similar or the same experiences and do not end up with the same issues.”⁴⁹⁹

470. BACTA also emphasised the likely impact of banning children from playing Category D machines on seaside arcades, and on the wider economy of seaside towns:

“[...] these types of games formed the backbone of Britain’s family seaside arcades. We know from our PWC report that approaching a third of the British population enjoys visiting these arcades each year. They provide local jobs and economic activity in towns up and down the country that have little in the way of other economic activity. Without them these towns would fall into further decline... the private investment provided by seaside amusement arcade operators has added considerably to the amenity value of towns up and down the country. It is also true that it is the income from the seaside arcades that keeps Britain’s Piers from falling into the sea.”⁵⁰⁰

471. We acknowledge that allowing children to play on Category D machines in Britain is an international anomaly, and that if we were starting from scratch in creating a new gambling industry it is unlikely that children would be allowed to play on such machines. However, we are considering the gambling industry as it is, and as it has been in Britain, and as BACTA has explained, family amusement arcades are an integral part of seaside resorts. Banning children from playing on Category D machines could well have a devastating impact on individuals, businesses and communities⁵⁰¹.

472. We heard powerful evidence from those with lived experience that they initially started gambling on fruit machines as children, before developing severe gambling issues. We cannot deny that historically fruit machines have been a gateway for some children into gambling, and ultimately, problem gambling. However, as gambling practices have changed, particularly with the massive growth in online gambling and video games with gambling-like elements, we must ensure that we are tackling the current gateways into gambling for children and young people, not those of 10, 15 or 20 years ago.

494 Written evidence from the European Lotto Betting Association ([GAM0007](#))

495 *Ibid.*

496 [Q 81](#) (John White)

497 *Ibid.*

498 *Ibid.*

499 *Ibid.*

500 Written evidence from BACTA ([GAM0050](#))

501 The report of the Select Committee on Regenerating Seaside Towns and Communities, *The future of seaside towns* (Report of Session 2017–19, HL Paper 320) discusses in greater detail the economic links between seaside communities and seaside amusement arcades.

473. **The minimum age at which an individual can take part in any online gambling should be raised to 18.**

Children at racecourses

474. On-course bookmakers at racecourses have historically performed badly at age verification checks and have allowed underage customers to place bets. In July 2019 the Gambling Commission announced that seven bookmakers were having their licences reviewed after allowing a 16-year old to place a bet at Royal Ascot.⁵⁰² Officers from the Royal Borough of Windsor and Maidenhead, alongside the Gambling Commission and Trading Standards, conducted age verification test purchases at Royal Ascot. Of the 17 bookmakers tested, seven allowed a 16-year old to place a £5 bet.
475. Richard Watson, Executive Director of the Gambling Commission, stated that:
- “Despite various educational attempts to raise standards, by ourselves and the trade bodies, the on-course sector has historically performed poorly in both underage gambling test purchase exercises and Think 21 testing. Pass rates have failed to meet the standards expected and the sector has consistently performed to levels below those we see in other gambling and age restricted products. By way of example, over the past four years, the on-course sector has a pass rate of around 35% for Think 21 testing.”⁵⁰³
476. During a similar test purchasing exercise at Royal Ascot in 2014, all bookmakers tested allowed a 16 year old to place a bet, without asking for proof of age.⁵⁰⁴
477. **The Gambling Commission and local trading standards officers should undertake more frequent age verification tests, and should do so at all racecourses across the country, not merely at large meetings. The Gambling Commission should use the full range of enforcement action available to it, including large fines, licence reviews and revocation for those bookmakers repeatedly allowing underage individuals to place a bet.**

502 Gambling Commission, ‘On course bookies face licence reviews’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/on-course-bookies-face-licence-reviews> [accessed 16 April 2020]

503 *Ibid.*

504 Gambling Commission, ‘Twenty bookmakers at Ascot allowed 16-year-old to bet: operators warned they must improve underage gambling controls’: <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/twenty-bookmakers-at-ascot-allowed-16-year-old-to-bet-operators-warned-they-must-improve-underage-gambling-controls> [accessed 16 April 2020]

CHAPTER 7: ADVERTISING

Facts and statistics

478. In 2001, when the Budd review reported, the advertising of gambling products was tightly restricted as part of the policy of not stimulating demand. The Independent Television Commission had a Code of Advertising Standards and Practice which reflected the then legal position by prohibiting the advertising of betting and gaming, except football pools, bingo, the National Lottery and other permitted lotteries. The Code additionally prevented “telephone, internet and interactive-based credit betting services from advertising”.⁵⁰⁵ The Budd report recommended that advertising of gambling products should be permitted, subject to a code of practice.⁵⁰⁶
479. The result may not have been what the members of the Budd report anticipated. The gambling industry currently spends in excess of £1.5 billion a year on advertising. Gambling advertising has increased exponentially since the Gambling Act 2005 came into force. A financial analysis by Regulus Partners, published by GambleAware in November 2018, revealed that 80% of all gambling marketing activity is now on the internet, with companies spending five times more online than on television. The figures indicated the areas where gambling companies spent the most money on marketing in 2017:⁵⁰⁷
- Total spend by gambling companies on marketing went up by 56% between 2014 and 2017, reaching £1.5bn;
 - Direct online internet marketing costs in 2017 were £747m, almost half (48%) of total gambling marketing spend;
 - Advertising through marketing affiliates—websites, tipsters and publications who earn commission for generating new business for the gambling companies—was £301m, 19% of total expenditure;
 - TV gambling advertising was £234m, only 15% of total gambling marketing spend;
 - Social media spend was £149m, more than tripling over three years, and 10% of total gambling marketing spend;
 - Sponsorship: £60m was spent in 2017, double the amount spent in 2014.
480. Some operators spent a larger proportion of their advertising outlay on television advertising. Phil Cronin of Tombola told us: “Last year, in our financial year up to the end of April [2019] we spent £32 million in the UK on advertising. Our revenue in the UK was about £90 million, so 36% or 37% of our revenue was spent on marketing the business. Half of that, £16 million, was spent on television advertising.”⁵⁰⁸ Other companies spent less

505 *Gambling Review Report*, para 22.19

506 *Gambling Review Report*, para 22.17

507 GambleAware, ‘Press Release: Gambling companies spend £1.2 billion marketing online, five times more than on television ads’, 24 November 2018 : <https://about.gambleaware.org/media/1857/2018-11-24-gambling-marketing-online-five-times-tv-ad-spend.pdf> [accessed 4 May 2020] The figures were derived from audited accounts of the top publicly listed operators and other available financial data for private and offshore companies.

508 [Q 106](#) (Phil Cronin)

on marketing, and a small proportion on TV advertising. Simon Wykes of the Gamesys Group, said that their total spending on marketing was usually within 10% to 15% of revenue. “We tend not to go on TV much ... TV is not our most efficient form of advertising ... Jackpotjoy is an online-only brand, so every two years we give it a little boost with TV to get increased brand awareness.”⁵⁰⁹

481. We asked witnesses whether the purpose of the advertising was primarily to grow the market, or whether it was simply a battle for market share within the existing market. Guy Parker, the CEO of the ASA, replied:

“What the gambling companies are up to depends on the specific gambling operator you are talking about. Some are incumbent operators trying to defend market share. Others are new entrants to the market, trying to challenge the incumbent operators and steal some of their market share.”⁵¹⁰

Dan Taylor, the CEO of Paddy Power Betfair, one of the most well-established companies, replied:

“I would guess that the majority of advertising is there to compete with others for share of wallets and for customers across the sector. That is the reality in what is a highly competitive industry in the UK in which most customers will have relationships with multiple advertisers. Much of it is about competing for a share.”⁵¹¹

Tombola, on the other hand, from the very beginning had a twin strategy: “One part is to try to retain customers as well as we can; the other is to advertise and promote our services to new customers. Over the last four years, for example, we have doubled in size in the UK.”⁵¹²

Regulation of advertising

482. The ASA regulates gambling advertising under the umbrella of the Gambling Act 2005 and through collective regulation with the Gambling Commission and Ofcom. The ASA sets and enforces rules to ensure that gambling advertisements (wherever they appear) do not undermine safe gambling and are socially responsible. The rules do that by:

- Keeping gambling adverts away from TV programmes, websites and other media content that appeal more to people under 18 than to adults;
- Ensuring that the content doesn’t exploit vulnerabilities associated with gambling.⁵¹³

483. The ASA regulates non-broadcast advertising, including newspapers, posters, websites, social media, cinema, emails, leaflets and billboards. This is done through the Committee of Advertising Practice (CAP). Co-regulation is an arrangement the ASA have with Ofcom which has given the ASA a contract to regulate TV and radio advertising, through the Broadcast Committee of Advertising Practice (BCAP). They issue jointly a Code specifically for

509 [Q 106](#) (Simon Wykes)

510 [Q 168](#) (Guy Parker)

511 [Q 130](#) (Dan Taylor)

512 [Q 106](#) (Phil Cronin)

513 Written evidence from Advertising Standards Authority ([GAM0059](#))

Gambling,⁵¹⁴ and it is a requirement of the LCCP that operators should comply with the Code.⁵¹⁵

484. In February 2018 the CAP and the BCAP published guidance, *Gambling advertising: responsibility and problem gambling*⁵¹⁶ “to ensure that ads are safe and with a particular focus on mitigating potential harms associated with problem gambling.” They explained: “The new guidance focuses on the ‘tone’ of ads. In essence, advertisers must be more careful with the messages they use. Based on evidence, we targeted risk factors (presented in advertising claims, imagery or other marketing approaches) that could unduly influence vulnerable groups to behave irresponsibly.”⁵¹⁷ The guidance:

- Restricted advertisements that created an inappropriate sense of urgency, such as those including ‘bet now’ offers during live events;
- Restricted the trivialisation of gambling;
- Prevented approaches that give an irresponsible perception of the risk or control;
- Provided greater detail on problem gambling behaviours and associated behaviour indicators that should not be portrayed, even indirectly;
- Prevented undue emphasis on money-motives for gambling; and
- Provided more detail on vulnerable groups, such as problem gamblers, that marketers need to work to protect.⁵¹⁸

Effect of advertising

485. It is generally assumed that the increase in advertising is one of the causes, perhaps the main cause, of gambling-related harms. There is certainly a correlation, but we have received no evidence nor been pointed to any research which proves that there is any causal link between gambling advertising and problem gambling. On the contrary, Mr Parker said: “The indicators do not accord with the view that the undoubted increase in gambling advertising and in accessibility to gambling services, through smartphones, is driving a significant increase in problem gambling.”⁵¹⁹

486. Mr Parker added: “I worry about this, because it seems common-sensical that, if there is a big increase in the volume of advertising, all other things being equal, it ought to lead to an increase in problems. The data is not showing that ...”⁵²⁰ This concerns us too. Plainly the companies would not spend increasingly large sums on advertising if they did not believe that this would increase either the overall amount gambled, or the amount gambled with their company, or both, and it does indeed seem counter-intuitive that this should not also result in an increase in gambling-related harms.

514 Advertising Standards Authority, *UK Code of Non-broadcast Advertising and Direct & Promotional Marketing (CAP Code)* p 77: <https://www.asa.org.uk/uploads/assets/47eb51e7-028d-4509-ab3c0f4822c9a3c4/The-Cap-code.pdf> [accessed 24 May 2020]

515 *Licence conditions and codes of practice*, Part II: Social responsibility code provisions 5.1.6 and 5.1.7

516 Advertising Standards Authority, *Gambling advertising: responsibility and problem gambling, Advertising Guidance (non-broadcast and broadcast)* (April 2018): <https://www.asa.org.uk/uploads/assets/uploaded/bb5292af-96f3-4c28-94a031dbfdfe3d8.pdf> [accessed 4 May 2020]

517 Written evidence from the Advertising Standards Authority ([GAM0059](#))

518 *Ibid.*

519 [Q 167](#) (Guy Parker)

520 *Ibid.*

487. In part, the problem may be due to the poor quality data that is currently available to investigate this relationship. Aggregated data, such as the prevalence rate of problem gamblers and overall gambling advertising spend, will not reveal what the prevalence rate of disordered gambling would be *in the absence of gambling advertising*. Even if prevalence rates of problem gambling were trending down, they might have trended lower still if there was no advertising. Research could look at policy changes, such as Italy's 2019 gambling advertising ban, to understand better the causal effect of gambling advertising. Greater access to gambling operators' data on which parts of the population are exposed to the most gambling advertising could help reveal whether those subgroups also show excess increases in gambling-related harm.

Advertising and children

488. Children are watching less TV than they were, and their exposure to TV advertisements generally, and to gambling adverts in particular, is decreasing. In 2008, the first full year for which advertisements for gambling were allowed on TV, children's exposure was on average 2.2 advertisements per week. This increased to a peak of 4.4 per week in 2013, since when it has declined. The exposure was to 2.8 advertisements per week in 2017, and it is still decreasing.⁵²¹

489. In March 2018 GambleAware commissioned two independent consortia to assess the extent, nature and impact of gambling marketing and advertising on children, young people and vulnerable groups in the UK. In July 2019 Ipsos MORI published an interim synthesis report, and it used this as a basis for written evidence submitted to us.⁵²² The final report was published in March 2020.⁵²³

490. Ipsos MORI explained that a core part of the current advertising regulations relates to whether or not particular advertising content has "particular appeal" to children. When this is deemed to be the case, the advertisement is not allowed. Examples of themes or features that may be deemed to have particular appeal include the use of cartoon characters or animated style, bright colours or depiction of young people (i.e. under the age of 25). Their research found that children were attracted to a wide variety of themes and features within advertising, for example, humour and contemporary cultural references. These features may appeal to adults as much as to children, but this of course does not diminish the appeal to children. Ipsos MORI therefore questioned whether it makes sense to base regulations on the premise of "particular appeal". They estimated that 41,000 UK followers of gambling-

521 Advertising Standards Authority, Children's exposure to age-restricted TV ads (1 February 2019): <https://www.asa.org.uk/uploads/assets/uploaded/229cd7e6-f9e2-4cf0-85a0a463add0ee2d.pdf> [accessed 4 April 2020]

522 Written evidence from Ipsos MORI, Professor Agnes Nairn and Josh Smith (GAM0069)

523 Ipsos MORI on behalf of GambleAware, *Final Synthesis Report: The effect of gambling marketing and advertising on children, young people and vulnerable adults* (March 2020): https://about.gambleaware.org/media/2160/the-effect-of-gambling-marketing-and-advertising-synthesis-report_final.pdf [accessed 4 April 2020] and Ipsos MORI on behalf of GambleAware, *Final Synthesis Report Executive Summary: The effect of gambling marketing and advertising on children, young people and vulnerable adults* (March 2020): https://about.gambleaware.org/media/2157/the-effect-of-gambling-marketing-and-advertising-exec-sum_final.pdf [accessed 4 April 2020]

related accounts were likely to be under 16, and that children make up 17% of followers of accounts focused on eSports gambling. They concluded that:

“there are serious concerns related to gambling advertising, particularly on social media and for eSports betting. On Twitter, 68% of traditional sports and 74% of eSports adverts were perceived by the researchers to violate at least one of the advertising regulations put in place to protect children and the vulnerable.”⁵²⁴

491. The reason children and young people are watching less live TV is of course that they increasingly prefer social media. Dr Downs told us that through marketing on their personal social media, children and young people are exposed to advertisements and offers related to gambling, and added: “I have personal experience with my 16 year old son getting gambling adverts appear on his Instagram feed. Many children lie about their age on their social media accounts and thus are vulnerable to seeing adverts or receiving marketing that are not age appropriate.”⁵²⁵

492. Mr Parker told us that the ASA launched their avatar monitoring in 2019. They designed profiles that mimicked the behaviour of children of different ages: very young children, children aged eight to 12, and young teenagers. They used the avatars on hundreds of websites and video-sharing platforms, and gathered and analysed the advertising that was served to them. During the two-week period of monitoring:

“We found examples of gambling advertising that should not have been served to those children ... There were 10,754 times that ads were served to the child avatars across 24 websites and 55 YouTube channels clearly aimed at children ... Gambling ads were served to the child avatars on 11 of the children’s websites monitored [where] they were seen ... a combined total of 151 times. ... One of the gambling operators—a company called Vikings Video Slot—was responsible for 122 of those 151 ad impressions in that two-week period. It was being very careless and not filtering when it should.”⁵²⁶

493. We have explained in the previous chapter how exposure to gambling at an early age can lead to problem gambling in later life. Although the link between an increase in gambling advertising and greater gambling-related harm has not been established, we have no difficulty in concluding that gambling advertising seen by children and young people may have serious repercussions later in their lives.

494. **The Government should commission independent research to establish the links between gambling advertising and gambling-related harm for both adults and children.**

Sport and advertising

495. Much betting is of course on sport, and cannot take place without sport, as many operators discovered to their cost while horseracing, football matches and other sports were unable to take place. The evidence from the Federation

524 Written evidence from Ipsos MORI, Professor Agnes Nairn and Josh Smith ([GAM0069](#))

525 Written evidence from Dr Carolyn Downs ([GAM0049](#))

526 [Q 163](#) (Guy Parker)

of Racecourse Bookmakers,⁵²⁷ the BHA⁵²⁸ and the English Football League (EFL)⁵²⁹ was received in September 2019. When on 28 January 2020 we took evidence from Alex Frost, the Chief Executive of the UK Tote Group, Robin Grossmith, the Director of the Federation of Racecourse Bookmakers, Nigel Roddis, the Managing Director of BritBet Racing, and Nick Rust, the Chief Executive of the BHA, none of them of course anticipated the current situation. Even Professor David Forrest, who at our request gave us written evidence, dated 24 March 2020, on the relationship between sport and betting,⁵³⁰ made no mention of the Covid-19 lockdown which had then just begun. Few people then foresaw just how different life was going to be on every front, not least live sports. This part of our report is therefore based on the evidence we have from the recent past, in the hope and expectation that it will again be relevant in the not too distant future.

496. Many operators can concentrate on eSports and virtual sporting events instead of real sports, and to some extent have done so, but for on-course racing, and especially horseracing and greyhound racing, the closure of venues has been, and for some still is, little short of disastrous. We deal with the special position of horseracing and greyhound racing later in this chapter.
497. A brief visit to any operator’s website will show that there is no sport which one cannot gamble on. The much-used expression “gamblification of sport” is usually applied to football. While the evidence we received related only to football, horseracing and greyhound racing, our conclusions and recommendations apply to all sports advertising.
498. There is more to sports advertising than TV or online: Dr Sharman and Professor Turner “analysed the proportion of pages in matchday programmes for premier league and championship matches that contained gambling adverts and incidental exposure and found that gambling marketing was found on over 20% of pages. When examining the child specific sections of programmes, over 50% had gambling marketing exposure.”⁵³¹

Complex sports betting

499. The traditional bet on a football match was simply on which team would win: a “home-draw-away” bet. There is no key feature distinguishing a home-draw-away bet between different bookmakers, and odds comparison sites allow gamblers to find the bookmaker offering the most attractive odds. The house edge on home-draw-away bets was a constant 10.5% in the late 1990s, before falling to a range of 5–6% in the mid-2010s.⁵³²
500. However only 7.8% of the live-odds advertising shown by three bookmakers over the World Cup in 2014 was for home-draw-away bets. A majority of live-odds advertising focused on “complex bets” which pay off only if some quite specific set of events occurs. For example, a bet can be advertised on the home team to win by three goals to nil, called a “correct score” bet, which featured in 35.9% of World Cup 2014 live-odds advertising on TV. “First/

527 Written evidence from the Federation of Racecourse Bookmakers (GAM0008)

528 Written evidence from the British Horseracing Authority (GAM0065)

529 Written evidence from the English Football League (GAM0082)

530 Written evidence from Professor David Forrest (GAM0123)

531 Written evidence from Dr Steven Sharman and Professor John Turner (GAM0037)

532 Philip Newall, Ankush Thobhani, Lukasz Walasek and Caroline Meyer, ‘Live-odds gambling advertising and consumer protection’, *PLOS One*, vol 14(6), (June 2019): <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0216876>

next goalscorer” bets are another complex bet category, requiring the gambler to identify the player to score the next goal out of the 20 outfield players. These bets featured in 38.8% of World Cup 2014 live-odds advertising.⁵³³ A “scorecaster” bet pays out only if the gambler can correctly guess both the identity of the first goalscorer and the correct score of the match.

501. Complex bets can naturally offer bigger payoffs on successful bets, which consumers find attractive. However betting odds from the mid-2010s reveal a much higher house edge, in a range of 21.9%–23.2% for correct score bets. By comparison, the house edge in European roulette is 2.7%, which forms the basis of many electronic gambling machine games. Picking the bets featuring most frequently in live-odds advertisements could increase a gambler’s rate of losses by a multiple of around five times compared to traditional football bets, or around 12 times compared to roulette.⁵³⁴
502. We have used football as the example, because that is where most research has been done, but complex bets are also possible for many other sports. They all have this in common, that the house edge is much higher than for traditional simple bets, but that nevertheless gamblers are increasingly attracted to them. It is not hard to see why advertising concentrates on them.

Interdependence of sport and betting

503. The EFL emphasised the importance to them of the sponsorship agreement they have had with Sky Bet⁵³⁵ since 2013/14, which is likely to continue until 2023/24 at least.⁵³⁶ They told us that Sky Bet had been an excellent partner to football and the EFL. In addition, more than 60 of their clubs also have co-existing arrangements with competitor betting brands (some including front of shirt sponsorship) and beyond that many carry paid-for advertising on pitchside perimeter boards and in matchday programmes.
504. The EFL said: “Professional football clubs are an integral part of the towns and cities from which they take their name and, in many, deliver the biggest single form of communal activity in their local area.”⁵³⁷ We do not doubt this. However, part of the community activity will be families, including children, going to matches and seeing the shirt sponsorship, the perimeter boards and the programmes. They may not be specifically targeted at children, but there is no way children can avoid seeing them.
505. Arsenal has just extended its £200 million shirt sponsorship deal with Emirates until 2024;⁵³⁸ Chelsea has a similar 5 year deal with Yokohama Rubber for £200m, which will come to an end this season;⁵³⁹ and Manchester United has a 7 year deal with Chevrolet worth £450m, which comes to an

533 *Ibid.*

534 *Ibid.*

535 Sky Bet is one of the brands operated by Sky Betting and Gaming: see written evidence from Sky Betting and Gaming ([GAM0085](#)).

536 Written evidence from the English Football League ([GAM0082](#))

537 *Ibid.*

538 Bill Wilson, ‘Arsenal and Emirates in £200m shirt sponsorship extension’, *BBC News* (19 February 2018): <https://www.bbc.co.uk/news/business-43113951> [accessed 4 April 2020]

539 Owen Gibson, ‘Chelsea seal £200m shirt sponsorship deal with Yokohama Rubber’, *The Guardian* (26 February 2015): <https://www.theguardian.com/football/2015/feb/26/chelsea-shirt-deal-yokohama-rubber> [accessed 13 May 2020]

end next year.⁵⁴⁰ Despite this, Professor David Forrest told us that although the Premier League has the highest value sponsorships, its dependence on this source of income is low. The typical value of a shirt sponsorship deal for an English Premier League club is only £5m–10m per year, while even the weakest club in the division would receive more than £125m thanks mainly to broadcasting rights income. On the other hand, in the EFL and in Scottish football, and in less high profile sports and competitions such as rugby league and snooker, “there is little incentive for brands from other sectors to invest: they do not pick up enough exposure to potential customers, in contrast to the betting industry, which has an unusual proportion of customers for its product concentrated in the viewing audience for a sports event.”⁵⁴¹

506. Professor Forrest added:

“Many of these clubs and competitions would face difficulty in replacing their betting sponsors, compromising the scale at which they could operate and the quality of talent they could attract. It is striking that in jurisdictions which have moved against sponsorship and advertising by the betting sector—Australia and Italy—opposition from the betting industry has been muted but that from sports leagues and broadcasters strong.⁵⁴² This may reveal that betting houses themselves perceive their marketing as about brand share rather than extending the market and there would be some advantage to them from the state doing what competition law prevents them from doing for themselves—negotiating away heavy marketing budgets which just cancel each other out. However, sports leagues will typically fight against restrictions because their finances are precarious ... English football has the largest structure of professional clubs in the world and shrinkage would likely take the form of fewer towns being served by a professional club.”⁵⁴³

The whistle-to-whistle ban

507. In August 2019, the gambling industry’s voluntary ‘whistle-to-whistle’ ban on advertising came into force. Under this agreement, no gambling advertising is shown during live sport televised before the 9pm watershed for a ‘whistle-to-whistle’ period beginning five minutes before the start of the match and finishing five minutes after the match has ended. However, this ban does not apply to advertising for betting on horseracing or betting on greyhound racing. Much has been made of this ban by some operators. Sky told us that this, together with an earlier limit of the number of sports betting advertisements to one per break, had had “a very significant impact on the number of TV adverts served, particularly to younger audiences. August 2019, the first month of the new football season, saw a drop of 84% in the number of TV adverts placed before the 9pm watershed.”⁵⁴⁴ Flutter, who are

540 Simon Peach, ‘Manchester United chasing lucrative shirt sponsor as Chevrolet deal nears end’, *Independent* (10 October 2019): <https://www.independent.co.uk/sport/football/premier-league/manchester-united-shirt-sponsor-contract-chevrolet-how-much-a9151201.html> [accessed 4 April 2020]

541 Written evidence from Professor David Forrest (GAM0123)

542 On 6 April 2020 it was reported that Italian football clubs had asked the Government to suspend for 12 months the law prohibiting gambling sponsorship and advertising during the Covid-19 pandemic: Tom Daniels, ‘Italian sport leaders unite in attempt to restore betting advertising’, *Insider Sport* (6 April 2020): <https://insidersport.com/2020/04/06/italian-sport-leaders-unite-in-attempt-to-restore-betting-advertising/> [accessed 4 April 2020]

543 Written evidence from Professor David Forrest (GAM0123)

544 Written evidence from Sky (GAM0053)

also part of the group that undertook the whistle-to-whistle ban, additionally decided to remove Paddy Power and Betfair advertising on perimeter LEDs and interview boards at UK football matches.⁵⁴⁵

508. GVC have gone further still. Their CEO, Kenny Alexander, told us:

“We have ended all our shirt sponsorship and perimeter advertising. My view on it is this: what is the difference between an advert 10 minutes before a game and gambling ads whistling all around the park when most people are watching the game? We have ended it. As I said earlier, I think that gaming companies’ adverts are too much in the face of consumers. Perimeter adverts, shirt sponsorship and TV advertising are areas where I feel that it needs to be seriously curtailed.”⁵⁴⁶

509. We were told of evidence from Australia:

“In early 2018, Australia implemented a ban on gambling advertising in live sport ... Children still saw gambling advertising ... before and after sporting matches, and also saw gambling advertising outside of sporting programs, including on social media platforms. They also saw other forms of promotions for gambling, such as shirt sponsorship, gambling logos on hoardings, and embedded advertising on signage on the sports court or field.”⁵⁴⁷

510. We wholly agree that a ban from five minutes before to five minutes after a match is of very limited use when viewers, including children, can throughout the match see a plethora of gambling advertising on shirts and on the perimeter—and when they are in any case likely to be watching outside that whistle-to-whistle time. We suspect that Professor Forrest may be right in thinking that operators are happy to cease advertising if they can be sure that other operators will do the same.

A later watershed

511. Restrictions on some forms of gambling advertising, like the whistle-to-whistle ban, apply only before the 9pm watershed. After the watershed anything goes, so long as it is “legal, decent, honest and truthful”. Some of our witnesses would like to see a total ban before the watershed, and some would like to see a later watershed for gambling advertising. The first category includes the Gauselmann Group, a German gaming and gambling company, who “would also like to see the 9pm watershed extended to cover all forms of gambling and limited thereafter,”⁵⁴⁸ and the Evangelical Alliance, who “continue to believe that a ban on gambling advertising before the 9pm watershed is justified.”⁵⁴⁹ The Royal College of Psychiatrists believe that “gambling adverts should be banned from any daytime TV. The watershed should be increased to 11 o’clock, and certainly no gambling adverts at any time near sporting events.”⁵⁵⁰

512. There are parallels with advertisements for products affecting childhood obesity. In November 2019 the Select Committee on Communications and

545 Written evidence from Flutter Entertainment Plc ([GAM0055](#))

546 [Q 133](#) (Kenny Alexander)

547 Written evidence from Associate Professor Samantha Thomas, Dr Hannah Pitt and Professor Mike Daube ([GAM0097](#))

548 Written evidence from the Gauselmann Group ([GAM0096](#))

549 Written evidence from the Evangelical Alliance ([GAM0072](#))

550 Written evidence from the Royal College of Psychiatrists ([GAM0091](#))

Digital published a report⁵⁵¹ in which it discussed the potential impact of the Government’s proposals. The Committee stated: “We do not think that there is sufficient evidence that the proposed ban on high in fat, salt and sugar advertising before the 9pm watershed would significantly reduce childhood obesity. We are concerned that such a blanket ban could undermine the funding model of commercial broadcasting in the UK without delivering significant benefits to children’s health.” Mr Parker, though discussing online advertising, made this point: “It is already against our rules to target [online] advertising at people who are under 18. That renders the concept of a watershed rather redundant ... ”⁵⁵²

513. We are not persuaded that a change in what can be broadcast before the watershed, or the timing of the watershed in relation to gambling advertising, would on its own have much effect, beneficial or otherwise.

A ban on all advertising of gambling

514. Apart from the industry, Ministers were among the very few witnesses to argue positively against a total ban on gambling advertising, writing: “Advertising is one of the ways that [gambling companies] are able to compete for market share. It is also one of the primary advantages that licensed and regulated operators have over the black market. Prohibiting all gambling advertising would undermine our ability to keep those who choose to gamble safe when doing so.”⁵⁵³
515. Although a number of witnesses advocated restrictions on gambling advertising, none went as far as calling for a total ban. Dr Atherton called for “greater regulatory control and ... statutory restrictions on where and how gambling products may be advertised, similar to restrictions on the advertising of tobacco and alcohol.”⁵⁵⁴ Professor Hörnle suggested that “it should be considered whether online advertising of gambling should be prohibited,”⁵⁵⁵ but made no similar suggestion for other advertising. Professor Orford wrote: “The precautionary principle should prevail here. Prevention of harm should take precedence over other considerations. The minimum change that is needed to protect children and young people is a ban on any gambling promotion which is especially likely to be seen or heard by under-18s.” He thought that in any new legislation “advertising should be dealt with thoroughly in all its forms.”⁵⁵⁶ But even he did not call for an outright ban.
516. It is now accepted that any smoking, even on a small scale, is a risk to health, and tobacco advertising has been prohibited for 15 years. However, the gambling evidence base is less clear-cut, and there have as yet been no sufficiently high-quality studies investigating whether gambling-related harm increases even for small levels of gambling. We have already set out the many arguments in favour of restricting advertising, especially at times and in places where it is likely to be seen by children and young people, but we do not believe there is any justification for an outright ban.

551 Select Committee on Communications and Digital, *Public Service Broadcasting: as vital as ever* (1st Report, Session 2019, HL Paper 16)

552 [Q 165](#) (Guy Parker)

553 Supplementary written evidence from HM Government ([GAM0135](#))

554 Written evidence from Dr Frank Atherton, Chief Medical Officer for Wales ([GAM0006](#))

555 Written evidence from Professor Julia Hörnle ([GAM0034](#))

556 Written evidence from Professor Jim Orford ([GAM0019](#))

Sports kit and sports grounds

517. As we have said, we believe that a change in the watershed would have as little impact as the whistle-to-whistle ban. On the other hand, banning the sponsorship of sports shirts and kits, and banning the advertising of gambling on or near sports grounds, would in our view be very beneficial, but it would of course mean that gambling companies would no longer have much incentive to sponsor football clubs.
518. It seems that the removal of sponsorship would not unduly harm Premier League clubs,⁵⁵⁷ but it would very probably have a serious effect on smaller clubs; some of those in the EFL might go out of business without this sponsorship if they cannot find alternatives.⁵⁵⁸ This would be highly regrettable, especially given the close link between some of these clubs and their local communities. The financial situation of some of them is currently particularly fragile because of the impact of the coronavirus pandemic on sport. We therefore think they should be given time, perhaps three years, to adapt to the new situation. They would not be allowed in that time to enter into new sponsorship contracts with gambling companies, but any existing contracts could continue until they terminate, and clubs would have time to seek alternative sources of sponsorship.
519. We have considered what the impact would be on on-course betting and horseracing if a ban on advertising on or near sports grounds were extended to racecourses. There are a number of important ways in which on-course bookmakers are different to off-course and online bookmakers, including:
- Opportunities for frequent and personal contact with customers, particularly the interaction between the bookmaker and customer when placing a bet;
 - Extensive gaps between races, which does not allow for customers to be constantly placing bets; and
 - On-course bookmakers only offer one product, not multiple platforms as is the case for off-course and online bookmakers.⁵⁵⁹
520. The BHA told us that they are an industry which is heavily interlinked with the UK betting sector. “Gambling advertising, targeted at adults, is a key aspect of the funding model for FTA broadcasting of sport on UK television, generating revenues for broadcasters to allow them to bid for sports rights and ITV Racing is no exception. It is wholly appropriate—provided that responsible gambling messaging is included and that the content and tone of the advert is suitable—for opportunities to bet responsibly on British racing to be advertised during broadcasts of the sport.”⁵⁶⁰
521. We asked Mr Grossmith to explain what impact any attempt to treat on-course bookmakers in the same manner as off-course or online bookmakers would have on their businesses and on the wider horseracing industry. He told us that it would make a massive difference:

557 Written evidence from Professor David Forrest ([GAM0123](#))

558 Written evidence from English Football League ([GAM0082](#))

559 Written evidence from the Federation of Racecourse Bookmakers ([GAM0008](#))

560 Written evidence from the British Horseracing Authority ([GAM0065](#))

“... we are a community of 400 on-course bookmakers, 398 of which are small, family firms—often husband and wife teams, father and son teams ... We offer one product and one product only: that is betting on the race. Our off-course colleagues have a vast number of things to bet on, such as different sports, and even different types of bets on horseracing.”⁵⁶¹

522. The Gambling Industry Code for Socially Responsible Advertising recognises British racing’s “inherent links with the gambling industry, which is not the case with other sports” and means that it is exempt from the new ‘whistle to whistle’ advertising regulations.⁵⁶² The BHA believes that it is highly questionable whether any further restrictions on advertising of betting around horseracing broadcasts would be effective, and adds: “It is notable that there is international precedent for this position. Since March 2018, a ban on gambling advertisements during live sport in Australia has been in place, but this also includes an exemption around horseracing events.”⁵⁶³
523. There is also a case for exempting greyhound racing from this ban. The Rank Group told us that in greyhound racing, as in horseracing, “betting continues to underpin the core finances”.⁵⁶⁴ Brigid Simmonds said that “greyhound racing would probably not exist in this country” without the contribution of the gambling industry.⁵⁶⁵
524. **Gambling operators should no longer be allowed to advertise on the shirts of sports teams or any other part of their kit. There should be no gambling advertising in or near any sports grounds or sports venues, including sports programmes.**
525. **These restrictions should not take effect for clubs below the Premier League before 2023. A similar flexibility should be allowed in the case of other sports.**
526. **These restrictions should not apply to horseracing or greyhound racing.**

Bet to View

527. Bet to View inducements, allowing gamblers to watch sport—usually football—if but only if they have bet with a particular company, are nothing new. In July 2017 the Football Association (FA) announced that they would no longer have a betting partner, having terminated a contract with Ladbrokes worth around £4 million a year following a string of high-profile gambling controversies in the sport. There was therefore both surprise and widespread dismay when on 7 January 2020 it emerged that Bet365 had since the start of the season been allowing football fans to watch matches if they placed a bet with them: “You can now watch live sport on your iPhone, iPad or Android device including Soccer, Tennis, Basketball, Snooker, Darts, Cricket and

561 [Q 113](#) (Robin Grossmith)

562 Industry Group for Responsible Gambling, *Gambling Industry Code for Socially Responsible Advertising, 5th Edition* (January 2019) para 34: <http://igrg.org.uk/wp/wp-content/uploads/2019/01/Gambling-Industry-Code-for-Socially-Responsible-Advertising-5th-Edition.pdf> [accessed 4 May 2020]

563 Written evidence from the British Horseracing Authority ([GAM0065](#))

564 Written evidence from the Rank Group Plc ([GAM0029](#))

565 [Q 128](#) (Brigid Simmonds)

Squash. All you need is a funded account or to have placed a bet in the last 24 hours to qualify.”⁵⁶⁶

528. The FA explained that the media rights deal predated the decision to stop partnering with betting companies: “The FA agreed a media rights deal with IMG in early 2017, part of which permits them to sell the right to show live footage or clips of FA Cup matches to bookmakers. Bet365 acquired these rights from IMG to use from the start of the 2018–19 season.” Any review of this by the FA would have to wait for the media rights sales process ahead of tendering rights to the new cycle from the 2024–25 season onwards. Leagues and clubs continue to govern their own relationships with gambling companies.⁵⁶⁷
529. On 9 January, in reply to an urgent question from Carolyn Harris MP, Nigel Adams MP, then the Minister for Sport, Media and Creative Industries, said:

“The Government have asked the Football Association to look at all avenues to review this element of its broadcasting agreement. I have received several commitments from the Football Association: it will not renew the deal when it comes up and it is also looking at all options to see if the current deal can be restricted.”⁵⁶⁸

The Minister made clear that similar arrangements with betting companies applied to many other sports. Subsequently the Gambling Commission announced that they were investigating the matter. The outcome of that investigation is not known.

530. **The social responsibility code of practice must be amended to prohibit licensees from offering bet to view inducements, such as making the watching of a sport conditional on having an account with a gambling operator or placing a bet with an operator.**
531. The consequence of this will be that the Football Association, any other body with the rights to show football matches, and any body with similar rights in relation to other sports, will no longer be able to sell those rights to licensed gambling operators. We hope that they will see the wisdom of not attempting to sell those rights to unlicensed operators.

Other inducements

532. Every business seeks to attract customers to start buying with them, to continue doing so, to buy more and to buy more often than they otherwise might. The betting operators are leaders in this field. But in the case of gambling, those who buy more will be those who lose more.
533. As we have said, it is one of the rules of the ASA that gambling advertisements (wherever they appear) should not undermine safe gambling and should be socially responsible. The rules aim to do that by ensuring that the content does not exploit vulnerabilities associated with gambling.⁵⁶⁹

566 Bet365, ‘Watch live sport on the move’: <https://extra.bet365.com/promotions/mobile-and-tablet/mobile-sports-live-streaming> [accessed 27 April 2020]

567 Statement by the Football Association, 8 January 2020 see: ‘FA Cup: Culture secretary calls for FA to reconsider betting deal’ *BBC News* (8 January 2020): <https://www.bbc.co.uk/sport/football/51028507> [accessed 16 June 2020]

568 HC Deb, 9 January 2020, [col 605](#)

569 Written evidence from the Advertising Standards Authority ([GAM0059](#))

534. There is no way in which all such advertisements could be identified. They would include offers of “free” bets to attract new customers, or better odds offered to new customers, more attractive odds offered for a brief period, or advertisements that create an inappropriate sense of urgency, such as those including “bet now” offers during live events. Such advertisements are impossible to define or to list exhaustively, but they are easy to identify. Advertising, like gambling, must follow the licensing objectives: it must be conducted in a fair and open way, and must not exploit the susceptibilities of children or other vulnerable persons.
535. **Advertisements which are objectively seen as offering inducements to people to start or to continue gambling, or which create a sense of urgency about placing bets, should be banned. The Advertising Standards Authority and the Gambling Commission must act together to police this ban.**

Direct marketing

536. We explained at the start of this chapter how 80% of all gambling marketing activity is now on the internet, with companies spending five times more online than on television. How much of this internet activity consists of marketing messages directly aimed at a particular individual, or small and identifiable groups of individuals, is not known, but the figure is likely to be a substantial proportion of the £747 million spent on direct online internet marketing.
537. As was clear to us from the evidence of the witnesses with lived experience,⁵⁷⁰ those who are vulnerable to advertisements for gambling products are especially susceptible to messaging which seems to be addressed to them personally. Even if such messaging is generated automatically, a communication which appears to be personalised is particularly attractive. We have quoted at some length in Chapter 5 the evidence given to us by Michelle Singlehurst, one of our witnesses with lived experience, who told us of the direct marketing approaches made to her while self-excluded. We also quoted the evidence of Lydia Thomas, the producer of BBC4’s *You and Yours*, telling us of examples of direct approaches made to customers showing clear evidence of problem gambling, urging them to gamble more.
538. The BBC Panorama programme *Addicted to Gambling*⁵⁷¹ told the stories of three problem gamblers, all of whom had been subjected to direct personal marketing. One customer, who lost £633,000 over a six-year period, told Panorama that Jackpotjoy was continually offering her free cash bets to continue gambling with the operator. Jackpotjoy issued a £1,000 cash bonus after finding out her father had died, as well as calling and e-mailing when she had gone a day without gambling. A Jackpotjoy spokesperson said: “We have informed Panorama we are deeply sympathetic to the unfortunate personal circumstances experienced by the customer during their playing period with us. As a loyal customer, we had frequent and personal engagement with her over the course of six years, which involved advising on and encouraging the use of our responsible gambling tools.”

570 QQ 50–70 (Owen Baily, Alex Macey, Tony Parente and Michelle Singlehurst)

571 Nathan Joyes, ‘Jackpotjoy does not deny BBC claims over customer who lost £633,000’, *Gambling Insider* (12 August 2019): <https://www.gamblinginsider.com/news/7676/jackpotjoy-does-not-deny-bbc-claims-over-customer-who-lost-633000> [accessed 28 April 2020]

539. Gambling companies, like all businesses, need to communicate with their customers, but the communications should not include marketing of any sort unless in reply to a specific question from the customer. Approaches like the ones we have described are indefensible.

540. The young are particularly vulnerable, as Professor Samantha Thomas and her colleagues told us:

“Importantly, it is inducement marketing that appears to significantly influence young people’s attitudes towards wagering, and in particular the risks associated with wagering. Young people perceive that inducement promotions (such as free or bonus bet promotions, or cash back offers) allow individuals to try gambling without the risk of losing money. In another study, young people believed that inducement promotions could lead people to believe that they would not lose money when they were gambling. For example, one child stated that these promotions meant that people were unlikely to get “ripped off”. Another girl [aged 13] from this study stated: “They tell you to spend money on it and they say you have guaranteed money back. So it’s trying to reassure that you won’t lose, and it’s on in every ad break.” Studies in both Australia and the United Kingdom have demonstrated that about 75 per cent of young people perceive that gambling was a normal or common part of sport.”⁵⁷²

541. **The licence conditions should be amended to prohibit operators from sending communications offering inducements to bet to individuals, or identifiable groups of individuals, unless they have agreed to take part in VIP schemes (by whatever name these are called) which satisfy the conditions currently in force or any stricter conditions which are imposed.**

572 Written evidence from Associate Professor Samantha Thomas, Dr Hannah Pitt and Professor Mike Daube ([GAM0097](#))

CHAPTER 8: RESEARCH, EDUCATION AND TREATMENT

Funding of research, education and treatment

542. We have referred a number of times to the need for reliable and independent research into all aspects of gambling-related harm. Education of the public, children in particular, about the potential dangers of gambling, and how to gamble (if at all) within one's means, should be equally important for the prevention of problem gambling, while the need for treatment for problem gamblers hardly needs emphasising. But it all needs to be paid for—something other countries seem to appreciate better than we do.⁵⁷³

A mandatory levy

543. Chapter 32 of the Budd report looked in some detail at “Researching, Limiting and Treating Problem Gambling”, including the funding, and concluded: “We recommend that the industry should set up a voluntarily funded Gambling Trust. We recommend that the government should reserve powers to impose a statutory levy, possibly linked to gross profit, if such a Trust is not established or subsequently ceases to operate.”⁵⁷⁴

544. In the very brief White Paper setting out the Government's policy for the new legislation, nothing was said about a voluntarily funded Gambling Trust, or what should happen if one was not set up. It was simply stated that the draft Gambling Bill would “make provision for ... reserve powers for an industry levy to tackle problem gambling”.⁵⁷⁵ The draft Bill also said nothing about a Gambling Trust, and no more was heard of it.

545. The Bill did however include “reserve powers for an industry levy”, and these are what has become section 123 of the Act. That section allows the Secretary of State to make regulations requiring the industry to pay an annual levy to the Gambling Commission, which has wide powers to use it “for purposes related to, or by providing financial assistance for projects related to (a) addiction to gambling, (b) other forms of harm or exploitation associated with gambling, or (c) any of the licensing objectives.”⁵⁷⁶ The Explanatory Notes to the Act explain that the levy would be treated as if it was part of the annual fee, so that a licence would be revocable if the levy was not paid.

“The money raised by a levy would be used for alleviating problem gambling. Thus, the Commission could spend it on purposes or projects related to gambling addiction or other forms of harm or exploitation associated with gambling ... Such projects need not be undertaken by the Commission itself, but the Commission could fund others (including other public sector bodies) who are undertaking projects connected with problem gambling.”⁵⁷⁷

573 In paragraph 564 we look at how funding of research, education and treatment in the UK lags behind other countries.

574 *Gambling Review Report*, para 22.19

575 Department for Culture, Media and Sport, Modernising Britain's Gambling Laws: Draft Gambling Bill, Cm 5878, July 2003, para 5.2: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/272068/5878.pdf [accessed 28 April 2020]

576 Gambling Act 2005, [section 123\(5\)](#)

577 Gambling Act 2005, [Explanatory notes on section 123](#)

546. The DCMS memorandum for the Commons post-legislative scrutiny of the Act⁵⁷⁸ stated: “Following the Gambling Commission’s RET Review in 2008 the Government decided that the voluntary levy should continue, and section 123 would not be enacted unless the voluntary approach failed to generate sufficient funding to sustain a programme of research, education and treatment.” This is a misunderstanding of the legislative process. The whole Act, including section 123, was “enacted” when the Act received Royal Assent on 7 April 2005. Section 123 was brought into force, along with the majority of the Act, on 1 September 2007.⁵⁷⁹ But it remains ineffective unless and until Ministers use their powers to make regulations imposing a mandatory levy. This is what successive Governments have refused to do.
547. For many years the industry has on a voluntary basis contributed 0.1% of its GGY to research, education and treatment. The amount has been subject to increasing criticism, as has the Government’s refusal to implement a mandatory levy. In their *Strategy 2018–2021: Making Gambling Fairer and Safer*,⁵⁸⁰ the Gambling Commission noted that the response by gambling operators to the voluntary levy had been “slow and insufficient”, and “continued failure in this would be unsustainable and unacceptable for the future.” The Commission therefore recommended a mandatory levy, which would “be a fair and credible way of addressing some of these weaknesses should they continue and indeed has support within the industry, including among the largest operators.” If there is indeed support for a mandatory levy among the largest operators, it has not been apparent to us.
548. On 11 March 2019 Mims Davies MP, the minister then responsible for gambling, said in a Westminster Hall debate that if the industry did not hit its voluntary target of £10 million a year then she did not rule out a mandatory levy. A month later the Gambling Commission published its *National Strategy to Reduce Gambling Harms*,⁵⁸¹ which stated that:
- “The Gambling Commission is committed to pushing industry to meet their responsibilities in this space, but we have also publicly stated our support for an appropriate levy as provided for in the Gambling Act 2005 which would be a significant part of providing a greater consistency of funding based on need.”
- On 25 April 2019 the chairman of the Commission, presenting the National Strategy, said that the voluntary levy was not working, but moments later the minister contradicted him and said that the Government would not be bringing in a mandatory levy, a decision which attracted much criticism.
549. On 19 June 2019 the five biggest operators, perhaps sensing which way the wind was blowing, wrote to DCMS offering to increase their voluntary

578 Department for Culture, Media and Sport, *Memorandum to the Culture, Media and Sport Select Committee on the Post-Legislative Assessment of the Gambling Act 2005*, Cm 8188, October 2011: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/238137/8188.pdf [accessed 28 April 2020]

579 Gambling Act 2005 (Commencement No. 6 and Transitional Provisions) Order 2006 ([SI 2006/3272](https://www.legislation.gov.uk/si/2006/3272)) Article 2(4)

580 Gambling Commission, *Strategy 2018–2021: Making gambling fairer and safer* (November 2017) p 12: <https://www.gamblingcommission.gov.uk/PDF/Strategy-2018-2021.pdf> [accessed 28 April 2020]

581 Gambling Commission, *National Strategy to Reduce Gambling Harms* (25 April 2019): <https://www.reducinggamblingharms.org/asset-library/national-strategy-to-reduce-gambling-harms.pdf> [accessed 28 April 2020]

contribution from 0.1% of GGY to 1% over the next five years.⁵⁸² This was formally announced on 2 July 2019 by the then Secretary of State, the Rt Hon Jeremy Wright MP, in a statement to the House of Commons,⁵⁸³ repeated by Lord Ashton of Hyde in the House of Lords:⁵⁸⁴

“Today five of the biggest gambling companies have agreed a series of measures which will deliver real and meaningful progress on support for problem gamblers. This announcement has been welcomed by the Gambling Commission, GambleAware and Gamban. These are companies which, together, represent around half the British commercial gambling industry.

At the heart of this package is a very significant increase in their financial contribution to fund support and treatment. Last year voluntary contributions across the whole industry to problem gambling yielded less than £10 million. Now five operators—William Hill, Bet365, GVC, which owns Ladbrokes and Coral; Flutter, formerly known as Paddy Power Betfair; and Sky Betting & Gaming⁵⁸⁵—have pledged that over the next four years they will increase tenfold the funding they give to treatment and support for problem gamblers. In this same period they have committed to spending £100 million pounds on treatment specifically. The companies will report publicly on progress with these commitments, alongside their annual assurance statements to the Gambling Commission.”⁵⁸⁶

550. The Secretary of State added:

“I know members across the House have argued for a mandatory, statutory levy to procure funds for treatment and support of problem gambling. I understand the argument but of course the House knows that legislating for this would take time - in all likelihood more than a year to complete. The proposal made this morning will deliver substantially increased support for problem gamblers this year. It may also be said that receipts from a statutory levy are certain, and those from a voluntary approach are not. But it is important to stress two things. First that these voluntary contributions must and will be transparent, including to the regulator, and if they are not made we will know. Second, the Government reserves the right to pursue a mandatory route to funding if a voluntary one does not prove effective.”⁵⁸⁷

582 Simon Jack, ‘Bookmakers pledge £100m to avoid gambling crackdown’, *BBC News* (19 June 2019): <https://www.bbc.co.uk/news/business-48690743> [accessed 28 April 2020]

583 HC Deb, 2 July 2019, [col 1071](#)

584 HL Deb, 2 July 2019, [col 1344](#)

585 Paddy Power Betfair is a division of Flutter Entertainment plc. Sky Betting and Gaming is a wholly owned subsidiary of The Stars Group, which is listed on the Toronto stock exchange. On 5 May 2020 Flutter Entertainment plc merged with The Stars Group. Paddy Power Betfair and Sky Betting and Gaming are therefore now part of the same group, though they were not at the date of the Minister’s statement.

586 The Government departments whose officials gave evidence on 16 July 2019 subsequently gave further details: “This will involve an initial increase from 0.1% to 0.25% in 2020, rising to 0.5% in 2021 and 0.75% in 2022 until it reaches 1% by 2023, estimated to amount to an annual contribution of approximately £60 million at that point ... the five companies have committed to spend most of the funding on expanding treatment services, amounting to a cumulative total of approximately £100 million over the four year period.” Supplementary written evidence from the Department of Health and Social Care ([GAM0020](#))

587 HC Deb, 2 July 2019, [col 1072](#)

551. In their written evidence, defending the Government's decision not to impose a mandatory levy, Ministers stated: "The Act states that funds collected through such a levy are to be used by the Commission to fund projects related to addiction to gambling, other forms of harm or exploitation associated with gambling, or any of the Commission's licensing objectives." This of course is correct. But the Ministers continue: "It is unusual for a regulator to be the commissioner of support services and we are concerned that placing such a responsibility on the Gambling Commission risks broadening its remit too far."⁵⁸⁸ It may be "unusual for a regulator to be the commissioner of support services", and if the result of the mandatory levy was indeed that the Commission had itself to commission research and deal directly with treatment providers, we would agree that this should not be a responsibility of the Gambling Commission's.
552. That however is not in our view the position. We see nothing in section 123(5) or (6) of the Act which suggests that if the Commission used these funds to enable another body to commission support services, that would be contrary to the rule against sub-delegation. The voluntary levy is currently paid mainly to GambleAware to be the commissioning body, and we see no reason why the mandatory levy should not similarly be paid to a commissioning body. If this is the Government's reason for not imposing a mandatory levy, in our view it is a bad reason.
553. Another reason given by Ministers for not imposing a mandatory levy is that "A mandatory levy on operators would also be a hypothecated tax. Public services are not usually funded by such taxes as they risk raising too much or too little for the purposes for which they are intended."⁵⁸⁹ This may be unusual, but the possibility has been on the statute book for 15 years, and this is no reason for not giving effect to the intention of Parliament. The Horseracing Betting Levy, which can also be regarded as a hypothecated tax, has been in force since 1961, and the rate is set by statute.⁵⁹⁰ If the mandatory levy raises too much or too little money, the rules for calculating the levy (to which we refer in the following paragraphs) can be amended. The Commission in any case has power under paragraph 12 of Schedule 4 to the Act to pay money into the Consolidated Fund.
554. Yet another reason given by the Secretary of State for not imposing a mandatory levy was that "legislating ... would take ... in all likelihood more than a year to complete". Later he added: "I said it would take at least a year; it may in fact take nearer to 18 months because any of these changes will need to begin at the start of a tax year."⁵⁹¹ Why this should be, he did not explain. He would have to consult the Gambling Commission,⁵⁹² and no doubt he would also consult the industry. The Regulations would need affirmative resolutions of both Houses.⁵⁹³ They would be fairly complex since they would have to set out the amount of the levy and the basis on which it is calculated. Section 123(2) provides five options for calculating

588 Supplementary written evidence from HM Government ([GAM0135](#))

589 *Ibid.*

590 The Horseracing Betting Levy Board was set up by the Betting Levy Act 1961, and is now governed by sections 24-29B of the Betting, Gaming and Lotteries Act 1963 as amended by, inter alia, the Horserace Betting Levy Regulations 2017, ([SI 2017/589](#)). The Betting, Gaming and Lotteries Act 1963, [section 27\(1A\)](#) sets the levy at 10% of a bookmaker's profits above the exempt amount of £500,000.

591 HC Deb, 2 July 2019, [col 1076](#)

592 Gambling Act 2005, [section 123\(7\)](#)

593 Gambling Act 2005, [section 355\(4\)\(f\)](#)

the levy. Three are based on a percentage of the licence holder's receipts, profits or annual fee, a fourth is "according to a specified formula", and the last is "in some other way", giving DCMS and the Gambling Commission complete discretion in negotiations with the industry. With goodwill, there is no reason why this should take anything like a year, let alone more.

555. It is not for us to recommend which of these options should be used for calculating the levy, but we emphasise the importance of certainty. We mention below the problems caused by a fluctuating voluntary levy. A mandatory levy dependent on receipts or profits will not be fixed; in these uncertain times there may well be major short-term changes in receipts and profits. It would not be possible to plan long-term research, education and treatment on that basis.
556. Ministers concluded their reply on this issue by saying: "Our focus to date with regard to gambling addiction treatment has been on ensuring that we have the right level and forms of support available for those who need it, rather than the mechanism by which this provision is funded."⁵⁹⁴ We see no reason why Ministers should not focus on both, rather than seeking ever more excuses for not taking action which all, other than the Government and the industry, think is highly desirable.
557. **We recommend that Ministers should forthwith exercise their powers under section 123(1) of the Act to require the holders of operating licences to pay to the Gambling Commission an annual levy sufficient to fund research, education, and treatment, including treatment provided by the NHS.**
558. Those involved in setting the levy should consider whether the companies responsible for those forms of gambling which cause a higher degree of harm should pay correspondingly more for a levy which will to a great extent be used to fund treatment: what has been called a "smart levy", based on the "polluter pays" principle.⁵⁹⁵ The Lotteries Council rather naturally took this view:
- "We believe that any voluntary or mandatory levy related to problem gambling should be based on causation, not on Gross Gambling Yield or other measure. We are concerned that levying charity lotteries in the same way as bookmakers and casinos, who have a significantly higher prevalence of problem gambling, means that the lower-risk charity lottery sector is effectively subsidising the higher risk sections of the gambling sector."⁵⁹⁶
559. The wide discretion given to Ministers in choosing the option for calculating the levy would allow for a "smart levy". It has a precedent in New Zealand, where the problem gambling levy is set by Order in Council and reviewed every three years.⁵⁹⁷ The following table shows that significant changes can be made as a result of a review.

594 Supplementary written evidence from HM Government ([GAM0135](#))

595 HC Deb, 4 July 2019, [col 1337](#)

596 Written evidence from The Lotteries Council ([GAM0030](#))

597 New Zealand Inland Revenue, 'Problem gambling levy': <https://www.ird.govt.nz/duties/problem-gambling-levy> [accessed 24 May 2020]

Table 14: New Zealand Problem Gambling Levy

Gambling operators	Income liable	Rate % 2016–19	Rate % 2019–
Casino operators	Casino wins	0.87	0.56
Non-casino gaming machine operators	Gaming machine profits	1.30	0.78
New Zealand Racing Board	Betting profits	0.52	0.52
New Zealand Lotteries Commission	Turnover less prizes paid and payable	0.40	0.43

Source: New Zealand Inland Revenue, 'Problem gambling levy': <https://www.ird.govt.nz/duties/problem-gambling-levy> [accessed 27 May 2020]

560. **When considering the options for calculating the mandatory levy under section 123(2) of the Act, DCMS officials should devise a formula requiring companies offering potentially more harmful gambling products to pay a correspondingly higher proportion of the levy.**

Funding problems with a voluntary levy

561. Until our recommendation is implemented and a mandatory levy imposed, research, education and treatment will continue to be funded by the industry on a voluntary basis. This has a number of defects including the following:

- While it is a requirement of the licence conditions that each company make a contribution, the Commission “do not specify an amount which may be contributed as this could be seen as imposing a levy, which is a power reserved for Parliament.”⁵⁹⁸ The amount of that contribution is entirely at the discretion of the company. “Even those operators who make a contribution of £1 are technically compliant with the LCCP requirement, even though they are clearly not acting in the spirit of that requirement or their wider social obligations.”⁵⁹⁹
- Because the amount paid is at the discretion of the company, planning for spending on RET in even the near future is difficult.
- In the past, “industry has consistently failed to meet GambleAware’s modest funding aspiration (0.1% of GGY), by a significant margin”,⁶⁰⁰ though there has been some improvement.
- GambleAware spends large sums on fundraising (the 2018 review mentions £340,000 a year),⁶⁰¹ which a mandatory levy would save.

598 Gambling Commission, ‘List of organisations to which operators may direct their annual financial contribution for gambling research, prevention and treatment’: <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/General-compliance/Social-responsibility/Research-education-and-treatment-contributions.aspx> [accessed 28 April 2020]

599 Gambling Commission: Reviewing the research, education and treatment (RET) arrangement (February 2018) para 24: <https://www.gamblingcommission.gov.uk/PDF/Review-of-RET-arrangements-February-2018.pdf> [accessed 28 April 2020]

600 *Reviewing the research, education and treatment (RET) arrangements*, para 21

601 *Reviewing the research, education and treatment (RET) arrangements*, para 37

- Most importantly, the fact that the contributions are voluntary casts doubt on the integrity of any research they finance—an issue we deal with at greater length below.

562. Kate Lampard, the Chair of the Board of Trustees of GambleAware, explained why they supported a mandatory levy:

“We have an uncertain cash flow. We do not know from year to year what we are going to be receiving for our work. We are engaged in commissioning long-term treatment and prevention services that are extremely expensive and that have to be commissioned on a long-term basis to provide any sort of certainty.”⁶⁰²

This point, made in October 2019, is all the more valid now; the GGY of companies this year is unlikely to be close to what was anticipated only a few months ago, and so therefore will any voluntary levy based on a percentage of GGY.

563. Until this year a company could comply with the licence provision by making a payment to any person or body who or which appeared to meet the criteria. The relevant provision of the LCCP⁶⁰³ was amended from 1 January 2020 to require operators to make their annual contribution to one or more of the organisations approved by the Gambling Commission, and to report to the Commission in their regulatory return the destination(s) of their payments and the amounts that have been contributed. Of the 11 organisations currently listed, nine are charities. They include GambleAware, the only one which is listed for all three categories (research, prevention and treatment), GamCare (prevention and treatment), and Gordon Moody (treatment only).⁶⁰⁴

564. In 2017 the Gambling Commission conducted a full review of RET arrangements, and published its assessment in February 2018. This showed that the RET spend in Great Britain in 2016 was £8.26m or £19 per problem gambler. New Zealand spent £9.70m, more than Great Britain, amounting to £413 per problem gambler. Victoria (Australia) spent £636 per problem gambler.⁶⁰⁵ The position has since improved, but it is still the case that other countries spend vastly more per head than Great Britain. The situation will be improved by the increase in the money to be paid under the voluntary levy between now and 2023, but a mandatory levy remains essential.

565. We however agree with the Gordon Moody Association that more money, however it is funded and whatever its source, is not always the answer:

“Any requests for further funding, whatever the mechanism for raising it, should be supported by hard evidence that it is going to make a genuine difference. Far too many people and organisations cast around arbitrary numbers that the Gambling Industry should be contributing to RET

602 Q 73 (Kate Lampard)

603 *Licence conditions and codes of practice*, Part II: Social responsibility code provision 3.1.1

604 Gambling Commission, ‘List of organisations to which operators may direct their annual financial contribution for gambling research, prevention and treatment’: <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/General-compliance/Social-responsibility/Research-education-and-treatment-contributions.aspx> [accessed 28 April 2020]

605 *Reviewing the research, education and treatment (RET) arrangements*, p 7

without any factual support. This does not help those in genuine need of our help.”⁶⁰⁶

GambleAware

566. The charity GambleAware is central to the collection and distribution of funds raised by the voluntary levy. Its charitable objectives are:

- the prevention and treatment of gambling harms, understood as matters of health and well-being, for the benefit of the public in Great Britain, in particular for those who are most vulnerable; and
- keeping people safe from gambling harms through the application of a public health model taking into account the following three levels of prevention: Primary—universal promotion of a safer environment; Secondary—selective intervention for those who may be ‘at risk’; and, Tertiary—direct support for those directly or indirectly affected by gambling disorder.

567. GambleAware told us that they commission integrated prevention services on a national scale and in partnership with expert organisations and agencies, including the NHS, across three areas of activity:

- Commissioning the National Gambling Treatment Service;
- Public health campaigns & practical support to local services; and
- Commissioning research & evaluation to improve knowledge of what works in prevention.

They have £45 million committed to these objectives.⁶⁰⁷

568. GambleAware sent us full written evidence about its structure and activities,⁶⁰⁸ and we took oral evidence from Marc Etches and Kate Lampard.⁶⁰⁹ We asked Mr Etches for further details of the structure and staffing, and he wrote to us on 3 April 2020.⁶¹⁰

569. At the date of that letter we had finished taking written evidence, and Mr Etches will have seen that it included a considerable amount of criticism of GambleAware on a number of fronts. He therefore updated some of the information in the written evidence they had given in September 2019 and the oral evidence he and Ms Lampard had given on 29 October 2019. He explained that GambleAware have “expanded significantly over the past two years in response to a doubling of both funding and commissioning activity.”⁶¹¹ In fact, as will be seen from the following table, over the last five years the income has almost doubled, the expenditure trebled and the number of staff quadrupled.

606 Written evidence from the Gordon Moody Association ([GAM0032](#))

607 Supplementary written evidence from GambleAware ([GAM0128](#))

608 Written evidence from GambleAware ([GAM0014](#))

609 [QQ 71–79](#) (Marc Etches and Kate Lampard)

610 Supplementary written evidence from GambleAware ([GAM0128](#))

611 *Ibid.*

Table 15: Income, expenditure and staffing of GambleAware

	2015–16	2016–17	2017–18	2018–19	2019–20
Income £m	7,632,371	8,621,499	14,507,455	18,441,553	14,953,624
Expenditure £m	6,350,697	8,262,328	8,299,321	15,650,056	18,400,000
Staff	6	7	9	13	23

Source: Supplementary written evidence from GambleAware ([GAM0128](#))

Funding by GambleAware

570. One of the criticisms of GambleAware related to funding. Anna Hemmings of GamCare, which provides education and prevention and is the largest provider of treatment for gambling-related harms, and Matthew Hickey, the Interim Chief Executive of Gordon Moody, which also provides treatment services, gave evidence to us on 10 March 2020. Both said that they had good relations with GambleAware, but our questions on funding revealed a strange picture. Under an agreement which ends in March 2021, GamCare receives about 80% of its funding from GambleAware (which in turn receives it from the industry through the voluntary levy); if GamCare receives funds from alternative sources to fund treatment, GambleAware will reduce its funding by the same amount, pound for pound.⁶¹² GamCare therefore has no incentive to seek additional funding from other sources, nor has it done so.
571. Gordon Moody has similar but not identical restrictions on raising funds. Mr Hickey explained that GambleAware “is funding us to deliver certain services in certain locations and we are not allowed to go out and ask for additional funds to support those services ... but we are allowed to go out and secure additional funding to deliver other services if we so wish.”⁶¹³
572. Mr Etches referred to this in his letter of 3 April 2020:
- “The Committee also spent some time discussing the Grant Agreements that GambleAware has with treatment providers, and there seemed to be a concern these agreements are being used to enforce monopsony. I want to reassure you that this is not the case. As an independent charity, GambleAware needs to be able to account for its expenditure. Trustees would be failing in their duty if GambleAware was giving money to a particular activity that was simultaneously being funded from another source, i.e. ‘double-funded’.”
573. We do not understand this last point. What is at issue is not funding the same activity twice, but a procedure which prevents new activities from being funded at all by ensuring that in practice no additional funds can be raised.
574. **GambleAware must correct the current anomalous system of funding treatment so that charities providing treatment are free to raise money from other sources without imperilling their current funding.**

612 [Q 216](#) (Anna Hemmings)

613 [Q 216](#) (Matthew Hickey)

Independence of GambleAware

575. An issue which was raised on a number of occasions was the perceived lack of independence of GambleAware, and its links with the industry. Certainly this has been a problem until recently. It was only in September 2018 that the GambleAware Research Commissioning and Governance Procedure was updated to provide: “No-one with a background in the gambling industry is or can be a member of GambleAware’s Research Committee or Board of Trustees.”⁶¹⁴ Prior to that, Neil Goulden was chair of GambleAware (then called the Responsible Gambling Trust) between 2011 and 2016, despite being simultaneously CEO and Chairman of Gala Coral Group from 2001–14, chairman of the Association of British Bookmakers (ABB) between 2012 and 2014,⁶¹⁵ and chairman of the Horseracing Betting Levy Board from 2015–17.⁶¹⁶ Brigid Simmonds, whose appointment as Chair of the BGC was announced on 3 July 2019, had for three years until October 2018 been one of the trustees of GambleAware.⁶¹⁷ Until then, other trustees also had links with the industry.
576. In views which were generally supportive of GambleAware, Ministers confirmed: “A good deal of the criticism that GambleAware faces relates to a perception that industry funding undermines its independence. However, GambleAware is a fully independent charity which has had no industry representation on its board since 2018.” We are glad to say that none of the current trustees seems to have an industry background; but it is more than strange that the major charity whose object is the prevention and treatment of gambling harm should not only be funded by the gambling industry but, until recently, had persons with very close links to the industry among its trustees.

Research

577. It is in the context of the commissioning and funding of research that the lack, or perceived lack, of independence of GambleAware comes to the fore, and this distrust looks set to continue for as long as GambleAware is responsible for raising and commissioning research while being funded by the industry through a voluntary levy. There was no shortage of witnesses, mainly from the academic community, prepared to tell us that any research paid for from the voluntary levy, and hence any research commissioned by GambleAware, was automatically tainted. Professor Orford told us that “There is really good evidence ... on the way the current system, with the voluntary levy going to GambleAware, has influenced the type of research that is done and the way the findings of the research are interpreted ... ”⁶¹⁸ Dr van der Gaag, now the chair of the Advisory Board for Safer Gambling but speaking in a personal capacity, raised similar concerns: “What I observe is a lack of trust and credibility in the quality of research. We have a research community at

614 Gambling Commission, Responsible Gambling Strategy Board and GambleAware, *Research and Commissioning and Governance Procedure (November 2018)*: https://consult.gamblingcommission.gov.uk/author/copy-of-national-strategy-to-reduce-gambling-harms/user_uploads/research-commissioning-and-governance-procedure.final.nov-2018.pdf [accessed 28 April 2020]

615 ‘GambleAware board becomes entirely independent of industry’, *iGamingTimes* (10 October 2018): (<https://www.igamingtimes.com/2018/10/10/gambleaware-board-becomes-entirely-independent-of-industry/>) [accessed 18 July 2019]

616 Gamesys group, ‘Board of directors’: <https://www.gamesysgroup.com/about-us/board-of-directors/> [accessed 28 April 2020]

617 GambleAware, ‘Announcement: GambleAware announces new trustees’, (4 October 2018): <https://about.gambleaware.org/media/1807/2018-10-04-new-trustees.pdf> [accessed 28 April 2020]

618 [Q 21](#) (Professor Jim Orford)

the moment that is very divided. The issue is over funding and where that funding comes from. ... It is critical to take all research out of that current voluntary system.”⁶¹⁹

578. Professor Bev John and Professor Gareth Roderique-Davies thought that there was a perception (rightly or wrongly) among many academic researchers that GambleAware was not truly independent, and that many researchers would therefore not apply for funding.⁶²⁰ Dr May van Schalkwyk wrote:

“The UK’s leading institutions and academics are unlikely to accept industry funding as they may see the act of accepting and working with such funds as a threat to (1) their reputation (current and future), (2) the integrity of the research process, and (3) their aim of, and role in, protecting public health.”⁶²¹

Dr Wardle made the same point:

“I now work at the London School of Hygiene and Tropical Medicine’s public health and policy faculty, and some of my colleagues, who are experts in prevention in other areas that we would want to learn from, absolutely would not take funding from GambleAware. That pattern is repeated in other public health policy units in other institutions, including the University of Sheffield.”⁶²²

And Dr John McAlaney, a trustee of the Gordon Moody Association, went further: “As an academic, if you accept funding from certain operators, you will not be invited to certain conferences and will be excluded from certain things.”⁶²³

579. Tim Miller, an executive director of the Gambling Commission, made the point that it is not only the industry connection that can affect the validity of research; the activities of some researchers can also be criticised:

“the independence of research can equally be challenged when you have researchers who are starting to get into that kind of campaigning space. We want proper independent research and there is a space around gambling and a need for researchers, campaigners and policymakers. We have had too many examples of them wearing interchangeable hats.”⁶²⁴

We agree; a bias against the industry is no less liable to taint research than a bias in its favour. As the BGC rightly say, there is no appetite to conduct research on consumer benefits because of the stigma attached to industry involvement in any form of research: “it seems likely that academic experts will continue to feel intimidated about engaging in such work for fear of criticism, particularly on social media.”⁶²⁵

580. We think it likely that if GambleAware were now starting from scratch with its current structure and trustees it might, even though funded by the industry through the voluntary levy, be seen as sufficiently independent to be able to commission reliable high quality research. But that is not the position. It has

619 Q 29 (Dr Anna van der Gaag)

620 Written evidence from Professor Bev John and Professor Gareth Roderique-Davis (GAM0023)

621 Written evidence from Dr May van Schalkwyk (GAM0094)

622 Q 22 (Dr Heather Wardle)

623 Q 218 (Dr John McAlaney)

624 Q 31 (Tim Miller)

625 Written evidence from the Betting and Gaming Council (GAM0068)

to live with the reputation it has acquired. Some of the best researchers will not apply for funding because they believe their research would be seen as tainted; and this has become a self-fulfilling prophecy. It has now reached the stage that GambleAware “would wish to undertake only research that underpinned and supported our work in treatment and prevention, and we believe that other research is better commissioned through an independent research institution and not ourselves.”⁶²⁶

The Chadlington Committee

581. In an attempt to resolve the issue without having a mandatory levy imposed, in August 2019 the five major operators commissioned Lord Chadlington:

“to establish an independent Committee to recommend how to direct, monitor and evaluate the administration of any funds raised for safer gambling initiatives ... We are committed to implementing any reasonable recommendations the Committee may make”.⁶²⁷

Lord Chadlington asked Lord Carlile to be the Deputy Chair of the Committee. Liz Ritchie, the co-founder of Gambling with Lives, was a member, and so for a brief time was Tracey Crouch MP, the former DCMS Minister who resigned over the delay in implementing the lowering of the stake for FOBTs.

582. The Committee reported in December 2019. Their recommendation was to establish a charity, Action Against Gambling Harms (AGH), which would be a “totally independent vehicle” and “insulated from any influence of any kind from the gambling companies and all interested parties”.⁶²⁸ Nevertheless, like GambleAware it would be entirely funded by voluntary contributions from the industry unless Lord Chadlington obtained contributions from other sources. Industry funding would include the salaries of the CEO and all the staff, and of course all the research commissioned.

583. The Committee’s Summary of Conclusions states:

“The Charity is, however, administering the gambling companies’ money. Therefore, it is perfectly reasonable that the gambling companies should share with the Charity the priorities which they believe are important, the research they think the industry needs, the treatment they think is urgent and the educational steps which they believe should be taken.”⁶²⁹

584. The report goes on to state that to ensure any contact between the industry and AGH is transparent, all communications will be published online. Any proposal from a company encouraging AGH to fund a specific supplier will result in that company being blacklisted.

585. AGH was registered as a charity on 7 February 2020. When Dr Moyes and Mr McArthur gave evidence for the Gambling Commission on 11 February

626 Q 77 (Kate Lampard)

627 Lord Chadlington’s Committee, *Action Against Gambling Harms* (December 2019)

628 *Ibid.*

629 *Ibid.*

we asked whether in their view there was a sufficient degree of separation between AGH and the gambling industry. Dr Moyes replied:

“That is something we have raised with Lord Chadlington and Lord Carlile in correspondence and in discussion. We are open to persuasion. At the moment, we slightly wonder whether the organisation is as insulated from the industry as Lord Chadlington believes it is, but we are definitely open to persuasion.”⁶³⁰

586. This prompted Lord Chadlington and Lord Carlile to write to our Chairman a letter⁶³¹ setting out in great detail all the steps they had taken and concluding: “... we did not wish your committee to be left in any doubt that our insulation from the gambling industry is not some add-on option but, on the contrary, it is at the centre of our philosophy and key to our very existence.”
587. It is certainly the intention that AGH should be seen to be more insulated from the industry, and we are impressed by all that Lord Chadlington and his Committee have done to attempt to resolve the problem. Yet, like Dr Moyes, we continue to entertain doubts as to whether research commissioned by AGH will be trusted any more than research commissioned by GambleAware. The industry funding is still voluntary, the charity will itself be funded by the industry, and the gambling companies expressly retain the right to share with AGH their views “on the research they think the industry needs, the treatment they think is urgent and the educational steps which they believe should be taken.”⁶³²
588. We are not in any way suggesting that the trustees or staff would be biased in favour of the industry, or indeed against it; but we do believe that the perception of bias that has so inhibited high quality independent academic research will linger.
589. **We do not believe that the grant giving charity proposed and set up by Lord Chadlington’s Committee, largely funded by the industry on a voluntary basis, will be seen to be sufficiently independent for its research to be any more trusted than research commissioned by GambleAware.**
590. Lord Chadlington was commissioned to establish a new independent body, and that is what he has done, but we question whether a new body is needed. Dr Wardle made this important point:
- “There needs to be a proper research infrastructure and a strategy where the research questions contribute to the questions in the strategy. It needs to be completely independent. If it was up to me I would be running it partially through the research councils, because that infrastructure is already set up. You do not need to set up a new centre for gambling studies when that infrastructure already exists.”⁶³³
591. We agree. We do not believe that there is necessarily a need for a completely new body to be set up for the commissioning of research. Such reputable and trusted bodies already exist in the shape of the research councils, in particular

630 [Q 152](#) (Dr William Moyes)

631 Not treated as evidence to the inquiry, and not published.

632 *Action Against Gambling Harms*

633 [Q 22](#) (Dr Heather Wardle)

the Economic and Social Research Council (ESRC) and the Medical Research Council (MRC). We accordingly spoke to Professor Jennifer Rubin, the Executive Chair of the ESRC, and we are very grateful to her for her assistance.

592. As Ministers have pointed out to us, researchers are already free to direct proposals for gambling focussed research to the research councils; “the Economic and Social Research Council and the Medical Research Council have funded research into gambling in the past and we would welcome them funding more such projects in the future.”⁶³⁴ Professor Rubin indeed told us that they had very recently allocated £580,485 for research into the impact of the Covid-19 lockdown on gambling.
593. Professor Rubin suggested that an independent commissioning body linked to the regulatory body would be able to fund research from a wider range of researchers than ESRC eligibility requirements currently allow, and might help ensure that research findings are well linked in to the organisations best placed to act on them. She told us that the ESRC would welcome the opportunity to advise on how independent commissioning might best be taken forward, and what part UK Research and Innovation (UKRI), the umbrella organisation of the seven research councils, could play. She acknowledged the Committee’s point that researchers and others do not perceive as independent research which is funded by the voluntary levy or commissioned by a body in which the industry play any part.
594. **We recommend that the Government should work closely with UKRI and ESRC who can advise on a structure for the commissioning of gambling-related research, funded by the mandatory levy, which would be independent of industry involvement and would be understood to be so by researchers and others.**

Availability of data for research

595. One of the main problems for researchers in this field is the lack of data available to them. There is no shortage of data—the gambling companies have made clear on a number of occasions that they have very full and detailed data, especially in relation to online gambling. Bournemouth University told us:

“The scope and richness of data that flows between the gambler and the operator in online gambling has increased substantially since the publication of the Act, as has the ability of the operators to use data analytics predictive modelling to identify current and future problem gamblers ... Greater transparency and access to this data (anonymised if appropriate) by researchers, public health bodies and regulators can substantially improve our understanding of how gambling harm is distributed. Online gambling data in particular can be used to map the demographics of gamblers, often also including an approximation of their physical location. This in turn can be used to make an estimation of factors such as socio-economic status.”⁶³⁵

634 Supplementary written evidence from HM Government ([GAM0135](#))

635 Written evidence from Bournemouth University ([GAM0001](#))

596. Such data has however not normally been made available to researchers, but there are exceptions. GVC told us of a partnership they have with Harvard:⁶³⁶

“We believe that more research, in a variety of areas is needed to better understand the scale of problem gambling, and to identify the most effective way of reducing this. That is why key to underpinning our flagship Safer Gambling strategy, is a new partnership between GVC and Harvard University to produce cutting edge research on problem gambling. This 5-year partnership will see us invest \$5 million with Harvard’s specialised Division on Addiction, providing them with access to our anonymised data sets, for independent and robust scrutiny, and to evaluate the effectiveness of our current systems and procedures. ... These data sets will also be open sourced so that other academics and research institutions can utilise them for similar purposes. We are keen to extend the benefits of this collaboration with the rest of the industry, sharing our learnings and knowledge from the partnership.”

597. The research by Harvard will no doubt be “independent and robust”, but its purpose is to enable GVC to evaluate their procedures. It is important that the data should be made equally freely available to other researchers, not just by GVC but by all data holders.
598. **Gambling companies should make freely available to researchers, and to those commissioning research, data sets with the information they have about those gambling with them online, and their communications with them (anonymised if necessary). Similar information in relation to those gambling offline should also be provided if it is available.**

Education

599. In their written evidence⁶³⁷ the Government told us that they believe many of the factors that cause gambling addiction, or are a consequence of gambling, are already addressed in the school curriculum, which includes developing young people’s financial literacy through topics on the importance of personal budgeting, money management, credit and debt, and the need to understand financial risk. For the future, the subject of Health Education, which would be mandatory in all state-funded schools from September 2020, would include teaching young people about the risks relating to gambling including the accumulation of debt. The Government expected many schools to deliver the new subjects as part of their existing Personal, Social, Health and Economic (PSHE) education. DfE was working with schools and teachers to improve access to high-quality resources across the teaching requirements, including on gambling.
600. The Government also told us that DfE had published in June 2019 *Teaching online safety in schools*—new non-statutory guidance aiming to support schools in teaching pupils how to stay safe online within new and existing school subjects. This guidance is part of the Relationship and Sex Education which is to become compulsory in all state-funded secondary schools from September 2020.

636 Written evidence from GVC Holdings Plc ([GAM0042](#))

637 Written evidence from HM Government ([GAM0090](#))

601. The Government said: “The guidance addresses many of the online issues that are linked to gambling and online advertising.”⁶³⁸ And this is true, but if one looks at the guidance,⁶³⁹ in the space of 30 pages there are only two specific mentions of gambling. The first deals with the reasons for age restrictions and age verification in a number of contexts, of which gambling is only one. The second suggests that the health education content could cover “the risks related to online gambling including the accumulation of debt”, and that teachers could explain “that the majority of games and platforms are businesses designed to make money. Their primary driver is to encourage users to be online for as long as possible to encourage them to spend money (sometimes by offering incentives and offers)”. This is very welcome as far as it goes.

602. GamCare told us that “education delivered to young people across Great Britain, whether in formal or informal settings, is a vital way to increase understanding and strengthen resilience regarding gambling and the risks of gambling-related harms developing in later life.”⁶⁴⁰ In oral evidence Ms Hemmings, said:

“Young people receive education about other risky behaviours such as smoking, drinking and sex. However, they have not often received education around gambling. Our youth education programme goes into schools and has trained over 16,000 young people over the past couple of years, as well as youth-facing professionals.”

She added: “We have had the youth education programme that we run externally evaluated to ensure that it is raising young people’s awareness, knowledge and understanding of what problem gambling might look like.”⁶⁴¹

603. Plainly she, and GamCare, believe that money spent on education is money well spent. Of our witnesses, they are almost alone in thinking this. The Royal College of Psychiatrists said:

“Acknowledging the superiority of tangible interventions will remove the need for large investment in educational projects that Public Health England or the World Health Organisation have deemed to be less successful than interventions at a more societal level. Availability of gambling rather than education is an area on which to focus far more.”⁶⁴²

Gambling with Lives thought that, while education does have a place, it should not be considered as the major preventative measure and should only be considered alongside other initiatives.⁶⁴³

604. Professor Orford went further, suggesting that education might even be counterproductive:

“Unfortunately education is one of the weakest forms of prevention. The results are very much the same as those found in the case of alcohol and

638 *Ibid.*

639 Department for Education, *Teaching online safety in school: Guidance supporting schools to teach their pupils how to stay safe online, within new and existing school subjects* (June 2019): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/811796/Teaching_online_safety_in_school.pdf [accessed 28 April 2020]

640 Written evidence from GamCare ([GAM0063](#))

641 [QQ 212](#) and [214](#) (Anna Hemmings)

642 Written evidence from the Royal College of Psychiatrists ([GAM0091](#))

643 Written evidence from Gambling with Lives ([GAM0098](#))

drugs—it can have an immediate effect on knowledge and attitudes but its longer-term effects on behaviour are minimal. In the case of gambling it can be successful in reducing misconceptions about gambling, increasing knowledge of problem gambling, and changing attitudes towards gambling, but it meets with limited success in reducing subsequent gambling behaviour. At best it is naive. Worse, gambling education may well be counterproductive. The encouragement to gamble sensibly or responsibly actually contains two messages: one, the apparent surface message, encouraging behaving sensibly or responsibly; the other, the latent message, that to gamble is acceptable and normal. Educational approaches, particularly in a developing or expanding market, may actually be making matters worse not better, contributing inadvertently to increasing normalisation of gambling. Education has its place but needs to be planned with care and should not dominate.”⁶⁴⁴

605. Before further substantial sums are committed to educating children and young people about gambling-related harm, an assessment is required to discover whether education is effective in reducing the risk of harm in later life, and to provide an evidence base for developing an effective education intervention in schools. These should ideally be evaluated with a field study methodology, where children either receive some type of gambling education, or some children are put in a control condition with no gambling education. Gambling behaviour is then tracked over a period of time and compared across the conditions in order to deduce gambling education’s causal effects.
606. **The Government should commission an assessment of the long-term impact of teaching secondary school children about the risks related to gambling. When visiting schools, Ofsted should consider whether they have an adequate policy on the teaching of gambling-related harm.**

Treatment

607. Since it is agreed by most people involved, including the Secretary of State for Health, that “gambling addiction is a mental health issue,”⁶⁴⁵ the NHS has the same duty to treat it as to treat any other disorder. Yet until recently NHS involvement has been minimal, and even now it is only beginning to get off the ground. The Government told us:

“The NHS Long Term Plan includes a commitment to expand geographical coverage of NHS services for people with serious gambling problems, and work with partners to tackle the problem at source. As set out in the Long Term Plan Implementation Framework, NHS England and Improvement (NHSE/I) has allocated up to £1m for gambling harm services in 2019/20. This includes targeted funding to develop a hub and spoke model for problem gambling from 2019/20. This hub and spoke model will comprise of central clinics which have satellite clinics in neighbouring populations. Specialist face-to-face NHS treatment for gambling addiction has only been available in London but the Long Term Plan is making treatment available across the country. Up to 15 NHS clinics are being opened by 2023/24.”⁶⁴⁶

644 Written evidence from Professor Jim Orford ([GAM0019](#))

645 Rt Hon Matt Hancock MP, Secretary of State for Health and Social Care, Speech at the Reception for Gambling with Lives, Houses of Parliament, 26 February 2020

646 Written evidence from HM Government ([GAM0090](#))

608. The critical words here are “long term”. On 24 June 2019 the NHS announced that the first NHS gambling clinic for children would open that year as part of a new network of services for addicts being rolled out as part of the NHS Long-term Plan.⁶⁴⁷ The announcement stated:

“Up to 14⁶⁴⁸ new NHS clinics are being opened—starting with the NHS Northern Gambling Service in Leeds this summer [2019], followed by Manchester and Sunderland. The National Problem Gambling Clinic in London will also offer specialist help for children and young people aged 13 to 25 as part of an expansion which will also ramp up treatment for adults.”

609. Sir Simon Stevens, the chief executive of NHS England, said:

“This action shows just how seriously the NHS takes the threat of gambling addiction, even in young people, but we need to be clear—tackling mental ill health caused by addiction is everyone’s responsibility—especially those firms that directly contribute to the problem. This is an industry that splashes £1.5 billion on marketing and advertising campaigns, much of it now pumped out online and through social media, but it has been spending just a fraction of that helping customers and their families deal with the direct consequences of addiction. The sums just don’t add up and that is why as well as voluntary action it makes sense to hold open the possibility of a mandatory levy if experience shows that’s what’s needed. A levy to fund evidence-based NHS treatment, research and education can substantially increase the money available, so that taxpayers and the NHS are not left to pick up a huge tab.”⁶⁴⁹

610. We can well see why Sir Simon is anxious that “the NHS are not left to pick up a huge tab” for these developments. No doubt it was not open to him to argue that a mandatory levy should be more than a “possibility”, but it seems to us that the argument for one is irrefutable. For the future, this is a very welcome development. For the present, we are left with “up to” £1 million allocated in the year 2019–20, and the money expended by those currently supplying treatment services, mainly funded by the voluntary levy.
611. **Problem gambling is a common mental health disorder, and the NHS has the same duty to treat it as to treat any other disorder. It should establish the proposed 15 new clinics before 2023 and a comparable number within the following few years. This will require national leadership and a national training programme.**

The National Problem Gambling Clinic

612. Until the NHS Clinic in Leeds was opened last year, the only clinic specialising in the treatment of gambling disorders was the National Problem Gambling Clinic in London, which is part of the National Gambling Treatment Service and is jointly commissioned by GambleAware and NHS England.

647 NHS, *The NHS Long Term Plan* (January 2019) para 2.36: <https://www.longtermplan.nhs.uk/wp-content/uploads/2019/08/nhs-long-term-plan-version-1.2.pdf> [accessed 28 April 2020]

648 Written evidence from HM Government (*GAM0090*); the number given is 15.

649 NHS, ‘NHS to launch young people’s gambling addiction service’, 24 June 2019: <https://www.longtermplan.nhs.uk/nhs-to-launch-young-peoples-gambling-addiction-service/> [accessed 28 April 2020]

613. The National Problem Gambling Clinic employs psychiatrists, clinical psychologists and counselling psychologists trained in the treatment of a range of mental health disorders and addictions. The core clinical team have a combined 30 years of experience in the management and treatment of gambling disorders. The clinic has also served an essential training function: since opening, over 100 psychology and psychiatry professionals have worked in the clinic, going on to work in other mental health areas. The clinic offers a number of different services for problem gamblers, including individual psychological support, support groups, psychiatric reviews, medication for problem gambling and aftercare. Psychological support takes the form of cognitive behavioural therapy (CBT), a form of therapy that can be used to help people identify and manage the triggers to their problem behaviour, challenge irrational thinking and find ways to better cope with feelings, thoughts and urges that may precede a gambling episode.

GamCare and Gordon Moody

614. Apart from the National Problem Gambling Clinic, most of the treatment is provided by GamCare, Gordon Moody, and the eight other charities and organisations which can be the recipients of funding from the industry, either directly or through GambleAware. The industry can choose how much, and to whom, it will contribute its voluntary funding. We have already commented on the defects of these funding arrangements.⁶⁵⁰

615. GamCare sent us full written evidence in September 2019, but we received more up to date information when Ms Hemmings, gave evidence to us in March 2020. She told us that GamCare has been in existence for 23 years, and is the largest provider of treatment for gambling-related harms. The figures from the National Gambling Helpline, which they operate, show that they received over 35,000 calls to their helpline from April 2019 to the end of February 2020. Of callers, around 55% gamble online and 45% offline. The online group was mainly a combination of sports betting, casinos and slots. Offline gamblers were people in betting shops, with very small cohorts in casinos and other offline venues. They had more than 10,000 people in their treatment system.⁶⁵¹

616. Ms Hemming conceded that this was not a representative group of gamblers, since it consisted only of those who phoned the National Gambling Helpline when they were concerned about their gambling. She compared the 3% of problem gamblers with the 17% or 18% of dependent drinkers accessing treatment, and a still higher proportion of drug users. She referred to “the stigma that people often feel about having those sorts of issues. It is hard to come forward for treatment, a bit like how it is hard to talk about mental health problems more generally”.⁶⁵² In their written evidence GamCare told that they hoped that the 3% of problem gamblers seen in treatment would over five years increase to 10%, and hopefully to 15% over the longer term.⁶⁵³

617. Gordon Moody, which has been operating for nearly 50 years, provides:

- specialist residential treatment programmes—a two-week assessment followed by a 12-week therapeutic programme providing 18 units in the

650 Paragraphs 570–574

651 Q 210 (Anna Hemmings)

652 QQ 211, 217 (Anna Hemmings)

653 Written evidence from GamCare (GAM0063)

West Midlands and south London based on a Therapeutic Community model;

- Halfway House Accommodation and relapse prevention support for up to 14 people for up to three months following residential therapeutic treatment; and
- outreach support for ex-residents who have moved on. They provide them with face to face, telephone and on-line support.⁶⁵⁴

618. Mr Hickey explained that Gordon Moody supported those most in crisis, who were beyond breaking point: 99% of the people they supported were “on the cusp of committing suicide.” In the past year they had supported 650 people.

“If you came in and asked them about their gambling addiction, they would all say that it is the hidden addiction. They have got away with nobody knowing about it for a very long time, some of them for 20 years or more. The difference between gambling and drug or alcohol addiction is that you can see a physical change in somebody with the latter.”⁶⁵⁵

619. There is no point in spending money on treatment unless that treatment is effective. GamCare explained in their written evidence that they use the Problem Gambling Severity Index (PGSI) and Clinical Outcomes in Routine Evaluation 10 (CORE-10) measures to assess treatment outcomes. Their Annual Statistics 2018/19 shows the improvement in both PGSI and CORE-10 brought about by its treatment programmes in recent years. According to the PGSI, clients who were gambling problematically when entering treatment showed an average improvement of 16.1 (significantly reduced risk) upon successfully completing their treatment plans.⁶⁵⁶

Table 16: GamCare clients’ PGSI from assessment to treatment

	2015/16	2016/17	2017/18	2018/19
PGSI at assessment	19.0	19.3	19.6	19.5
PGSI at treatment end	4.1	3.7	3.6	3.4
PGSI difference	14.9	15.7	16.0	16.1

Source: GamCare, Briefing Paper - GamCare Annual Statistics 2018/19 (January 2020): <https://www.gamcare.org.uk/app/uploads/2020/01/Briefing-Paper-GamCare-Annual-Statistics-2018-19.pdf> [accessed 28 April 2020]

620. Ms Hemmings explained: “We and our partner network, Gordon Moody and the NHS clinic all use the same measures at the start of treatment, as well as throughout and at the end of it ... We find that 75% complete that treatment episode successfully. When they finish it, they have significantly reduced gambling and improved quality of life.”⁶⁵⁷ Mr Hickey added:

“[Of the people we support] 74% of people complete the programme and 91% would recommend it to a friend, which are very comparable results to GamCare. The key thing with us is that we also run a number

654 Written evidence from the Gordon Moody Association (GAM0032)

655 Q 210 (Matthew Hickey)

656 Written evidence from GamCare (GAM0063)

657 Q 213 (Anna Hemmings)

of sessions for ex-residents: they can come in and support the current residents through peer-to-peer support.”⁶⁵⁸

621. What seems to be lacking is any significant research to identify the strengths, weaknesses and relative effectiveness of these forms of treatment, and whether some treatments are more effective with certain cohorts.
622. **We recommend that the National Institute for Health and Care Excellence (NICE) conduct an independent assessment of the various treatments available, and prepare guidelines showing which are the most effective.**
623. Increasingly, the existing providers of treatment will find themselves working with a growing number of NHS clinics. Ministers wrote:

“The NHS will continue to work with the charity sector going forward, as it opens more clinics to meet its NHS long-term plan commitment of up to 15 specialist clinics. What is important is that the NHS and charity sector work together, learning and sharing information to make the best use of resources and to realise the benefits of delivering aligned and complementary services.”⁶⁵⁹

We entirely agree, but differing working methods and different sources of funding may lead instead to a culture of competition. This cannot be allowed to happen.

624. **The Government should develop a strategy to ensure that the NHS clinics and services work together with the existing charities to provide treatment, and to determine how resources will be allocated and patients referred between services.**
625. Those drafting the written evidence of GamCare seem to us to have been at pains to present their organisation in the best possible light; and there is nothing wrong with this, if there is nothing wrong with the organisation. Frank evidence which casts a more critical light on the organisation is sometimes more helpful. On the all-important subject of training, the written evidence said: “Our practitioners are specially trained and can give clients the safe, confidential space they need to discuss how gambling affects them, and our team work with each client to find strategies to help them move forward in a positive way.”⁶⁶⁰ This does not entirely accord with what Ms Hemmings told us: “There is no specialist training to work in gambling treatment. Over time, that will need to change with specific qualifications. We provide staff with the training that they need to deliver our model of care depending on their role, and we require them to have qualifications in related fields.”⁶⁶¹
626. We particularly mention the issue of training because that was one of a number of matters which Ms Ritchie criticised when she gave us oral evidence, saying:

“We have heard a lot of concerns about GamCare counselling, and we have raised them over the years ... I was shocked to come across job

658 [Q 213](#) (Matthew Hickey)

659 Supplementary written evidence from HM Government ([GAM0135](#))

660 Written evidence from GamCare ([GAM0063](#))

661 [Q 215](#) (Anna Hemmings)

advertisements that said that counsellors were given two days' training. They have a generic person-centred training, then two days' training. Recently, I came across a job ad that did not require any clinical qualification at all."⁶⁶²

627. Ms Ritchie criticised GamCare on other fronts. She alleged that "GamCare have industry people on their Board;"⁶⁶³ she said: "As far as we know, there is no proper suicide risk assessment, certainly not at the point of triage and referral, because the people on the phones are not clinically qualified, so they cannot be doing it;" and she added: "GamCare owns the only referral point, effectively, because it runs the helpline. As there is no training for GPs, there is no pathway through to the clinics, so in effect there is a conflict of interest, because, as far as we understand it, they refer to their own partner providers."⁶⁶⁴
628. These are serious allegations, made at a public evidence session, and it is hardly surprising that when GamCare sent us supplementary evidence following their own oral evidence sessions, they took the opportunity to include in it four pages of what they call "factual clarifications".⁶⁶⁵ Gambling with Lives "thought it would be helpful to respond to each of the points in [the] supplementary evidence," and their response takes the form of an eight-page letter to Ms Hemmings, copied to our Chairman. This is not evidence to the Committee, but simply the latest instalment of "a long exchange of meetings, emails and letters between Gambling with Lives and GamCare over the last two years." We have to accept that, whatever its defects, GamCare is, and for some time will remain, the largest provider of treatment for those suffering gambling disorders. It would be more helpful to adopt a constructive approach towards improving the service GamCare is able to offer.

662 [Q 179](#) (Liz Ritchie)

663 [Q 176](#) (Liz Ritchie)

664 [Q 180](#) (Liz Ritchie)

665 Supplementary written evidence from GamCare ([GAM0124](#))

CHAPTER 9: LOTTERIES, INCLUDING THE NATIONAL LOTTERY

629. As explained in Chapter 2⁶⁶⁶, at its simplest a lottery is a type of gambling where payment is required to participate, one or more prizes are awarded and those prizes are awarded by chance. Lotteries can only be run for the benefit of good causes, and there are two main types of lottery—the National Lottery and society lotteries.

Society lotteries

630. The Small Lotteries and Gaming Act 1956 introduced society lotteries, conducted by societies established for charitable or sporting purposes, but not for commercial gain. The Lotteries Act 1975 made provision for local authorities to promote lotteries on the same footing as societies. The law on lotteries was consolidated in the Lotteries and Amusements Act 1976.⁶⁶⁷

631. Society lotteries are promoted for the benefit of a non-commercial society. A society is non-commercial if it is established and conducted:

- For charitable purposes;
- For the purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity; or
- For any other non-commercial purpose other than that of private gain.⁶⁶⁸

632. A small society lottery:

- Does not have proceeds that exceed £20,000 for a single draw;
- Does not have aggregate proceeds from lotteries in excess of £250,000 in any one year;
- Does not require a Gambling Commission licence; and
- Must be registered with the local authority in the area where the principal office of the society is located.⁶⁶⁹

633. A large society lottery:

- Has proceeds that can exceed £20,000 for a single draw;
- Has aggregate proceeds from lotteries that can exceed £250,000 in any one year; and
- Requires a licence from the Gambling Commission.⁶⁷⁰

634. Society lotteries pre-date the National Lottery and there have been limits on their maximum size of draw, annual proceeds and top prize since at least 1963. When the National Lottery was launched in 1994, the limits imposed on society lotteries were increased as a concession for the creation of new

666 Chapter 2, paragraph 33

667 Repealed by the Gambling Act 2005, [section 356](#) and [schedule 17](#)

668 Gambling Act 2005, [section 19](#)

669 Gambling Act 2005, [schedule 11, paragraph 31](#)

670 Gambling Act 2005, [schedule 11, paragraph 31](#)

competition. Since then, the framework of limits has served to keep society lotteries distinct from the National Lottery.

635. In June 2018, the Government launched a consultation⁶⁷¹ seeking views on amending the sales and prize limits for large society lotteries. In its response⁶⁷² to the consultation in July 2019, the Government announced that it would:

- Increase the individual per draw sales limit from £4 million to £5 million;
- Increase the individual per draw prize limit from £400,000 to £500,000; and
- Increase the annual sales limit from £10 million to £50 million.

636. In January 2020 the Government laid the draft Gambling Act 2005 (Variation of Monetary Limits) Order 2020⁶⁷³ before Parliament. The Order came into force on 7 April 2020 and will take effect in July 2020 when the Gambling Commission's corresponding alterations to lottery licences come into force. The Order increases the individual per draw sales limit from £4 million to £5 million, and the annual sales limit from £10 million to £50 million.

The National Lottery

637. The National Lottery was established by the National Lottery etc. Act 1993, and launched in November 1994. The National Lottery is not governed by the Gambling Act 2005, but rather by a distinct body of legislation. It was initially regulated by the Director General and the Office of the National Lottery, followed by the National Lottery Commission, which was then abolished, with its responsibilities being taken over by the Gambling Commission.

638. The National Lottery is operated by Camelot Group, which has been granted the operating licence in 1994, 2001 and 2007. The current National Lottery licence is due to expire in 2023 and the Gambling Commission will run the competition to award the next licence. According to the Gambling Commission, "the role of the Gambling Commission is to design and run the National Lottery licence competition, and subsequently regulate the next licence ..."⁶⁷⁴

639. In a blog post from 2018 on the National Lottery Licence Competition website, Mr McArthur wrote:

"We want to build on the tremendous success of the National Lottery and we are determined to run a fair and transparent competition process that maximises the opportunities for innovation and creativity whilst protecting the special status of the National Lottery ..."

671 Department for Digital, Culture, Media & Sport, 'Consultation on Society Lottery Reform': <https://www.gov.uk/government/consultations/consultation-on-society-lottery-reform> [accessed 21 April 2020]

672 Department for Digital, Culture, Media and Sport, *Government response to the consultation on society lottery reform* (16 July 2019): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817544/Response_to_Consultation_on_Society_Lotteries_PDF.pdf [accessed 21 April 2020]

673 The Gambling Act 2005 (Variation of Monetary Limit) Order 2020 (SI 2020/307)

674 The Fourth National Lottery Licence Competition, 'About the Competition': <https://www.4nlc.com/Competition/About-the-competition.aspx> [accessed 21 April 2020]

This is why we need to see a fourth licence competition that is robust, fair and ultimately that ensures we continue to have a world class lottery that the nation can be proud of. Although the formal bidding process won't start for some time, it is essential for us to start talking to businesses and investors, including technology and financial firms, from across the globe about their ideas, possible innovations and experience.⁶⁷⁵

640. The National Lottery started life as a weekly lottery draw, but has developed various products, including the Lotto, EuroMillions and Set for Life draws, alongside scratchcards and online interactive instant-win games.

Gambling prevalence for lotteries

641. Previous chapters have described the rates of gambling prevalence among the general population⁶⁷⁶, problem gamblers⁶⁷⁷ and children and young people⁶⁷⁸. The Gambling Commission's Gambling Participation in 2019: behaviour, awareness and attitudes annual report shows that the National Lottery draws remain the most popular gambling activity, followed by other lotteries and scratchcards. Of those who had only gambled on one activity in the previous four weeks, 31% had only gambled on National Lottery draws. In terms of individual National Lottery draws, the most popular games were Lotto (21%) and EuroMillions (20%).⁶⁷⁹
642. The Gambling Commission's report shows that those in the older categories (45+) were most likely to participate only in National Lottery draws.

Table 17: Proportion of gamblers participating in National Lottery draws only, by age

Age	16–24 year olds	25–34 year olds	35–44 year olds	45–54 year olds	55–64 year olds	65+ year olds
National Lottery participation	6%	17%	30%	39%	44%	39%

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report (February 2020)* p 9: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

643. The report also shows that participation in the National Lottery is slightly higher among women.

Table 18: Proportion of gamblers participating in National Lottery draws only, by gender

Gender	Men	Women
National Lottery participation	30%	32%

Source: Gambling Commission, *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report (February 2020)* p 9: <https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf> [accessed 6 April 2020]

675 The Fourth National Lottery Licence Competition, 'Blog - Neil McArthur talks about the next competition to run the National Lottery' (16 November 2018): <https://www.4nlc.com/News/2018/BLOG-Neil-McArthur-talks-about-the-next-competition-to-run-the-National-Lottery.aspx> [accessed 21 April 2020]

676 Chapter 2, paragraphs 69–75

677 Chapter 5, paragraphs 262–268

678 Chapter 6, paragraphs 414–421

679 *Gambling Participation in 2019: behaviour, awareness and attitudes, Annual report*, pp 8–11

Lotteries and taxation

644. Unlike society lotteries, the National Lottery pays lottery duty at 12% of sales. When the National Lottery was launched in 1994, there was very little competition in the lotteries market and many other gambling operators were also subject to taxes based on sales. Over time, all major gambling sectors other than the National Lottery have been transferred to a gross profits tax or equivalent. As the Chief Executive of Camelot, Nigel Railton, noted in oral evidence, “what has happened over time is that the National Lottery is in splendid isolation as the only part of the gaming or gambling industry on a sales-related tax.”⁶⁸⁰ Mr Railton then explained that he has “been trying for many years to move the National Lottery from lottery duty to something much more sensible, which is gross profits tax.”⁶⁸¹
645. Camelot’s written evidence explained the rationale for transferring the National Lottery from lottery duty to a gross profits tax:
- “... all major gaming and gambling sectors have been moved to a Gross Profits Tax (or equivalent), while The National Lottery remains an outlier taxed on turnover—Lottery Duty at 12%. This tax regime restricts The National Lottery’s capacity to respond to the changing market dynamics and its ability to compete on price or value. Camelot believes that migrating The National Lottery to a Gross Profits Tax would help to meet our overarching objective of maximising returns to National Lottery Good Causes through selling lottery products in an efficient and socially-responsible way ...”⁶⁸²
646. It went on to explain the benefits to good causes of transferring the National Lottery to a gross profits tax:
- “The current Lottery Duty regime creates a misalignment between the Exchequer and Good Causes, leading to distorted incentives. This is because, under the current regime, returns to the Exchequer are based on turnover but returns to Good Causes are based on sales less prizes (gross profit). Therefore, although gross profit could be increased through a higher prize payout to players, under the current Lottery Duty regime this would likely mean more income for the Exchequer and less for Good Causes (undermining The National Lottery’s ability to meet its duty to maximise returns to Good Causes).”⁶⁸³
647. This was also emphasised in oral evidence by Mr Railton, who stated that Camelot “believe that good causes will benefit to the tune of about £1 billion to perhaps £3 billion over time and our retailers will benefit through increased commission.”⁶⁸⁴
648. We wanted to understand more about the potential impact of transferring the National Lottery from lottery duty to a gross profits tax, and particularly the potential impact on the Treasury, and asked both Camelot and the Treasury for additional information. Camelot told us that the amount the Treasury would receive from the National Lottery if it was subject to gross profits tax would depend on the tax rate set. Camelot sent us modelling which shows

680 [Q 123](#) (Nigel Railton)

681 *Ibid.*

682 Written evidence from Camelot UK Lotteries Ltd ([GAM0040](#))

683 *Ibid.*

684 [Q 123](#) (Nigel Railton)

that a tax rate of 27.5% (which is comparable to the current 12% lottery duty) would create a small increase in the revenues for the Treasury and a significant increase for good causes. A gross profits tax set at 15% (the gross profits tax on comparable products at the time) would lead to a significant fall in the Treasury's revenues, with good causes benefiting correspondingly.⁶⁸⁵

649. The Treasury noted that a transfer from lottery duty to gross profits tax would have significant risk:

“HMRC analyses indicated there would be risks to the Exchequer and money to good causes as revenue would be reliant on significant ticket sales growth ... A change to a gross profits tax model would also have knock-on effects that would require a complete overhaul of the way that earnings are distributed between retailers, the operator, good causes and the Exchequer.”⁶⁸⁶

650. Like Camelot, the Treasury emphasised that the “amount the Treasury would receive from the National Lottery if it was subject to gross profits tax would depend on the tax rate set.”⁶⁸⁷ It also highlighted that there are “a number of uncertainties”⁶⁸⁸ regarding the impact on the Exchequer, and the Treasury “is mindful of non-economic impacts that may result from moving to a gross profits tax.”⁶⁸⁹

651. We are concerned about the potential impact on the Treasury of transferring the National Lottery from lottery duty to a gross profits tax; however, it is undeniably an anomaly to keep the National Lottery on a sales-based taxation regime when most other gambling sectors are now on a profits-based tax regime.

652. In the Government's response⁶⁹⁰ to its consultation on society lottery reform⁶⁹¹, it stated that “society lotteries are not subject to tax, in line with the long-standing principle of not taxing charitable fundraising.”⁶⁹² It is difficult to understand how the current taxation model for the National Lottery is not a tax on “charitable fundraising”, and how the Government can square the circle of having different tax regimes for the National Lottery and society lotteries.

653. Even the National Lottery's rival, the People's Postcode Lottery, believes that the current tax regime is “in effect a tax on charitable fundraising.”⁶⁹³ Its written evidence goes on to state:

“The Department of Digital, Culture, Media and Sport in their publication ‘Government response to the consultation on society lottery

685 Private written evidence from Camelot UK Lotteries Ltd

686 Supplementary written evidence from HM Treasury ([GAM0134](#))

687 *Ibid.*

688 *Ibid.*

689 *Ibid.*

690 Department for Digital, Culture, Media and Sport, *Government response to the consultation on society lottery reform* (16 July 2019): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817544/Response_to_Consultation_on_Society_Lotteries_PDF.pdf [accessed 21 April 2020]

691 Department for Digital, Culture, Media & Sport, ‘Consultation on Society Lottery Reform’: <https://www.gov.uk/government/consultations/consultation-on-society-lottery-reform> [accessed 21 April 2020]

692 *Government response to the consultation on society lottery reform*, p 4

693 Written evidence from the People's Postcode Lottery ([GAM0031](#))

reform’, state that ‘Society lotteries are not subject to tax, in line with the long-standing principle of not taxing charitable fundraising’. We see no reason why the National Lottery should be an exemption from this principle, especially as the licensed operator, in common with External Lottery Managers, is subject to corporation tax.”⁶⁹⁴

654. We agree with the National Lottery and the People’s Postcode Lottery, and see no good reason why the National Lottery should be an exception to the principle that charitable fundraising should not be taxed.
655. **Lottery duty, which is in effect a tax on charitable giving, should be replaced by gross profits tax.**

Lotteries and advertising

656. As explained in Chapter 7⁶⁹⁵ on advertising, the ultimate purpose of all gambling advertising is to sell more gambling products, and the same is true of lottery advertising. However, as lotteries can only be run for the benefit of good causes, and the very purpose of lotteries is to raise money for these good causes, there is also a relationship between lottery advertising and the amount that is raised for good causes. Recently, both the National Lottery and large society lotteries, such as People’s Postcode Lottery, have been spending increasing amounts on advertising. This increase in advertising spend could potentially cause more gambling-related harm as it encourages more people to buy more lottery products. Camelot’s written evidence explained the relationship between increased advertising spend and the money raised for good causes:

“... the competitive market created by ‘synthetic’ national lotteries has forced The National Lottery to spend more on marketing in order to maintain share of voice—an indicator of future market share—at the expense of Good Causes. The result has been to establish a marketing ‘arms race’ in which The National Lottery is forced to compete for share of voice ... This financial year, The National Lottery will spend three times more on advertising than it did in 2010 for half of the impact.”⁶⁹⁶

657. Camelot’s written evidence goes on to claim that the People’s Postcode Lottery spent £6.3 million on advertising in 2010, compared to £41.3 million in 2018, an increase of 556%.⁶⁹⁷ In oral evidence, Clara Govier, Managing Director of People’s Postcode Lottery responded, stating:

“We exist to maximise the returns to good causes. We are an effective market operation. In 2018 we spent £43 million on marketing, representing about 11% of our total sales. The figure of a 556% increase is not correct and certainly I would like that changed for the record.”⁶⁹⁸

658. Camelot and People’s Postcode Lottery could not reconcile the differing advertising figures quoted for the People’s Postcode Lottery in oral evidence, and were asked to provide additional written evidence on this point, but this did nothing to clarify the issue.

694 *Ibid.*

695 Chapter 7, paragraph 481

696 Written evidence from Camelot UK Lotteries Ltd ([GAM0040](#))

697 *Ibid.*

698 [Q 122](#) (Clara Govier)

659. Regardless of which analysis is ultimately correct, the amount spent on advertising by the People's Postcode Lottery has increased dramatically in the last eight years, as has the amount spent by the National Lottery. While advertising plays an important role in increasing sales, this should not be at the expense of an increased risk of gambling-related harm to customers.
660. Mr Railton suggested that the solution to ensure that advertising costs do not have a detrimental impact on returns to good causes " ... is an expenses cap of between 5% and 10%."⁶⁹⁹ Perhaps unsurprisingly Ms Govier disagreed with any proposed expenses cap, stating that "a cap on marketing ... would have a detrimental impact on charity lotteries."⁷⁰⁰
661. We are sympathetic to the call to re-introduce the expenses cap on society lotteries which existed before the 2005 Act, but are also mindful that this might lead to a fall in ticket sales and, ultimately, a fall in the amount raised for good causes. There is a need to analyse the amounts spent on advertising and administration costs by the National Lottery and society lotteries, what impact the amount spent has on the amount raised for good causes, whether there is any link between advertising spend and gambling-related harms, and the possible consequences of any proposals to curtail the amount spent on advertising and administration costs.
662. **The Gambling Commission should undertake an inquiry into the National Lottery's and society lotteries' advertising and administration costs. The lottery sector's advertising and administration costs should then be reviewed annually with particular regard to measuring their effectiveness, and the Gambling Commission should use its power to impose an expenses cap more effectively.**

699 [Q 122](#) (Nigel Railton)

700 [Q 122](#) (Clara Govier)

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Introduction

1. We hope that our recommendations will make gambling safer for all, but no less enjoyable for those who do participate safely. (Paragraph 7)

Implementation of this report

2. All three main UK political parties, and the Scottish National Party, pledged in their election manifestos to reform the law on gambling. Although they frame their proposed policies differently, it is clear that all four parties believe that major changes to the law on gambling are needed. We hope that the Government, in making good on its manifesto undertaking, will urgently give effect to our recommendations, and that they will receive all-party support. (Paragraph 27)
3. A few of our recommendations can be implemented only by primary legislation, but most need only secondary legislation, or changes in the Gambling Commission's licence conditions and codes of practice, or in the way it exercises the powers it already has. There is no need for these to wait until an opportunity for primary legislation arises. (Paragraph 28)

The gambling industry: structure, development and current picture

Offline gambling

4. We recommend that the Government should reinstate the triennial reviews of maximum stake and prize limits, and they should be extended to include both gaming machines and online gambling products. Consultation for the next review should begin before the end of this year, with conclusions drawn and action taken by the middle of 2021. (Paragraph 101)
5. The Government should forthwith undertake the assessment of casino regulations which it promised would take place in 2014, and apply the same regulations to all casinos, regardless of when they opened. (Paragraph 109)
6. The Gambling Commission should work with bookmakers to create a protocol to ensure adequate supervision and staffing during opening hours, taking into consideration the size, lay-out and turnover of individual premises. (Paragraph 118)

Online gambling

7. The gambling industry continually offers a variety of products to consumers, including some which can be highly addictive. The Gambling Commission should establish a system for testing all new games against a series of harm indicators, including their addictiveness and whether they will appeal to children. A game which scores too highly on the harm indicators must not be approved. (Paragraph 175)
8. We recommend that the Government should work with the Gambling Commission to establish a category system for online gambling products. (Paragraph 185)
9. The Government and the Gambling Commission should use the online product categories to set stake limits for online gambling products. (Paragraph 186)

10. To ensure that the implementation of online stake limits does not lead to increased unregulated offshore gambling, the Government and Gambling Commission must work with payment providers and banks to establish a scheme to block payments to such operators. (Paragraph 189)
11. We recommend the equalisation of speed of play and spin, so that no game can be played quicker online than in a casino, betting shop or bingo hall. (Paragraph 193)

Regulation

Gambling Commission

12. The Government should work with the Gambling Commission to devise a new funding structure in order to provide it with more flexibility and allow it to react and adapt to fast changing regulatory requirements. (Paragraph 201)
13. Section 22 of the Gambling Act should be amended as follows:
 - paragraph (b) should be amended to provide that the Commission should not permit gambling unless it believes that to do so will be consistent with the licensing objectives;
 - a new paragraph should be added making the identification and prevention of potential and actual harm a third aim of the Commission. (Paragraph 205)
14. Fines currently imposed and penalties agreed by the Gambling Commission do not make a sufficient impact on large corporations. They should reflect not just the seriousness of the offence but the size of the offender. In the case of repeat offences or other extreme circumstances the Commission should demonstrate much greater willingness to exercise its power to withdraw an operator's licence. (Paragraph 227)
15. The Government should conduct a triennial review of the work of the Gambling Commission, taking evidence from a wide range of interested persons and bodies, and prepare a report to Parliament on the past performance of the Commission, on lessons to be learned for the future, and on any changes which may be needed to its constitution or to the law governing it. (Paragraph 239)

Licensing of affiliates

16. We recommend that affiliates should be licensed by the Gambling Commission before they can enter into contracts with gambling operators, and that operators should not be permitted to enter into contracts with unlicensed affiliates. (Paragraph 250)

The house edge

17. Licence conditions should require the proportion of the stake retained by the house to be displayed prominently and clearly, in simple terms, on each gaming machine in all gambling premises, and in remote gambling. (Paragraph 254)

Regulation by local authorities

18. The Act should be amended to give licensing committees deciding on the licensing of premises for gambling the same powers as they already have when deciding on the licensing of premises for the sale of alcohol. (Paragraph 261)

Gambling-related harm*The scale of the issue*

19. We recommend that the British Gambling Prevalence Survey be reinstated as a first step towards understanding how gambling and gambling prevalence are changing in the UK. (Paragraph 271)
20. The Government should commission a longitudinal survey to trace how and why individuals become problem gamblers, the actions they take, the treatment they receive, and the outcomes associated with problem gambling. (Paragraph 276)

A health issue

21. We believe that, despite the symbolic value of a transfer of primary responsibility for gambling from DCMS to DHSC, there would not be any practical benefit from such a transfer, and there might be disadvantages. DCMS should continue to be the department with primary responsibility. (Paragraph 293)
22. DCMS, like the Gambling Commission, has seldom been proactive, and sometimes has been more obstructive than reactive, as in the case of lowering the maximum stake of FOBTs, where it was supported by the Treasury. The failure to take action on a mandatory levy, which we discuss in Chapter 8, is another example. (Paragraph 294)
23. A decision to undertake a major review of gambling and of the gambling industry came about only because, with a general election looming, political parties were driven to give undertakings to do something which would satisfy electors. The election is now six months behind us, but nothing has happened and no dates have been set. We expect DCMS, as the owner of the policy for gambling, to take this forward with some urgency. This report, the evidence on which it is based, and the recommendations we make, should make for a solid foundation. (Paragraph 295)
24. In exercising their responsibilities, DCMS Ministers and officials should give much greater priority to gambling, and in particular to measures which DCMS, other departments or the Gambling Commission could take to minimise gambling-related harms. (Paragraph 296)

Suicide

25. The seven-yearly Adult Psychiatric Morbidity Survey included questions on gambling in 2007, but not in 2014. The 2021 Survey should again include questions on gambling, and the prevalence of suicidal tendencies linked to gambling. (Paragraph 301)
26. The Notification of Deaths Regulations 2019 should be amended to include in the list of information which doctors are required to provide to coroners a requirement, when a doctor suspects that a death by self-harm was gambling-related, to inform the coroner of this. (Paragraph 306)

27. Coroners' offices should keep a record of such information and forward it at intervals to the Ministry of Justice, which must collate it and keep a list of the numbers of deaths by self-harm which doctors suspect were gambling-related. The numbers of such deaths, but not details of individual deaths, should be publicly available. (Paragraph 307)
28. Guidance should be issued to doctors that they should be alert to asking patients who present with symptoms of anxiety and/or depression whether they have any gambling problems, and if so to offer them advice about where they should seek specialist help. (Paragraph 310)

Affordability checks

29. The Gambling Commission must amend its Formal Guidance for Remote Gambling Operators to define the minimum steps which operators should take when considering customer affordability, and to make clear that it is for the operator to take those steps, and any necessary additional steps, which will enable them to identify customers who are betting more than they can afford. (Paragraph 326)
30. DCMS and the Gambling Commission should without delay contact the Information Commissioner's Office and agree a procedure, consistent with the GDPR, allowing operators to share with all other operators the information they derive from affordability checks on individuals. (Paragraph 331)
31. It should be a condition of gambling licences that where an operator's affordability check throws doubt on whether an individual can safely gamble at the rate they have been doing, this information should be shared with all other licensed gambling operators, which will be bound by it in the same way. (Paragraph 332)
32. We recommend that the banks should work together with UK Finance to create an industry-wide protocol on blocking gambling payments, with at least a 48 hour cooling off period. (Paragraph 339)
33. The Gambling Commission, the Betting and Gaming Council, and UK Finance should work with the Information Commissioner's Office to create a consistent industry-wide approach on the sharing of customers' financial data for the purpose of affordability checks. (Paragraph 342)

VIP schemes

34. The Gambling Commission must closely monitor the working of the interim measures for the regulation of VIP schemes while it consults urgently on changes to the LCCP for the permanent regulation of such schemes. (Paragraph 360)
35. The licence conditions for gambling operators must be amended to require them to undertake a thorough affordability and source of funds check before admitting any new customer to a VIP scheme (however it may be called). Such customers must be at least 25 years old. (Paragraph 361)
36. It should be a condition of an operator's licence that the salaries and bonuses of employees of the operator, its subsidiaries or affiliates should not in any way depend on the length of time or frequency that a customer they have had personal contact with gambles, or the amount spent or lost, or the profit made by the operator from that customer. (Paragraph 362)

Self-exclusion

37. Licence conditions must require every operator who has been notified, whether through GAMSTOP or otherwise, of an individual's self-exclusion, not to send any communications not required by law to that individual during the period of self-exclusion, and thereafter to do so only if the individual takes steps to have the self-exclusion removed. (Paragraph 371)

A Duty of care

38. The law should be amended to make an operator who contravenes provisions of the licence conditions and social responsibility codes liable to an action for breach of statutory duty at the suit of a customer who has suffered loss as a result of that contravention. (Paragraph 389)

Disputes between customers and operators

39. We recommend the setting up of a statutory independent Gambling Ombudsman Service, modelled on the Financial Ombudsman Service, to settle disputes between gambling operators and gamblers. Membership of the service should be a condition of the grant of an operator's licence. (Paragraph 413)

*Children and young people**Loot boxes*

40. We recommend that Ministers should make regulations under section 6(6) of the Gambling Act 2005 specifying that loot boxes and any other similar games are games of chance, without waiting for the Government's wider review of the Gambling Act. (Paragraph 446)
41. We recommend that section 3 of the Gambling Act 2005 should be amended to give Ministers a power, analogous to that in section 6(6), to specify by regulations that any activity which in their view has the characteristics of gambling should be treated as gambling for the purposes of the Act. (Paragraph 449)

Underage gambling and problem gambling

42. The Gambling Commission and local trading standards officers should undertake regular age test purchases and visits in all land-based gambling venues such as betting shops, amusement arcades and National Lottery retailers, and develop an appropriate age testing scheme for online gambling operators. (Paragraph 454)

Minimum age for gambling

43. The minimum age at which an individual can buy any National Lottery product should be raised to 18. (Paragraph 461)
44. The minimum age at which an individual can take part in any online gambling should be raised to 18. (Paragraph 473)

Children at racecourses

45. The Gambling Commission and local trading standards officers should undertake more frequent age verification tests, and should do so at all racecourses across the country, not merely at large meetings. The Gambling Commission should use the full range of enforcement action available to it,

including large fines, licence reviews and revocation for those bookmakers repeatedly allowing underage individuals to place a bet. (Paragraph 477)

Advertising

Effect of advertising

46. The Government should commission independent research to establish the links between gambling advertising and gambling-related harm for both adults and children. (Paragraph 494)

Sport and advertising

47. Gambling operators should no longer be allowed to advertise on the shirts of sports teams or any other part of their kit. There should be no gambling advertising in or near any sports grounds or sports venues, including sports programmes. (Paragraph 524)
48. These restrictions should not take effect for clubs below the Premier League before 2023. A similar flexibility should be allowed in the case of other sports. (Paragraph 525)
49. These restrictions should not apply to horseracing or greyhound racing. (Paragraph 526)

Bet to View

50. The social responsibility code of practice must be amended to prohibit licensees from offering bet to view inducements, such as making the watching of a sport conditional on having an account with a gambling operator or placing a bet with an operator. (Paragraph 530)
51. The consequence of this will be that the Football Association, any other body with the rights to show football matches, and any body with similar rights in relation to other sports, will no longer be able to sell those rights to licensed gambling operators. We hope that they will see the wisdom of not attempting to sell those rights to unlicensed operators. (Paragraph 531)

Direct marketing

52. Advertisements which are objectively seen as offering inducements to people to start or to continue gambling, or which create a sense of urgency about placing bets, should be banned. The Advertising Standards Authority and the Gambling Commission must act together to police this ban. (Paragraph 535)
53. The licence conditions should be amended to prohibit operators from sending communications offering inducements to bet to individuals, or identifiable groups of individuals, unless they have agreed to take part in VIP schemes (by whatever name these are called) which satisfy the conditions currently in force or any stricter conditions which are imposed. (Paragraph 541)

Research, education and treatment

Funding of research, education and treatment

54. We recommend that Ministers should forthwith exercise their powers under section 123(1) of the Act to require the holders of operating licences to pay to the Gambling Commission an annual levy sufficient to fund research,

education, and treatment, including treatment provided by the NHS. (Paragraph 557)

55. When considering the options for calculating the mandatory levy under section 123(2) of the Act, DCMS officials should devise a formula requiring companies offering potentially more harmful gambling products to pay a correspondingly higher proportion of the levy. (Paragraph 560)

GambleAware

56. GambleAware must correct the current anomalous system of funding treatment so that charities providing treatment are free to raise money from other sources without imperilling their current funding. (Paragraph 574)

Research

57. We do not believe that the grant giving charity proposed and set up by Lord Chadlington's Committee, largely funded by the industry on a voluntary basis, will be seen to be sufficiently independent for its research to be any more trusted than research commissioned by GambleAware. (Paragraph 589)
58. We recommend that the Government should work closely with UKRI and ESRC who can advise on a structure for the commissioning of gambling-related research, funded by the mandatory levy, which would be independent of industry involvement and would be understood to be so by researchers and others. (Paragraph 594)
59. Gambling companies should make freely available to researchers, and to those commissioning research, data sets with the information they have about those gambling with them online, and their communications with them (anonymised if necessary). Similar information in relation to those gambling offline should also be provided if it is available. (Paragraph 598)

Education

60. The Government should commission an assessment of the long-term impact of teaching secondary school children about the risks related to gambling. When visiting schools, Ofsted should consider whether they have an adequate policy on the teaching of gambling-related harm. (Paragraph 606)

Treatment

61. Problem gambling is a common mental health disorder, and the NHS has the same duty to treat it as to treat any other disorder. It should establish the proposed 15 new clinics before 2023 and a comparable number within the following few years. This will require national leadership and a national training programme. (Paragraph 611)
62. We recommend that the National Institute for Health and Care Excellence (NICE) conduct an independent assessment of the various treatments available, and prepare guidelines showing which are the most effective. (Paragraph 622)
63. The Government should develop a strategy to ensure that the NHS clinics and services work together with the existing charities to provide treatment, and to determine how resources will be allocated and patients referred between services. (Paragraph 624)

Lotteries, including the National Lottery

Lotteries and taxation

64. Lottery duty, which is in effect a tax on charitable giving, should be replaced by gross profits tax. (Paragraph 655)

Lotteries and advertising

65. The Gambling Commission should undertake an inquiry into the National Lottery's and society lotteries' advertising and administration costs. The lottery sector's advertising and administration costs should then be reviewed annually with particular regard to measuring their effectiveness, and the Gambling Commission should use its power to impose an expenses cap more effectively. (Paragraph 662)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Baroness Armstrong of Hill Top
 Lord Butler of Brockwell
 Lord Filkin
 Lord Foster of Bath
 Lord Grade of Yarmouth (Chair)
 Lord Layard
 Lord Mancroft (appointed 3 October 2019)
 Baroness Meyer (resigned 3 October 2019)
 Lord Parkinson of Whitley Bay (appointed 29 October 2019 and resigned 18 February 2020)
 Lord Smith of Hindhead
 The Lord Bishop of St Albans
 Baroness Thornhill
 Lord Trevethin and Oaksey
 Lord Watts
 Baroness Wyld (resigned 26 September 2019)

Declarations of interest

Baroness Armstrong of Hill Top
Nephew, Employee, The National Lottery Heritage Fund

Lord Butler of Brockwell
No relevant interests declared

Lord Filkin
No relevant interests declared

Lord Foster of Bath
Vice-Chair, Gambling Related Harm APPG

Lord Grade of Yarmouth
Former Director, Charlton Athletic Football Club (resigned 2009)
Former Chair, Camelot Group (resigned 2004)
Former Chair, ITV plc (resigned 2009)
Director, Northern Lights Arena Company Limited (a start-up multi-function stadium developer with particular interest in ESPORTS)

Lord Layard
No relevant interests declared

Lord Mancroft
President, The Lotteries Council
Chairman, Masters of Foxhounds Association
Vice-Chair, Betting and Gaming APPG
Member, Joint Committee on the Draft Gambling Bill, Session 2003–04, report published April 2004
Held an external lottery managers certificate until 2003, through Inter Lotto (UK) Ltd
Promoted a number of society lotteries between 1989–2001

Baroness Meyer
Husband, Sir Christopher Meyer KCMG, Advisory Board Member, Pagefield, of which Camelot is a client

Lord Parkinson of Whitley Bay

No relevant interests declared

Lord Smith of Hindhead

Chief Executive, The Association of Conservative Clubs Ltd

Chairman, National Conservative Draws Society

Chairman, Committee of Registered Clubs Associations, CORCA

Joint Chairman, Non-Profit Making Clubs APPG

Vice-Chair, Betting and Gaming APPG

The Lord Bishop of St Albans

Member, Gambling Related Harm APPG

Churches within diocese receive funds from The National Lottery Heritage Fund

Baroness Thornhill

No relevant interests declared

Lord Trevethin and Oaksey

Practising barrister (Queen's Counsel), has previously acted for claimants in cases in which they have sought the return of money which they have lost through gambling, on the grounds that they were owed a duty of care or some similar duty arising out of the obligations imposed on gambling operators under the Gambling Act 2005. These cases have been concluded, and he is not currently retained in any case of this type.

Member, Betting and Gaming APPG

Sister, Racehorse trainer

Brother-in-law, Racehorse trainer

Interests in syndicates which own specific racehorses

Account holder with a number of bookmakers and gambling operators.

Lord Watts

No relevant interests declared

Baroness Wyld

Board member, Ofsted

A full list of Member's interests can be found in the Register of Lords Interests: <http://www.parliament.uk/mps-lords-and-offices/standards-and-interests/register-of-lords-interests/>

Professor Rebecca Cassidy (Specialist Adviser) (resigned 6 December 2019)

External Examiner for the Thoroughbred Horseracing Industries MBA, University of Liverpool (remunerated)

Member, Steering Group of Beat the Odds (a charity seeking to establish an effective service for people with gambling problems in Cardiff)

Associate Editor, Addiction

In the past three years, Professor Cassidy has received travel expenses from government departments and from organisations which derive their funding from government departments (including through hypothecated taxes on gambling), including the University of Helsinki Centre for Research on Addiction, Control and Governance; the Alberta Gambling Research Institute; the New Zealand Ministry of Health; the New Zealand Problem Gambling Foundation and the Gambling and Addictions Research Centre at Auckland University of Technology. She has also paid to attend industry-sponsored events and attended free, industry-supported events in order to conduct anthropological fieldwork.

Dr Philip Newall (Specialist Adviser)

In the past three years Dr Newall has contributed to research projects funded by GambleAware, Gambling Research Australia, NSW Responsible Gambling Fund, and the Victorian Responsible Gambling Foundation.

In 2019, Dr Newall received travel and accommodation funding from the Spanish Federation of Rehabilitated Gamblers.

In 2020, Dr Newall received an open access fee grant from Gambling Research Exchange Ontario.

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <https://committees.parliament.uk/committee/406/gambling-industry-committee/publications/> and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with ** gave both oral evidence and written evidence. Those marked with * gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

- | | | |
|----|--|---------------------------------|
| * | Tim Baxter, Deputy Director, Healthy Behaviours, Department of Health and Social Care | <u>QQ 1–17</u> |
| * | Julie Carney, Head of Gambling and Lotteries, Department for Digital, Culture, Media and Sport | |
| * | Beth Hiles, Interim Head of Gambling Policy, Department for Digital, Culture, Media and Sport | |
| * | Richard Vaughan, Deputy Director for the Life Skills Division, Education Standards Directorate, Department for Education | |
| ** | Professor Jim Orford, Emeritus Professor of Clinical and Community Psychology, University of Birmingham | <u>QQ 18–28</u> |
| ** | Dr Heather Wardle, Assistant Professor, London School of Hygiene and Tropical Medicine | |
| * | Dr Anna van der Gaag, Chair, Advisory Board for Safer Gambling | <u>QQ 29–35</u> |
| ** | Tim Miller, Executive Director, Gambling Commission | |
| * | Sir Alan Budd GBE, former Chair, Gambling Review Body | <u>QQ 36–43</u> |
| ** | Dan Waugh, Partner, Regulus Partners | |
| ** | Susanna Fitzgerald QC | <u>QQ 44–49</u> |
| ** | Professor Julia Hörnle, Professor of Internet Law, Queen Mary, University of London | |
| * | Owen Baily | <u>QQ 50–70</u> |
| ** | Alex Macey | |
| ** | Tony Parente | |
| * | Michelle Singlehurst | |
| ** | Marc Etches, Chief Executive, GambleAware | <u>QQ 71–79</u> |
| ** | Kate Lampard, Chair of Trustees, GambleAware | |
| * | Jason Frost, former President, BACTA | <u>QQ 80–87</u> |

- ** John White, Chief Executive, BACTA
- ** John O'Reilly, Chief Executive, Rank Group plc [QQ 88–98](#)
- ** Simon Thomas, Chief Executive, Hippodrome Casino
- ** Miles Baron, Chief Executive, Bingo Association [QQ 99–108](#)
- ** Phil Cronin, Chief Executive, Tombola
- ** Simon Wykes, Transition Director, Gamesys Group
- ** Alex Frost, Chief Executive, UK Tote Group [QQ 109–117](#)
- ** Robin Grossmith, Director, The Federation of Racecourse Bookmakers
- * Nigel Roddis, Managing Director, BritBet Racing
- ** Nick Rust, Chief Executive, The British Horseracing Authority
- ** Nigel Railton, Chief Executive, Camelot [QQ 118–126](#)
- ** Matt Ridsdale, Executive Director, Camelot
- ** Clara Govier, Managing Director, People's Postcode Lottery
- ** Malcolm Fleming, Head of Public Affairs, People's Postcode Lottery
- ** Kenny Alexander, Chief Executive, GVC Holding Plc [QQ 127–139](#)
- ** Ulrik Bengtsson, Chief Executive, William Hill
- ** John Coates, Joint Chief Executive, Bet365
- ** Conor Grant, Chief Operating Officer, Sky Betting and Gaming
- ** Brigid Simmonds, Chair, Betting and Gaming Council
- * Dan Taylor, Chief Executive, Paddy Power Betfair (the UK arm of Flutter)
- ** Neil McArthur, Chief Executive, Gambling Commission [QQ 140–161](#)
- ** Dr William Moyes, Chair, Gambling Commission
- ** Lord Currie, Chair, Advertising Standards Authority [QQ 162–170](#)
- ** Guy Parker, Chief Executive, Advertising Standards Authority
- ** Charles Ritchie, Co-founder, Gambling with Lives [QQ 171–182](#)
- ** Liz Ritchie, Co-founder, Gambling with Lives
- ** Josephine Holloway, Gambling with Lives
- * Dr Luke Clark, Professor, Department of Psychology and Director, Centre for Gambling Research at the University of British Columbia [QQ 183–197](#)
- * Dr Henrietta Bowden-Jones, Director, National Problem Gambling Clinic [QQ 198–208](#)

- * Simone Vibert, Senior Policy and Public Affairs Analyst, The Children’s Commissioner’s Office
- ** Dr David Zendle, Lecturer in Computer Science, University of York
- * Lee Willows, Founder and Chief Executive, YGAM
- ** Jill Britton, Trustee, GamCare [QQ 209–218](#)
- ** Anna Hemmings, Chief Executive, GamCare
- ** Matthew Hickey, Interim Chief Executive, Gordon Moody Association
- ** Dr John McAlaney, Trustee, Gordon Moody Association
- ** Alexandra Frean, Head of Corporate Affairs, Starling Bank [QQ 219–228](#)

Alphabetical list of all witnesses

- ** Advertising Standards Authority ([QQ 162–170](#)) [GAM0059](#)
[GAM0125](#)
- * Advisory Board for Safer Gambling ([QQ 29–35](#))
Alberta Gambling Research Institute [GAM0017](#)
- ** Kenny Alexander ([QQ 127–139](#)) [GAM0042](#)
[GAM0117](#)
[GAM0126](#)
- Harvey Alexander [GAM0087](#)
- Anonymous 1 [GAM0095](#)
- Association of Convenience Stores [GAM0015](#)
- Dr Frank Atherton, Chief Medical Officer for Wales [GAM0006](#)
- ** BACTA ([QQ 80–87](#)) [GAM0050](#)
- Geoff Banks [GAM0003](#)
- Dr James Banks [GAM0033](#)
- * Owen Baily ([QQ 50–70](#))
- ** Miles Baron ([QQ 99–108](#)) [GAM0013](#)
[GAM0103](#)
- * Tim Baxter ([QQ 1–17](#))
beBettor Limited [GAM0021](#)
- ** Ulrik Bengtsson ([QQ 127–139](#)) [GAM0084](#)
[GAM0118](#)
- ** Betting and Gaming Council ([QQ 127–139](#)) [GAM0068](#)
[GAM0129](#)
- BetVictor Limited [GAM0062](#)
- ** Bet365 ([QQ 127–139](#)) [GAM0121](#)

**	Bingo Association (QQ 99–108)	GAM0013 GAM0103
	Bournemouth University	GAM0001
*	Dr Henrietta Bowden-Jones (QQ 198–208)	
*	BritBet Racing LLP (QQ 109–117)	
	British Beer & Pub Association	GAM0073
**	British Horseracing Authority (QQ 109–117)	GAM0065
**	Jill Britton (QQ 209–218)	GAM0063 GAM0124
*	Sir Alan Budd GBE (QQ 36–43)	
**	Camelot UK Lotteries Ltd (QQ 118–126)	GAM0040 GAM0111
*	Julie Carney (QQ 1–17)	
*	The Children’s Commissioner’s Office (QQ 198–208)	
	Christian Action Research and Education (CARE)	GAM0047
	Church of England’s Mission and Public Affairs Council	GAM0011
*	Dr Luke Clark (QQ 183–197)	
	CLOSER, the home of longitudinal research	GAM0060
**	John Coates (QQ 127–139)	GAM0121
	Dr Peter Collins	GAM0079
**	Phil Cronin (QQ 99–108)	GAM0105
**	Lord Currie (QQ 162–170)	GAM0059 GAM0125
	Professor Mike Daube	GAM0097
	Department for Education	GAM0020
	Department for Digital, Culture, Media and Sport	GAM0020
	Department of Health and Social Care	GAM0020
	Dr Carolyn Downs	GAM0049
	East Riding of Yorkshire Council	GAM0028
	EG (Estates Gazette)	GAM0005
	Geraldine Eley	GAM0025
	English Football League	GAM0082
	EPIC Risk Management	GAM0107
**	Marc Etches (QQ 71–79)	GAM0014 GAM0101 GAM0128
	European Lotto Betting Association	GAM0007

	Evangelical Alliance UK	<u>GAM0072</u>
**	Federation of Racecourse Bookmakers (<u>QQ 109–117</u>)	<u>GAM0008</u> <u>GAM0127</u>
**	Susanna FitzGerald QC (<u>QQ 44–49</u>)	<u>GAM0093</u>
**	Malcolm Fleming (<u>QQ 118–126</u>)	<u>GAM0031</u> <u>GAM0110</u>
	Flutter Entertainment Plc	<u>GAM0055</u> <u>GAM0130</u>
	Forces in Mind Trust	<u>GAM0010</u>
	Professor David Forrest	<u>GAM0123</u>
	Anthony Franklin	<u>GAM0046</u>
**	Alexandra Frean (<u>QQ 219–228</u>)	<u>GAM0122</u>
**	Alex Frost (<u>QQ 109–117</u>)	<u>GAM0112</u>
*	Jason Frost (<u>QQ 80–87</u>)	
**	GambleAware (<u>QQ 71–79</u>)	<u>GAM0014</u> <u>GAM0101</u> <u>GAM0128</u>
**	Gambling Commission (<u>QQ 29–35</u>) (<u>QQ 140–161</u>)	<u>GAM0071</u> <u>GAM0116</u>
	Gambling Division, Government of Gibraltar	<u>GAM0026</u>
	Gambling Research Exchange (GREO)	<u>GAM0052</u>
**	Gambling with Lives (<u>QQ 171–182</u>)	<u>GAM0098</u> <u>GAM0131</u>
**	GamCare (<u>QQ 209–218</u>)	<u>GAM0063</u> <u>GAM0124</u>
**	Gamesys Group (<u>QQ 99–108</u>)	<u>GAM0104</u>
	Gauselmann Group	<u>GAM0096</u>
**	Gordon Moody Association (<u>QQ 209–218</u>)	<u>GAM0032</u> <u>GAM0133</u>
	Gerald Gouriet QC	<u>GAM0045</u> <u>GAM0114</u>
**	Clara Govier (<u>QQ 118–126</u>)	<u>GAM0031</u> <u>GAM0110</u>
**	Conor Grant (<u>QQ 127–139</u>)	<u>GAM0085</u>
**	Robin Grossmith (<u>QQ 109–117</u>)	<u>GAM0008</u> <u>GAM0127</u>
**	GVC Holdings Plc (<u>QQ 127–139</u>)	<u>GAM0042</u> <u>GAM0117</u> <u>GAM0126</u>
**	Anna Hemmings (<u>QQ 209–218</u>)	<u>GAM0063</u> <u>GAM0124</u>

**	Matthew Hickey (QQ 209–218)	GAM0032 GAM0133
*	Beth Hiles (QQ 1–17)	
**	Hippodrome Casino London (QQ 88–98)	GAM0070 GAM0102
**	HM Government	GAM0090 GAM0135
	HM Treasury	GAM0080 GAM0134
**	Josephine Holloway (QQ 171–182)	GAM0098 GAM0131
	Peter Holloway	GAM0081
	Roger Horbay	GAM0067
**	Professor Julia Hörnle (QQ 44–49)	GAM0034
	Independent Betting Adjudication Service (IBAS)	GAM0048
	Information Commissioner’s Office	GAM0119
	Institute of Licensing	GAM0054
	Ipsos MORI	GAM0069
	Professor Bev John	GAM0023
	Martin Jones	GAM0115
**	Kate Lampard (QQ 71–79)	GAM0014 GAM0101 GAM0128
	Landman Economics	GAM0039
	Erika Langham	GAM0043
	Leeds City Council	GAM0038
	Associate Professor Charles Livingstone	GAM0108
	Lloyds Banking Group	GAM0120
	Local Government Association	GAM0057
	The Lotteries Council	GAM0030
	Dr Ruxandra Monica Luca	GAM0100
	Dr Elliot Ludvig	GAM0089
**	Alex Macey (QQ 50–70)	GAM0058
**	Dr John McAlaney (QQ 209–218)	GAM0032 GAM0133
**	Neil McArthur (QQ 140–161)	GAM0071 GAM0116
	Associate Professor David McDaid	GAM0076

**	Tim Miller (QQ 29–35)	GAM0071 GAM0116
**	Dr William Moyes (QQ 140–161)	GAM0071 GAM0116
	Professor Agnes Nairn	GAM0069
	National Casino Forum	GAM0064
	National Centre for Social Research	GAM0066
	National Lottery Distributors	GAM0041
	Dr Philip Newall	GAM0089
	Novomatic UK Ltd	GAM0051
	Ofcom	GAM0106
**	John O’Reilly (QQ 88–98)	GAM0029 GAM0102
**	Professor Jim Orford (QQ 18–28)	GAM0019
*	Paddy Power Betfair (QQ 127–139)	
	Dr Katie Palmer du Preez	GAM0009
	Parent Zone	GAM0056
**	Tony Parente (QQ 50–70)	GAM0016
**	Guy Parker (QQ 162–170)	GAM0059 GAM0125
	Dr Hannah Pitt	GAM0097
**	People’s Postcode Lottery (QQ 118–126)	GAM0031 GAM0110
	Richard Powell	GAM0044
	Public Health England	GAM0061
	Quaker Action on Alcohol And Drugs (QAAD)	GAM0083
**	Nigel Railton (QQ 118–126)	GAM0040 GAM0111
**	Rank Group Plc (QQ 88–98)	GAM0029 GAM0102
	Professor Gerda Reith	GAM0043
	Responsible Affiliates in Gambling (RAiG)	GAM0113
**	Matt Ridsdale (QQ 118–126)	GAM0040 GAM0111
**	Charles Ritchie (QQ 171–182)	GAM0098 GAM0131
**	Liz Ritchie (QQ 171–182)	GAM0098 GAM0131
	Professor Gareth Roderique-Davies	GAM0023

*	Nigel Roddis (QQ 109–117)	
	Professor Robert D Rogers	GAM0043
	The Royal British Legion	GAM0086
	Royal College of Psychiatrists	GAM0091
**	Nick Rust (QQ 109–117)	GAM0065
	Oliver Scholten	GAM0074
	Dr Steve Sharman	GAM0037
**	Brigid Simmonds (QQ 127–139)	GAM0068
		GAM0129
	Robert Simpson	GAM0035
*	Michelle Singlehurst (QQ 50–70)	
	Sky	GAM0053
**	Sky Betting & Gaming (QQ 127–139)	GAM0085
	Josh Smith	GAM0069
	Sophro	GAM0078
**	Starling Bank (QQ 219–228)	GAM0122
*	Dan Taylor (QQ 127–139)	
	Lydia Thomas, Producer, BBC Radio 4	GAM0004
	Associate Professor Samantha Thomas	GAM0097
**	Simon Thomas (QQ 88–98)	GAM0102
**	Tombola (QQ 99–108)	GAM0105
	Torutek Ltd	GAM0036
	Professor John Turner	GAM0037
**	UK Tote Group (QQ 109–117)	GAM0112
*	Dr Anna van der Gaag (QQ 29–35)	
	Dr May van Schalkwyk	GAM0094
*	Richard Vaughan (QQ 1–17)	
*	Simone Vibert (QQ 198–208)	
	Vulnerability Registration Service	GAM0018
	Dr Lukasz Walasek	GAM0089
	Dr James Walker	GAM0074
**	Dr Heather Wardle (QQ 18–28)	GAM0043
**	Dan Waugh (QQ 36–43)	GAM0024
	Derek Webb	GAM0027
**	John White (QQ 80–87)	GAM0050
	White Ribbon Association	GAM0099

**	William Hill Plc (QQ 127-139)	GAM0084 GAM0118
*	Lee Willows (QQ 198-208)	
**	Simon Wykes (QQ 99-108)	GAM0104
*	YGAM (QQ 198-208)	
**	Dr David Zendle (QQ 198-208)	GAM0022 GAM0074 GAM0132

APPENDIX 3: CALL FOR EVIDENCE

The Select Committee on the Social and Economic Impact of the Gambling Industry was appointed by the House of Lords on 13 June 2019 to consider this. It has to report by 31 March 2020.

The Committee will be including in its remit the social and economic impact of the Gambling Act 2005 and related legislation.

This is a public call for written evidence to be submitted to the Committee.

The Committee is happy to receive submissions on any issues related to the subject of the inquiry, but would particularly welcome submissions on the questions listed below. You need not address every question.

Diversity comes in many forms, and hearing a range of different perspectives means that Committees are better informed and can more effectively scrutinise public policy and legislation. Committees can undertake their role most effectively when they hear from a wide range of individuals, sectors or groups in society. We encourage anyone with experience of or expertise in an issue we are investigating to share their views with the Committee, with the full knowledge that their views have value and are welcome. If you think someone you know would have views to contribute, please do pass this on to them.

The deadline for submissions is Friday 6 September 2019.

Questions

The Gambling Act 2005

1. Are the three primary aims of the Gambling Act 2005 (to prevent gambling from being a source of crime or disorder, to ensure that gambling is conducted in a fair and open way, and to protect children and other vulnerable persons from being harmed or exploited by gambling) being upheld?
2. What changes, if any, are required to bring the Act up to date with new technology and the latest knowledge about how gambling harm is distributed?
3. Is gambling well regulated, including the licensing regime for both on- and off-shore operations? How successfully do the Gambling Commission, local authorities and others enforce licensing conditions including age verification? What might be learned from comparisons with other regulators and jurisdictions?
4. Should gambling operators have a legal duty of care to their customers?

Social and economic impact

5. What are the social and economic costs of gambling? These might include costs associated with poor health and hospital inpatient services; welfare and employment costs; the cost of benefit claims; lost tax receipts; housing costs through statutory homelessness applications; and criminal justice costs.
6. What are the social and economic benefits of gambling? How can they be measured and assessed?

Levy

7. Is the money raised by the levy adequate to meet the current needs for research, education and treatment? How effective is the voluntary levy? Would a mandatory levy or other alternative arrangement be more productive and effective? How should income raised by a levy be spent, and how should the outcome be monitored? What might be learned from international comparisons?

Research

8. How might we improve the quality and timeliness of research in the UK? What changes, if any, should be made to the current arrangements for funding, commissioning and evaluating research in the UK? What might be learned from international comparisons?
9. If, as the Responsible Gambling Strategy Board (RGSB)⁷⁰¹ has suggested, there is limited evidence on which to base sound decisions about gambling by children and young people, what steps should be taken to rectify this situation?

Education

10. Is enough being done to provide effective public education about gambling? If not, what more should be done?

Treatment

11. Are the services available for the treatment and support of people at risk of being harmed by gambling sufficient and effective? How might they be improved? What steps might be taken to improve the uptake of treatment, particularly among groups who are most likely to experience harm from gambling and least likely to seek help?
12. What steps should be taken better to understand any link between suicide and gambling?

Advertising

13. The RGSB has said that by not taking action to limit the exposure of young people to gambling advertising “we are in danger of inadvertently conducting an uncontrolled social experiment on today’s youth, the outcome of which is uncertain but could be significant.”⁷⁰² Do you agree? How should we make decisions about the regulation of gambling advertising? What might be learned from international comparisons?

Gambling and sport

14. Gambling is becoming an integral part of a growing number of sports, with increasingly close relationships between operators and sports clubs, leagues and broadcasters. What are the risks attached to this?

701 Now called the Advisory Board for Safer Gambling.

702 Responsible Gambling Strategy Board, *Children, young people and gambling: A case for action* (February 2018) p 12: <https://www.gamblingcommission.gov.uk/PDF/RGSB-Gambling-and-children-and-young-people-2018.pdf> [accessed 1 June 2020]

Gambling by young people and children

15. How are new forms of technology, including social media, affecting children's experiences of gambling? How are these experiences affecting gambling behaviour now, and how might they affect behaviour in the future?
16. The legal availability of certain forms of commercial gambling to under-18s in Great Britain is unusual by international standards and has been described as an 'historical accident'.⁷⁰³ Should young people between 16 and 18 be able to purchase National Lottery products, including draw-based games, scratch cards and online instant wins?
17. Should children be allowed to play Category D games machines (which include fruit machines, pushers and cranes)?

Lotteries

18. The restrictions on society lotteries were relaxed by the Gambling Act 2005, and there is concern that some of them are effectively being taken over by larger commercial lotteries. Is this concern well founded? If so, what should be done?
19. Should changes be made to the statutory regime governing the National Lottery, to bring it into line with the regime governing operators of other lotteries?

703 *Children, young people and gambling: A case for action*, p 2

APPENDIX 4: EXTRACTS FROM ELECTION MANIFESTOS

Conservative Party manifesto

We will legislate to make the UK the safest place in the world to be online—protecting children from online abuse and harms, protecting the most vulnerable from accessing harmful content, and ensuring there is no safe space for terrorists to hide online—but at the same time defending freedom of expression and in particular recognising and defending the invaluable role of a free press. Also, given how the online world is moving, the Gambling Act is increasingly becoming an analogue law in a digital age. We will review it, with a particular focus on tackling issues around loot boxes and credit card misuse.

Labour Party manifesto

We will address drug-related deaths, alcohol-related health problems and the adverse impacts of gambling as matters of public health, treated accordingly in expanded addiction support services.

A Labour government will curb gambling advertising in sports and introduce a new Gambling Act fit for the digital age, establishing gambling limits, a levy for problem gambling funding and mechanisms for consumer compensations.

Liberal Democrat Party manifesto

We know that there is a strong link between financial debt and suicide, with over 100,000 people in problem debt attempting suicide every year. A Liberal Democrat government will build a more compassionate culture towards those in debt by ending threatening debt collection practices and stopping firms profiting from consumers' poor mental health.

There are 340,000 problem gamblers in the UK including some 55,000 children aged 11 to 16. The Liberal Democrats will introduce further measures to protect individuals, their families and communities from problem gambling. We will:

- Introduce a compulsory levy on gambling companies to fund research, education and treatment of problem gambling.
- Ban the use of credit cards for gambling.
- Restrict gambling advertising.
- Establish a Gambling Ombudsman.

Scottish National Party manifesto

Having led the campaign against Fixed Odds Betting Terminals, the SNP will continue to tackle problem gambling, pushing the UK Government to treat it as a public health matter and tackle it with a joined-up strategy.

We will press for greater devolution of gambling regulation to the Scottish Parliament and press the UK Government to stop underage gambling on video games. We will support changes to charity lottery law to reduce bureaucracy and maximise returns to good causes and we will support a full public health inquiry into gambling related harm.

APPENDIX 5: ACRONYMS AND ABBREVIATIONS

ABB	Association of British Bookmakers
ABSG	Advisory Board for Safer Gambling Formerly the Responsible Gambling Strategy Board (RGSB)
ADR	Alternative Dispute Resolution
AGCs	Adult Gaming Centres
AGH	Action Against Gambling Harms
ALSPAC	Avon Longitudinal Study of Parents and Children
APMS	Adult Psychiatric Morbidity Survey
APPG	All Party Parliamentary Group
ASA	Advertising Standards Authority
BACTA	British Amusement Catering Trade Association
BCAP	Broadcast Committee of Advertising Practice
BEIS	Department for Business, Energy and Industrial Strategy
BGC	Betting and Gaming Council
BGPS	British Gambling Prevalence Survey
BHA	British Horseracing Authority
CAP	Committee on Advertising Practice
CBT	Cognitive Behavioural Therapy
CORE-10	Clinical Outcomes in Routine Evaluation 10
CPA	Cost per Acquisition
CQC	Care Quality Commission
DCMS	Department for Digital, Culture, Media and Sport
DfE	Department for Education
DHSC	Department for Health and Social Care
DPA	Deferred Prosecution Agreement
DSM	US Diagnostic and Statistical Manual of Mental Disorders
DWP	Department for Work and Pensions
ECDD	Enhanced customer due diligence
EFL	English Football League
EGBA	European Gaming & Betting Association
ESRC	Economic and Social Research Council
FA	Football Association
FCA	Financial Conduct Authority
FOBT	Fixed Odds Betting Terminal
FOS	Financial Ombudsman Service

FTA	Free-to-Air
GDPR	General Data Protection Regulation
GGY	Gross Gambling Yield
GRH	Gambling Related Harm
GwL	Gambling with Lives
HBLB	Horsrace Betting Levy Board
HMT	Her Majesty's Treasury
HSE	Health Survey for England
IBAS	Independent Betting Adjudication Service
ICD	International Classification of Diseases
ICO	Information Commissioner's Office
IGRG	Industry Group for Responsible Gambling
IPPR	Institute of Public Policy Research
LBO	Licensed Betting Office
LCCP	Licence Conditions and Codes of Practice
MRC	Medical Research Council
MHCLG	Ministry of Housing, Communities and Local Government
MOD	Ministry of Defence
MOJ	Ministry of Justice
NAO	National Audit Office
NDA	Non-disclosure Agreement
NICE	National Institute for Health and Care Excellence
NIHR	National Institute for Health Research
ODPS	On-demand programme services
ONS	Office for National Statistics
PAL	Premises agreed limit
PAT	Profit After Tax
PGSI	Problem Gambling Severity Index
PHE	Public Health England
PML	Personal Management Licence
PSHE	Personal, social, health and economic [education]
RAiG	Responsible Affiliates in Gambling
RGA	Remote Gambling Association
RET	Research, education and training
RGSB	See ABSG
SGBs	Sports governing bodies

SHeS	Scottish Health Survey
SOF	Source of funds
SOW	Source of wealth
UKRI	UK Research and Innovation
WHO	World Health Organization