



Government Response to the House of Lords Gambling Industry Committee Report: Social and Economic Impact of the Gambling Industry

December 2020



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Presented to Parliament
by the Secretary of State for Digital, Culture, Media & Sport
by Command of Her Majesty

December 2020



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GOVERNMENT RESPONSE TO THE REPORT OF THE HOUSE OF LORDS SELECT COMMITTEE ON THE SOCIAL AND ECONOMIC IMPACT OF THE GAMBLING INDUSTRY

Introduction

1. The government is grateful to the Committee for undertaking its thorough and wide ranging inquiry into the gambling industry and its impacts, and for the thought-provoking report it has produced.
2. The Committee has highlighted a number of important areas for our attention and this response sets out how we intend to address the issues identified in its more than fifty recommendations for the government and Gambling Commission. Work is already underway to deliver many of the Committee's objectives and new initiatives have been set into motion by its recommendations. We have committed to review the Gambling Act 2005 to make sure it is fit for the digital age and the priorities for action as set out in the Committee's report are reflected in the wide scope of that Review, details of which have been published separately. We share the Committee's goals of making gambling safer and tackling gambling harms, and we thank it for laying the groundwork for continued government progress, both as part of and separately to the Act Review.
3. As the Committee identified, it is necessary to maintain the right balance between the freedom to enjoy gambling as a leisure activity and the need to protect vulnerable people. The government recognises that, while the vast majority of those who gamble do so without experiencing even low levels of harm, some people and those around them experience very significant harm.
4. The Gambling Commission as industry regulator has broad powers to keep gambling fair, open, and crime free, while ensuring that there are protections in place for children and vulnerable people. However, as the Committee's report highlights, gambling – like many other sectors of the economy – has undergone rapid change. The Review of the Gambling Act will be a broad and evidence led consideration of whether changes are needed to the regulatory system to ensure our shared objectives are still being delivered. This will include consideration of the powers and resources that the Gambling Commission has to regulate the licensed market and tackle unlicensed operators, and whether changes are needed to the legislative framework which governs online and land-based gambling.
5. The Committee is also right to say that further progress to make gambling safer does not need to wait for the outcome of the Act Review. The Committee's report, alongside those of the National Audit Office and the Public Accounts Committee, and together with a thorough assessment of the impact of Covid-19, has helped shape the Gambling Commission's revised work plans. These will deliver rapid progress in some of the areas highlighted by the Committee. Beyond the sphere of industry regulation and the Review, the government is also committed to ensuring that there is specialist support for those who experience problems with gambling and that children and young people are supported to understand the risks.
6. We look forward to further engagement with Committee members during the course of the Gambling Act Review.

THE GAMBLING INDUSTRY

Offline gambling

The Committee's recommendations:

- ***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)***
- ***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)***
- ***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)***

Government response:

7. We agree that where maximum limits on stakes and prizes exist, these should be kept under review. We looked at stake and prize limits on all gaming machines recently in the Review of Gaming Machines and Social Responsibility Measures, and our consultation response – published in May 2018 – set out our intention to lower the maximum stake on B2 gaming machines from £100 to £2.¹ In reviewing the Gambling Act 2005 to make sure it is fit for the digital age, we will consider the evidence on whether additional measures at the product, or account, level are now required for online gambling products. We also want customers to be protected wherever they are gambling and so a primary objective of the Review of the Gambling Act will be to ensure an equitable approach to regulation across different types of operators.

8. The Gambling Act 2005 and subsequent secondary legislation created provisions for new styles of casino – ‘Large’ and ‘Small’. These are able to offer a greater number of gaming machines than those originally licensed under the Gaming Act 1968, subject to additional requirements including a minimum area of non-gambling space and a ratio of live tables to machines. At the time of their introduction, the government intended to review the operation of these casinos in 2014. However, in 2014 only two of these new style casinos had opened, compared to the seven (four Large and three Small) now in operation. We have considered the Committee's recommendation and agree that the time is now right to examine how the entitlements and requirements introduced for casinos in the 2005 Act have supported the government's objectives. The Gambling Act Review provides an opportunity for us to do this, and to consider next steps for casino regulation more widely.

9. The government agrees that adequate supervision by trained staff is an essential regulatory control for betting premises. The Gambling Commission has imposed general

¹ Department for Digital, Culture, Media and Sport, [‘Government response to the consultation on proposals for changes to Gaming Machines and Social Responsibility Measures’](#), 2018

requirements on betting operating licences regarding staff supervision. Licensees who provide facilities for gambling are required to ensure appropriate supervision of those facilities by staff at all times. In addition, the Gambling Act 2005 provides local licensing authorities with powers to set individual conditions for a premises licence when they grant licences or following a review. Local licensing authorities can use these powers to specify conditions relating to minimum staffing levels and a number of licensing authorities have done so where they considered that appropriate.

Online gambling

The Committee's recommendations:

- ***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)***
- ***We recommend that the Government should work with the Gambling Commission to establish a category system for online gambling products. (Paragraph 185)***
- ***The Government and the Gambling Commission should use the online product categories to set stake limits for online gambling products. (Paragraph 186)***
- ***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)***
- ***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)***

Government response

10. The government and the Gambling Commission are committed to making gambling products and platforms safer by design and we regard the question of protections around online gambling to be a central issue for the Review of the Gambling Act. Through our call for evidence, we hope to gather specific evidence to inform proposals in this area.

11. Problem gambling is a complex issue and the factors that contribute to its development vary from person to person. It is true that certain forms of gambling are associated with higher levels of problem gambling, but it is also the case that problem gamblers often engage in multiple forms of gambling activities and that all products are associated with some degree of problem gambling. No form of gambling is risk free, and environmental, personal and other factors play a role in the development of problem

gambling, which is why the government considers the monitoring of individual player behaviour to identify signs of harm an essential means of protecting vulnerable consumers.

12. Requirements on operators to undertake individual monitoring exist alongside their obligations to ensure that products are designed responsibly and minimise the likelihood that they exploit or encourage problem gambling behaviour. The Gambling Commission's remote technical standards specify that games must not include features that undermine a customer's control over how much is staked on each game, encourage customers to chase losses, or encourage customers exiting a game to continue playing (for example, by being offered a free game).

13. Online games must be independently tested prior to being made available to consumers. While the current framework is focused on ensuring that games operate in a fair and open manner, the Commission recently concluded a consultation on proposals to tighten the requirements on how online games are designed, focusing on those games with a higher prevalence of problem and at-risk gambling. Proposals included new requirements to reduce the intensity of play on online slot games – the largest online gambling product by gross gambling yield – by mandating a minimum spin speed and removing auto-play functionality. Controls on other features which encourage players to play multiple slots games at the same time or give the illusion of 'false wins' and accelerate play are also being considered.

14. Additionally, we recognise that the more we tighten the regulation of the licensed sector, the more we need to ensure we have the right measures in place to prevent the black market moving in. While the Gambling Commission has been successful in using payment blocking, where payment providers can be identified, as part of its approach to tackle unlicensed websites, there continues to be fast and extensive innovation in the payments sector. Therefore, we are also seeking evidence on the extent and risk of the black market in our consideration of the Gambling Commission's powers through the Gambling Act Review.

REGULATION

Gambling Commission

The Committee's recommendations:

- ***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)***

- ***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)

- ***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)***
- ***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)***

Government response:

15. The Gambling Commission's regulation of commercial gambling is funded through fees paid by licence holders, which are set by the Secretary of State via secondary legislation, and therefore subject to Parliamentary approval. The Commission has the power to determine how its funding is spent in order to discharge its statutory functions as set out in the Gambling Act. The current fees are calculated in bands according to gross gambling yield and the Commission's income in 2019/20 was £19.9 million.² The Gambling Commission has intensified its regulatory activities in recent years to keep pace with a changing market, and we are already considering proposals from the Gambling Commission for an uplift in fees under the current provisions in the 2005 Gambling Act. In addition, the Review of the Gambling Act 2005 aims to ensure that the regulation of gambling in Britain is fit for the digital age, and making sure the Gambling Commission has the flexibility and resources to adapt to changes brought by evolving technology will be an essential aspect of this work.

16. The Gambling Act 2005 sets out that the Gambling Commission should only license gambling where it is 'reasonably consistent' with the licensing objectives, including the protection of children and vulnerable people. This takes account of the complex interplay of risks associated with gambling and seeks to strike an appropriate balance between consumer protection on one hand and consumer choice on the other. We have not seen evidence which demonstrates that the existing wording of Section 22 of the Act is a barrier to the Commission or the government's efforts to minimise gambling harm. As the Committee notes, the protection of children and vulnerable people is already a core objective of the Gambling Commission, and there is no regulatory model, including prohibition, which can completely remove the risk of harm. The Commission recently published its National Strategic Assessment, which set out the risks to consumers and the public from gambling and the Commission's priorities to address them.

17. Central to the Gambling Commission's ability to minimise harm is its capacity to sanction operators who fail to act responsibly. The Commission has a range of powers of sanction at its disposal and we agree that all of these, up to and including licence revocation, should be considered and applied where failings are uncovered. The Gambling Commission

² Gambling Commission, 'Annual Report and Accounts 2019-20', 2020

reviewed and strengthened its enforcement strategy in 2017 and introduced higher sanctions for breaches, particularly where failings are systemic or repeated. Since the strategy was reviewed in October 2017, the Commission has revoked 9 operator licences and 7 Personal Management Licences.³ In addition, the value of financial penalties has increased from an average of £587,000 per case in the year 2016/17, to an average of £3.1 million per case for the current financial year so far. All cases are handled on their individual facts and in accordance with the Commission's Statement of Principles for Determining Financial Penalties and the Indicative Sanctions Guidance.⁴

18. The Gambling Commission uses the full range of its regulatory tools and it is only in a limited number of cases that compliance interventions prove insufficient to address identified risks and the use of enforcement powers is required. During 2019/20 for instance, the Gambling Commission conducted an extensive programme of activity including completing 101 full assessments of 90 operators, 257 targeted assessments of 185 operators, 33 website reviews, 234 security audits and 61 personal licence reviews. The Commission also took action against gambling companies' senior management teams, commencing reviews on 49 Personal Management Licence holders – with outcomes varying from a requirement for training, to additional licence conditions, to warnings, to licence revocations.⁵

19. The government monitors the effectiveness of the Gambling Commission as industry regulator on an ongoing basis. Regular meetings take place to discuss progress on specific initiatives, as well as six-monthly performance review meetings as set out in the management agreement where performance, risk and finance are discussed. The government and the Commission are working to review its key performance indicators following recommendations from the National Audit Office and Public Accounts Committee. In addition, as part of the Gambling Act Review, we are looking at whether the regulatory system is delivering our objectives, particularly calling for evidence on whether the Gambling Commission's powers of investigation, enforcement and sanction are sufficient to effect change in operator behaviour and raise standards across the industry, or if there is scope for the Commission's existing powers to be used differently or more effectively to that end.

Licensing of affiliates

The Committee's recommendation:

- ***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)***

Government response:

³ These figures refer to revocations resulting from reviews carried out under s116 of the Gambling Act 2005 and therefore do not include, for example, automatic revocations for non-payment of a licence fee

⁴ Gambling Commission, '[Statement of principles for determining financial penalties](#)', 2017

⁵ Gambling Commission, '[Raising Standards for Consumers: Compliance and Enforcement Report 2019-20](#)', 2020

20. The government shares the Committee's concerns about the risks posed by marketing affiliates, and agrees that there have been too many examples of affiliates acting unscrupulously in their practices. When these practices came to light, the Gambling Commission and Advertising Standards Authority (ASA) made completely clear that gambling licensees are responsible for the actions of their affiliates.

21. It is an operator's obligation to ensure that the affiliates or other third parties they choose to contract with are reputable and rule abiding, and if operators fail in this regard they face sanction. This provision and its interaction with other licensing requirements sets out a clear and robust means of addressing failings which arise from licensees' arrangements with third parties, including the thousands of marketing affiliates currently in operation. Where licensees, or affiliates acting on their behalf, have seriously or repeatedly breached the advertising rules, the Commission has used its regulatory powers. For example, enforcement cases have led to financial penalties against BGO, Lottoland and LeoVegas.⁶

22. As the Committee heard in their oral evidence from industry on 4th February 2020, this provision has proved effective at ensuring licensees exert greater control over their affiliate programmes and that risk is minimised. We have concerns about the potential for a move to licensing affiliates to reduce operator accountability for the actions of their affiliates, but encourage licensees and the affiliate industry to continue working together to raise standards. We will also look at issues related to gambling marketing and advertising as part of the Review of the Gambling Act 2005.

The house edge

The Committee's recommendation:

- ***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)***

Government response:

23. The government agrees that it is important for consumers to have access to information which enables them to make informed choices, and the Gambling Commission has started work to improve requirements on operators in this area. The Gaming Machine (Circumstances of Use) Regulations 2007 require that all gaming machines (except some Category D gaming machines) display information about the proportion of amounts paid to use a machine that is returned by way of prizes, or about the odds of winning a prize. Gaming machines must state the 'percentage returned to player' figure, from which the proportion of stake retained can be deduced.

⁶ Gambling Commission, '[Gambling business fined £300,000 for misleading advertising](#)', 2017; '[EU Lotto Limited trading as Lottoland: Regulatory settlement following a licence review](#)', 2017; '[LeoVegas penalised for advertising and marketing failings](#)', 2018

24. The Gambling Commission's remote technical standards mandate that online gaming products publish:

- a. a description of the way the game works and the way in which winners are determined and prizes allocated,
- b. house edge (or margin),
- c. the return to player percentage, or
- d. the probability (likelihood) of winning events occurring.

25. Research commissioned by GambleAware identified better communication of concepts such as house edge, return to player and game volatility as a key area for improvement in order to aid player understanding.⁷ That study also observed that players often struggle to understand 'industry jargon' and associated mathematical concepts. Further consideration is being given to identify the metric or range of metrics that would best inform consumer decision making.

Regulation by local authorities

The Committee's recommendation:

- ***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)***

Government response:

26. Like many sectors of the economy, the gambling industry is seeing a significant and ongoing shift to online. Between the financial years 2015-16 and 2018-19, the gross gambling yield of the land-based gambling sector fell by 6.5%, while that of the online sector grew by 18% in real terms.⁸ This change in consumer preferences was reflected in falling numbers of land-based premises. From March 2016 to March 2020 the number of gambling premises operated by Gambling Commission licensees fell by 13%.⁹ In addition to the impact of the stake cut to B2 gaming machines in betting shops, the entirety of the land-based sector has been affected by the impacts of Covid-19 and the long term consequences of this are not yet known.

⁷ Revealing Reality, 'Responsible Gambling: Collaborative innovation identifying good practice and inspiring change', 2017

⁸ National Audit Office, 'Gambling Regulation: problem gambling and protecting vulnerable people', 2020. These are figures adjusted for inflation by the National Audit Office. Figures not adjusted for inflation but including provisional data for the year to March 2020 have been published by the Gambling Commission and can be found in 'Gambling Industry Statistics: April 2015 to March 2020', November 2020

⁹ Gambling Commission, 'Gambling Industry Statistics: April 2015 to March 2020', November 2020. Data for the year to March 2020 is provisional.

27. The government is keen to understand more about the immediate and long term effects of these changes. We will seek views from licensing and local authorities on what, if any, changes they want to see made to their powers, and consider these alongside any evidence they can provide to demonstrate the necessity for these changes. The Gambling Act Review will also consider the balance between online and land-based gambling to make sure we have an equitable approach to the regulation of different types of operator.

GAMBLING RELATED HARM

The scale of the issue

The Committee's recommendations:

- ***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)***
- ***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)***

Government response:

28. We agree with the Committee that a robust evidence base is essential to effective policy making and regulation, and in order to make progress in this area we are working with experts to develop a model that delivers the data and insights we need to more fully understand gambling in Britain.

29. Firstly, the Gambling Commission has commenced a review of the research structures it uses to track participation in gambling and the prevalence of at-risk and problem gambling. That review is examining options for consolidating the multiple survey vehicles currently used by the Gambling Commission into a single robust, efficient and flexible approach. The Commission will be publishing a consultation to seek input from interested parties including experts in the field later this year, with outcomes implemented during 2021.

30. Secondly, the Gambling Commission is also piloting a new set of questions on its quarterly online omnibus survey to understand the public's experience of gambling-related harms. This builds on work by academics to develop a framework of harms and focuses on the themes of health, financial and relationship based harms.¹⁰ The first wave of this survey data was collected in June, with a further wave to be completed in December. Subject to appropriate validation, this data will provide valuable insight into the type, severity and extent of gambling harm being experienced and provide a rich dataset to sit alongside more regular tracking of problem and at-risk gambling rates.

¹⁰ Wardle H and others, 'Measuring gambling-related harms: A framework for action', 2018

31. Thirdly, the Gambling Commission has commissioned work to scope the feasibility of a longitudinal study of gambling behaviours and problem gambling, and to make recommendations about how such a study would best be conducted.¹¹ This will be taken into account in determining the next steps on research, as will the major evidence review by Public Health England (PHE) looking at the prevalence and impacts of gambling-related harms. Following the announcement of the new National Institute for Health Protection (NIHP), which will take on PHE's existing health protection role, DHSC is establishing a programme of work to establish the right future system and organisational arrangements for protecting and improving the health of individuals and our population. Work has begun to establish the new NIHP by Spring 2021. The government remains committed to tackling gambling-related harms and this will continue to be a priority regardless of our future approach, with PHE's evidence review expected to be published in early 2021.

32. The government is also working with the Economic and Social Research Council (ESRC) and National Institute of Health Research (NIHR) to understand how the pool of academic researchers looking at gambling and gambling harms can be widened and encouraged.

A health issue

The Committee's recommendations:

- ***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)***
- ***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)***
- ***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)***

¹¹ The scoping study can be found on this webpage:
<https://www.reducinggamblingharms.org/news/update-on-gambling-commission-research-actions-to-support-the-national-strategy-to-reduce-gambling-harms>

- ***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)***

Government response:

33. The Department for Digital, Culture, Media and Sport (DCMS) is the lead department for a range of cultural and leisure activities, including gambling. This work includes the department's sponsorship of the Gambling Commission, the independent statutory industry regulator charged with licensing the industry to ensure that gambling is crime free, conducted in a fair and open way and that children and the vulnerable are protected from gambling harm. The Gambling Commission also has a statutory duty to advise the Secretary of State on developments in the market and the regulation of the industry. DCMS monitors the effectiveness of the legislation that underpins the regulation of gambling and ensures it is kept up to date. DCMS led the Review of Gaming Machines and Social Responsibility Measures, published in 2018, which concluded that the maximum stakes on B2 gaming machines should be reduced from £100 to £2 alongside other steps to increase protections.

34. DCMS works closely with other departments on work to tackle gambling-related harm, with the Department of Health and Social Care (DHSC) leading on the treatment of problem gambling alongside other forms of addiction such as drugs and alcohol, the Department for Education leading on the provision of information about the risks of gambling to children as part of the curriculum, and the Home Office leading on crime related to gambling.

35. Protecting children and vulnerable people from gambling-related harm has long been a priority for government. We have already delivered on our manifesto commitment to ban gambling on credit cards and, despite the pressures Covid-19 has placed on the government's resources, have now announced the wide scope of the Review of the Gambling Act 2005.

Suicide

The Committee's recommendations:

- ***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)***
- ***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)***
- ***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)

- ***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)***

Government response:

36. Tackling gambling as a societal driver of suicide is one of the priorities highlighted in the fourth progress report of the National Suicide Prevention Strategy, published in 2019.¹² The 2019 Cross-Government Suicide Prevention Workplan highlights work across government to explore the impact of problem gambling and suicide.¹³ We continue to work towards improving our understanding of the link between suicide and gambling.

37. DHSC has commissioned NHS Digital to procure the 2021 Adult Psychiatric Morbidity Survey. NHS Digital will run a tender exercise this year to procure a supplier that will carry out the survey. We will consider the inclusion of questions on gambling and take these into account when designing the next survey. We expect the survey to be finalised early next year.

38. The government recognises that quality information on the circumstances leading to self-harm and suicide, including gambling issues, can support better interventions. However, in order to be useful this information must be consistent, which we do not consider achievable through doctors' notifications to coroners. This is because, as the Committee points out, doctors may apply differing criteria or not identify gambling to be a factor. Further, not all deaths subject to a coroner's investigation, including deaths by self-harm or suicide, will have been notified by a medical practitioner. Therefore, the information that could be collected through doctors' notifications would be partial at best.

39. In addition, this would require medical practitioners to provide coroners with information that, in many cases, would not be relevant to their investigation or subject to the coroner's consideration. As the Committee observes, it is generally beyond the coroner's jurisdiction to determine why someone died, with the aim of an inquest being to determine who died, and how, when and where they died. This is for a number of reasons, including the fact that a coroner's investigation is a fact-finding exercise and coroners are forbidden by statute to apportion civil or criminal liability. We note that the circumstances in which the doctor's duty to notify arises, listed in regulations 3(1)(a) and 3(1)(b) of the Notification of Deaths Regulations 2019, all relate to the question of 'how' someone died and not 'why' they died.

¹² HM Government, '[Preventing Suicide in England: Fourth progress report of the cross-government outcomes strategy to save lives](#)', 2019

¹³ HM Government, '[Cross-Government Suicide Prevention Workplan](#)', 2019

40. Nonetheless, where a doctor considers information about the motivation or contributory factors in a suicide could be relevant, they already have a duty under Regulation 4(4) to notify the coroner and may also share any information which they deem pertinent.¹⁴

41. As part of the Long-Term Plan, NHS England and Improvement is improving referral routes for mental health services in primary care by focusing on the integration of services. An important part of that plan is ensuring patients get the right care at the right time. The NHS has committed to setting up 15 Specialist Gambling Clinics by 2023/24, and this expansion will form an integral part of our overall mental health support offer.

42. In addition, GambleAware recently commissioned the Primary Care Gambling Service, led by Dr Clare Gerada, to develop a Competency Framework for Primary Care Practitioners. The framework, to be developed in partnership with other stakeholders, including the Royal College of General Practitioners, seeks to improve the responsiveness of GPs as a gateway to care for problem gambling and to create a standardised approach to problem gambling across the primary care system.

Affordability checks

The Committee's recommendations:

- ***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)***
- ***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)***
- ***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)***
- ***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)***

¹⁴ The Ministry of Justice publishes annual statistical data on deaths referred to and investigated by coroners, including data on inquest conclusions, which is available at: <https://www.gov.uk/government/collections/coroners-and-burials-statistics>

- ***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)***

Government response:

43. We agree that there have been too many examples of people being able to spend large sums of money that they could not afford on gambling, and we thank the Committee for their conclusions and recommendations in this important area. As part of the Review of the Gambling Act, we are seeking evidence on the case for further controls on online gambling accounts, including those based on affordability.

44. However, we are not waiting for the Gambling Act Review to take action in this area. The Gambling Commission is, as recommended by the Committee, already consulting and calling for evidence on proposals to strengthen requirements on licensees to identify and interact with customers who may be at risk of harm. Alongside clear expectations on affordability checks, this consultation includes questions for discussion around markers of harm, how to identify and respond to vulnerability and how best to respond to risks for customers in particular situations.

45. Putting effective controls in place to minimise the risk of consumers gambling more than they can afford brings a number of considerations, including the need to strike an appropriate balance between player protection and the freedom of individuals to choose how they spend their money. One of the main challenges to implementation is the ability of individuals to circumvent operator-led controls by gambling with a number of different companies. To tackle this, the Gambling Commission has challenged the industry to develop solutions to enable protections for players to be applied across different gambling companies. Building on the implementation of self-exclusion across all operators, this is a step that would enable customer interaction to be based on information about activity across all online operators.

46. In February, prior to the Covid-19 disruption, the Gambling Commission brought together experts from the gambling and technology industries for a two day event to discuss how to create a single, industry-wide solution to help reduce gambling harm, in particular where individuals have multiple online accounts. This initiative is being supported by the Information Commissioner's Office (ICO), which presented at the event and is advising on how to draw up a Code of Conduct and the practicalities around setting up a pilot of different methods before deployment. Where the industry fails to develop satisfactory solutions, the Gambling Commission will mandate measures to deliver the outcomes required.

47. The government believes that the financial services sector has an important role to play in helping people monitor and manage their gambling spend. In February 2019, the Secretary of State for DCMS convened a roundtable of representatives from the financial services industry to discuss what more banks could be doing in this regard. We are pleased that following these conversations, a number of banks have rolled out gambling transaction blocks to their customers. Recent research by the University of Bristol has suggested that 60% of personal current accounts now offer opt-in gambling transaction blocks, and we

encourage those banks and other financial services which do not yet offer this service to their customers to do so, and to follow best practice in their design.¹⁵

VIP schemes

The Committee's recommendations:

- ***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)***
- ***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)***
- ***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)***

Government response:

48. VIP schemes can be broadly defined as schemes which offer tailored or personalised incentives linked to high value spend or frequency of play. We share the Committee's concern about past operator failings in this area and are taking action to address its recommendations. The Gambling Commission has prioritised work to tackle the risks associated with VIP schemes and continues to take robust action where failings are uncovered. For example, in April 2020, the Commission ordered Caesars Entertainment UK Limited to pay £13 million and implement a series of improvements following failures involving VIPs. As a result of this investigation three senior managers at the company surrendered their personal licences.¹⁶

49. Based on evidence from compliance and enforcement work and feedback from those with lived experience of gambling harm, the Gambling Commission concluded that the regulatory requirements that cover all customers have not been tailored and applied effectively to VIPs. In response, the Commission imposed new mandatory requirements for the management and incentivisation of VIPs, which came into force at the end of October 2020.

50. However, should the industry fail to make significant improvements on the back of the new rules, the Commission has been clear that there remains scope for further restrictions. In addition, the government is seeking evidence on the harms and benefits of

¹⁵ Evans J, Collard S and Fitch C, 'A Blueprint for Bank Card Gambling Blockers', 2020.

¹⁶ Gambling Commission, 'Systemic failings at Caesars Entertainment leads to the departure of three senior managers and sanctions of £13m', 2020

operators' ability to provide customers with promotional offers, bonuses and other incentives – both within and separately from VIP schemes – to inform the Review of the Gambling Act.

Self-exclusion

The Committee's recommendation:

- ***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)***

Government response:

51. We agree with the Committee that those who have taken the important step to self-exclude from gambling should not be contacted by operators during their period of exclusion. The Gambling Commission has already imposed requirements on operators to prevent any marketing material being sent to a self-excluded customer. These requirements apply to self-exclusion either directly with licensees or via GAMSTOP. Operators are also required to take steps to remove the name and details of a self-excluded individual from any marketing databases they use (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. They are also held responsible for any breach of these requirements by affiliates acting on their behalf.

52. These requirements cover any marketing material relating to gambling except general marketing (for example, newspaper adverts), where the excluded individual would not knowingly be targeted.

A duty of care

The Committee's recommendation:

- ***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

The Committee's recommendation:

- ***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)***

Government response:

53. The Committee is right to highlight the importance of ensuring that operators are held accountable for their failings, and that customers who believe they have been harmed by these failings have access to a fair and effective avenue of redress. Ensuring vulnerable people are protected from gambling harm is a priority for the government. Our aim is to prevent harm being caused through poor operator practice in the first place, and thereby minimise the need for consumers to seek redress. Gambling operators must already abide by strict licensing requirements or face firm action from the Gambling Commission, up to and including loss of their licence to operate. This regulatory regime acts as a deterrent against negligent or irresponsible operator behaviour. In addition, a dispute resolution mechanism is in place for complaints that are principally contractual in nature (for instance, where they relate to an operator's terms and conditions).

54. As outlined in the terms of reference for the Gambling Act Review, the government will now consider the evidence on the suitability of the current redress arrangements, and the benefits and disadvantages of any alternatives to the current approach.

CHILDREN AND YOUNG PEOPLE

Loot boxes

The Committee's recommendations:

- ***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)***
- ***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)***

Government response:

55. The government committed in its manifesto to tackle issues around loot boxes, and in its response to the report of the Digital, Culture, Media and Sport Select Committee on immersive and addictive technologies, the government announced that it would be issuing a call for evidence on loot boxes. That call for evidence launched on 23 September, and closed on 22 November.

56. The government will set out next steps on loot boxes early next year once the evidence gathered has been considered. The government will take action should the outcomes of the call for evidence on loot boxes support taking a new approach to ensure users, and particularly young people, are protected.

Underage gambling and problem gambling

The Committee's recommendation:

- ***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)***

Government response:

57. The government agrees with the Committee that it is important to test controls designed to protect children and young people to monitor their efficacy. Larger bingo, arcade and betting operators, and all casinos are required to conduct test purchasing (either directly or as part of a collective programme) as a means of providing reasonable assurance that their policies and procedures to prevent underage gambling are effective.¹⁷

58. Operators of gambling premises can also be subject to test purchase exercises undertaken by licensing authorities. Whether to undertake test purchasing on gambling premises is subject to an individual licensing authority's decision on regulatory and resourcing priorities.

59. Data collected by the Gambling Commission on licensing authority activity for the year ending March 2020 has been delayed due to Covid-19, but in the year ending March 2019, 140 test purchases were conducted by licensing authorities.¹⁸ While this represented an increase on the previous year, this increase was largely due to a co-ordinated piece of work testing gaming machines in pubs. Examples of action taken in response to licensing authority led test purchasing operations are set out on the Gambling Commission's website.¹⁹ The Commission will continue to support those licensing authorities, local police or trading standards who decide to undertake test purchasing in response to heightened risk or as part of their general legal and regulatory oversight.

60. Gambling companies that operate a large number of premises across many local authority areas around the country have entered into Primary Authority schemes.²⁰ Licensing authorities seeking to undertake test purchasing are encouraged to use a test purchasing protocol and methodology set by the Primary Authority.

61. An extensive test-purchasing scheme is also employed by the National Lottery operator. This involves participants who are over the age of 16, but young enough to warrant an identification check, attempting to purchase National Lottery products from retail premises. The operator's licence requires it to conduct 11,600 such tests per financial year, and the Commission receives regular reporting covering both the pass rate (which is

¹⁷ Bingo, arcade and betting operators in fee category C or above.

¹⁸ Gambling Commission, '[Licensing Authority statistics: April 2014 to March 2019](#)', 2020

¹⁹ Gambling Commission, '[Test purchasing and age verification toolkit](#)'

²⁰ Gambling Commission, '[Premises assessments toolkit](#)'

consistently in excess of 90%) and the action taken by the operator in response to instances of non-compliance.

62. The government also believes that effective controls must be in place to ensure that the age limit is consistently enforced online. The Gambling Commission acted to strengthen requirements for age verification in May 2019 to specify that operators must verify a customer's age before allowing them to deposit money or place a bet. We are inviting evidence on the effectiveness of existing controls as part of the Gambling Act Review.

63. Findings from the Gambling Commission's Young People and Gambling Survey 2019 indicate low rates of online gambling participation, with 7% of children reporting they have ever gambled online. That survey also found that more children had used their parent's account to gamble online with that parent's permission (5%) than without (2%).²¹ This suggests that there is scope for parents and guardians to do more to ensure that children are not engaging in gambling activities which the law does not permit.

Minimum age for gambling

The Committee's recommendations:

- ***The minimum age at which an individual can buy any National Lottery product should be raised to 18. (Paragraph 461)***
- ***The minimum age at which an individual can take part in any online gambling should be raised to 18. (Paragraph 473)***

Government response:

64. The age of 18 is widely recognised as the age at which one becomes an adult. At 18, people gain full citizenship rights and responsibilities, and are trusted to participate in activities which carry risks of harm, such as drinking alcohol and smoking tobacco. The government recently published a response to its 2019 consultation on whether to raise the minimum age for playing National Lottery games. Owing to emerging evidence of harm, public opinion and the importance of protecting young people, we have decided to increase the minimum age to play National Lottery games to 18. The legislative change will come into force in October 2021.

65. The vast majority of online gambling regulated under the Gambling Act 2005 licensing framework is subject to a minimum age limit of 18 years. The age limit on society lotteries, which is another exception, will be considered as part of the Gambling Act Review.

Children at racecourses

The Committee's recommendation:

²¹ Gambling Commission, 'Young People and Gambling Survey 2019', October 2019

- ***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)***

Government response:

66. The government agrees that test purchasing at race meetings is important to protect children from gambling harm. The volume and regularity of testing is determined by the Commission’s assessment of risk and available resources. The cost of a significant increase in testing would need to be recouped via the licence fees paid by operators, the racecourses or both.

67. In 2019, the Gambling Commission undertook a joint exercise with regulatory partners to test the compliance of on-course bookmakers. The exercise resulted in the commencement of seven licence reviews for failed test purchases.²²

68. Following compliance and enforcement activity by the Gambling Commission, on-course bookmakers take part in collective test-purchasing programmes organised by the Federation of Racecourse Bookmakers and British Racecourse Bookmakers' Association who share the results of these programmes with the Commission.

ADVERTISING

Effect of advertising

The Committee’s recommendation:

- ***The Government should commission independent research to establish the links between gambling advertising and gambling-related harm for both adults and children. (Paragraph 494)***

Government response:

69. A major piece of research commissioned by GambleAware looking at the effect of gambling advertising and marketing on children, young and vulnerable people was published this year. That study found that exposure to gambling advertising was not amongst the factors correlated most closely with gambling participation amongst 11-24 year olds.²³ However, that research also provided insight into the characteristics of adverts that may appeal to children. In light of this research, the Committee of Advertising Practice (CAP), who oversee the codes on advertising content, is currently consulting on lowering the threshold at which an advert can be banned on the basis of its appeal to children. This

²² Gambling Commission, ‘On course bookies face licence reviews’, 2019

²³ Ipsos MORI, ‘The effect of gambling advertising and marketing on children, young people and vulnerable adults’, 2020

complements separate work being undertaken by CAP to review its guidance on ensuring age restricted advertising is not targeted at children and to ensure it is up to date and reflects recent ASA rulings. Figures published by the ASA indicate that children saw an average of 2.5 gambling ads per week on TV in 2019, and that their exposure to sports betting advertising fell to just 0.3 adverts per week.²⁴ We will continue to monitor the data on this issue closely.

70. Studies looking at the impact of advertising on adult gambling behaviours have indicated that exposure to advertising may be linked to a greater propensity to gamble.²⁵ However, the existing evidence base does not demonstrate a causal link between exposure to gambling advertising that complies with the current rules and problem gambling. The government will keep this under review and has announced that it will consider evidence relating to gambling marketing and advertising as part of the Review of the Gambling Act 2005.

Sport and advertising

The Committee's recommendations:

- ***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)***
- ***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)***
- ***These restrictions should not apply to horseracing or greyhound racing. (Paragraph 526)***

Government response:

71. We are aware of public concerns about gambling operator sponsorship and branding around sport and are grateful to the Committee for highlighting this area. We have called for evidence on this topic as part of the Review of the Gambling Act 2005.

72. Sponsorship is a significant source of income for British sporting bodies, including horseracing and football clubs which play in leagues below the Premier League. These organisations are free to enter into commercial agreements with gambling operators as long as these are carried out in a socially responsible manner, and the government has been clear that sporting bodies must consider their responsibility to the welfare of fans and supporters when agreeing such deals.

²⁴ Advertising Standards Authority, '[Children's exposure to age-restricted TV ads: 2019 update](#)', 2019

²⁵ Bouguettaya A and others, '[The relationship between gambling advertising and gambling attitudes, intentions and behaviours: a critical and meta-analytic review](#)', 2019

73. The Gambling Industry Code for Socially Responsible Advertising sets out that sponsorship activities must never be targeted at children.²⁶ Operators are prohibited from allowing their logos to appear on merchandise designed for use by children, including replica football shirts.

74. In August 2019, industry made a voluntary commitment to ban betting adverts shown during live sport before the 9pm watershed. Although betting operators no longer run TV adverts during matches, brand marketing in the form of gambling operator logos may be seen on player shirts and pitch-side hoardings or signage which appear on screen during televised matches. To date, the government has not seen evidence demonstrating a causative link between exposure to operator logos in this context and problem gambling in children or adults. Nor have we seen evidence that a familiarity with operator logos is linked to problem gambling. We are aware of studies which suggest a link between awareness of betting brands and intentions of young people to gamble in the future, but note Professor Forrest's evidence to the Committee that limited weight should be placed on findings which centre on intention to gamble rather than actual gambling behaviour.²⁷

Bet to view

The Committee's recommendations:

- ***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)***
- ***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)***

Government response:

75. The government believes sporting bodies have the right to benefit from commercial arrangements, including selling the rights to stream and televise coverage of matches and events. These arrangements can provide valuable income streams for sports but we are clear that all sporting bodies have a responsibility to ensure fans are protected from the risks of problem gambling.

76. As the Committee notes in its report, offering customers the opportunity to watch live or recorded sport is a longstanding practice of gambling operators and has been commonplace since it was allowed in 1986. Many bookmakers shops contain screens on which customers can watch live horseracing, greyhound racing and other sports. Similarly, online gambling operators stream sports on their websites or through their apps. The

²⁶ Industry Group for Responsible Gambling, 'Gambling Industry Code for Socially Responsible Advertising (6th Edition)', 2020

²⁷ Forrest D, 'Written evidence (GAM0123)', 2020

streaming of live sporting events is popular with some customers who choose to watch how their betting selection performs, as with the screening of live sports in betting premises.

77. The requirement to have a funded – and therefore age and identity-verified – account to access the streams means that under 18s or those who have self-excluded are prevented from using betting websites to watch sports. Where gambling operators advertise their streams they are bound by strict content, appeal and targeting rules enforced by the ASA.

78. The Gambling Commission and government have not seen clear evidence that allowing operators to show or stream sport poses a risk to the licensing objectives, including the protection of children and vulnerable people. We will continue to monitor the evidence on this issue, including on the effectiveness of the existing protections, and will be looking at the wider issue of promotional offers and other incentives offered to consumers as part of the Review of the Gambling Act.

Direct marketing

The Committee's recommendations:

- ***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)***
- ***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)***

Government response:

79. We thank the Committee for highlighting the risks of advertising and marketing that seeks to create a sense of urgency to bet, and the potential for inducements to be used to exploit vulnerable customers.

80. Gambling advertising in Britain is subject to strict rules on content that already prohibit adverts which seek to create a sense of urgency about placing a bet, and prevent operators targeting marketing to self-excluded customers. Operators that fail to abide by these rules face sanction by the ASA and, in the case of repeat offenders, risk enforcement action by the Gambling Commission. Action taken against the online operator Leo Vegas is one of a number of examples where the Commission has enforced these rules.²⁸

81. The government shares the Committee's concerns around inducements. Incentives and promotions are subject to a range of specific licence conditions and codes of practice which requires them to be socially responsible and not designed to increase gambling intensity by making customers gamble harder or faster. In addition, in 2019 the Commission

²⁸ Gambling Commission, '[LeoVegas penalised for advertising and marketing failures](#)', 2018

concluded a large-scale joint investigation with the Competition and Markets Authority which resulted in new standards to ensure consumers are treated fairly and not misled, particularly in relation to inducements.

82. In response to the Covid-19 lockdown, the Gambling Commission has further strengthened its customer interaction guidance to prevent gambling businesses offering bonuses or promotions to customers displaying indicators of harm and is now consulting on making this a formal requirement.

83. Regarding consumer opt-in, gambling companies are only allowed to contact consumers with electronic direct marketing if that consumer has given their informed and specific consent, and consumers must be given the opportunity to withdraw consent every time they are contacted. These are legal requirements enforced by the ICO which have been reflected in the Gambling Commission's Licence Conditions and Codes of Practice since 2018. The Gambling Commission works closely with the ICO to monitor and enforce standards.

84. We are concerned that a rule restricting all direct marketing and offers of free bets and other incentives or promotions to members of opt-in VIP schemes risks incentivising operators to expand these schemes as widely as possible, and incentivising customers to look to join these schemes. However, we will seek and consider evidence on promotional offers provided both through and separately to VIP schemes as part of the Gambling Act Review so that a range of options can be considered.

RESEARCH, EDUCATION AND TREATMENT

Funding of research, education and treatment

The Committee's recommendations:

- ***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)***
- ***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)***

Government response:

85. In July 2019, five of the largest gambling operators pledged to increase their donations to research, education and treatment of problem gambling tenfold over four years, rising from 0.1% to 1% of gross gambling yield by 2024. This pledge included a commitment to spend an additional £100 million on treatment services during that period. It has since

been announced that GambleAware, the independent charity which commissions the National Gambling Helpline and a wide network of gambling-specific treatment services, will use this money to expand existing third sector treatment services. These will complement NHS services which are also being scaled up as part of the NHS Long-Term Plan. DHSC is continuing in its commitment to address access and availability of treatment for problem gambling alongside other forms of addiction, and is working with the NHS and GambleAware to ensure that best use is made of the significant amounts of voluntary funding that will be coming on stream for gambling treatment, and that services are well-used and properly joined up.

86. Alongside the voluntary system, approximately £3 billion per year for the Exchequer is raised from the industry via sector-specific gambling duties. When compared to funding from general taxation, a levy can be an administratively complex and costly way of allocating money to fund programmes. Government does not fund treatment for any other addiction or physical or mental health condition through a ring-fenced tax, as such taxes risk raising too much or too little for the purposes for which they are intended.

87. However, the government has always been clear that should the voluntary system fail to deliver the level of funding necessary, it would look at the case for alternative funding mechanisms and all options would be considered, including a levy. As the Committee notes, in addition to the power to set licence fees payable to the Gambling Commission there is a power in the current legislation to place a levy on operators payable to the Gambling Commission to fund projects addressing gambling-related harm or its wider regulatory work. As part of the Act Review, we will gather evidence and look at funding flows to the Gambling Commission and how best the regulatory and societal costs of gambling can be recouped.

GambleAware

- **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)**

Government response:

88. We understand that GambleAware has written to the chair of the Committee on this matter, and has set out that organisations commissioned by GambleAware are free to raise funds and accept donations from other sources.

Research

The Committee's recommendations:

- ***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)

- ***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)***
- ***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)***

Government response:

89. The government agrees that it is important to build the evidence base on gambling harms with high quality, independent research and is committed to working to this goal. We will be considering how to ensure the availability of high quality evidence to support policymaking as part of the Gambling Act Review.

90. GambleAware is an independent charity which commissions research in line with priorities set by the Advisory Board for Safer Gambling in furtherance of the Gambling Commission's National Strategy for Reducing Gambling Harms. Research commissioned through this route is usually published on GambleAware's website and can be accessed without charge, creating an important resource of reference for all those looking to better understand gambling and gambling harms in Britain, including governments, regulators and treatment providers. GambleAware commissions research from both academic institutions and research centres, and commercial research organisations who are not eligible for research council funding but many of whom have a great deal of experience researching complex social issues such as gambling harms.

91. The government believes that a healthy research landscape is one in which the academic community is able to identify its own avenues and topics of research, rather than be limited to working to priorities set by a single body. We encourage academic researchers to develop proposals for gambling related research and put them to the research councils – as they would for any other area of research – but understand that the research councils receive relatively few such proposals. We agree with the Committee's recommendation to seek the advice from the research councils on the way forward for gambling research, and are now working with these to look at ways of widening and encouraging the pool of researchers focused on gambling.

92. Further, gambling-related harms do not exist in a vacuum and in order to gain a full understanding we must look at gambling behaviours and harms in the round, alongside intersecting issues. We are concerned that the creation of a body whose sole remit is the commissioning of gambling related research risks leaving gambling research in a silo.

93. The government agrees that to support these objectives, all sectors of the gambling industry will need to regularly share data and make it available for research. This has

happened already for specific research, with industry providing access to data from gaming machines and online gambling for research commissioned by GambleAware which is currently underway.

94. As set out in its National Strategy to Reduce Gambling Harm, the Gambling Commission is working toward ensuring that data is available without the need for project-by-project negotiation. Establishing an open repository for industry data is a complex task, but should contribute efficiencies and benefits to researchers, industry, policy-makers and other key stakeholders. It could enable multiple research projects to be conducted from the same datasets and minimise the burden placed on both the industry and research participants. Scoping work has already been completed by the University of Leeds for how an independent repository of gambling industry data could be structured, and the Gambling Commission is exploring its recommendations further with relevant stakeholders.²⁹

Education

The Committee's recommendation:

- ***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)***

Government response:

95. The government wants to support all young people to be happy, healthy and safe. We want to equip them for adult life and to make a positive contribution to society. That is why we have made Relationships Education compulsory for all primary school-aged pupils, Relationships and Sex Education (RSE) compulsory for all secondary school-aged pupils, and Health Education compulsory for pupils in all state-funded schools. The subjects are statutory from September 2020, although schools have up to the summer term 2021 before they begin teaching to accommodate school closures in the 2020 summer term.

96. In Health Education, young people will be taught about the risks relating to gambling, including the accumulation of debt. Pupils will also be taught how to be a discerning consumer of information online and the risks of excessive use of electronic devices. Through Health Education, pupils will be taught how to recognise the early signs of mental wellbeing concerns, including common types of mental ill health (e.g. anxiety and depression).

97. To support schools, the Department for Education has published the RSE and Health Education school support package on GOV.UK. The package features training materials, case studies, an implementation guide and helpful advice for schools about selecting appropriate classroom resources. This covers all of the teaching requirements in the statutory guidance, including teacher training modules on how teachers teach about the risks related to online gambling.

²⁹ Lomax N, 'Independent repository of gambling industry data – a scoping study', 2019

98. The government will be conducting an evaluation on the impact of the new subjects as a whole from 2021. This will include a wider assessment on the impact of RSE and Health Education implementation. The evaluation will cover the content listed in statutory guidance, of which gambling will be a part.

99. Ofsted's school inspection handbook sets out that inspectors will consider the provision for Relationships Education, Relationships and Sex Education and Health Education as part of a wider judgement of pupils' personal development.

Treatment

The Committee's recommendations:

- ***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)***
- ***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)***
- ***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)***

Government response:

100. It is imperative that the introduction of any future clinics is carried out in a phased way and is fully evaluated to maximise impact and outcomes for service users.

101. Three of the new clinics announced in the NHS Long-Term Plan are already up and running; the NHS Northern Gambling Service in Leeds opened last summer and includes satellite sites in Manchester and Sunderland, which are both now open.

102. Work continues on the staged expansion of these services through a phased period, enabling the NHS to explore how best to use existing treatment models to reach those most in need of support. The NHS continues to assess the impact of Covid 19 on the Long-Term Plan commitment to introduce up to 15 clinics by 2023/24. The need for further clinics to be opened in subsequent years is as yet unclear but will continue to be assessed on an ongoing basis.

103. NICE has previously suggested that it will undertake a scoping exercise to assess whether there is sufficient evidence to develop guidelines once the NIHR and Public Health England (PHE) evidence reviews have concluded.

104. The PHE evidence review is the first ever review of evidence on the public health harms relating to gambling in England. In addition, the NIHR commissioned a complementary mapping review of the effectiveness and cost-effectiveness of existing policies and interventions for reducing gambling-related harms. NIHR's evidence review has been completed,³⁰ while PHE is expecting to complete in early 2021. The government has announced that the new NIHP will take on PHE's health protection role. Alongside this work we will continue to focus on health improvement with support from expertise in PHE and we remain committed to tackling and building the evidence base on gambling-related harms. We are not anticipating there will be any changes to PHE's current functions and responsibilities before Spring 2021.

105. NHS England and Improvement convenes a working group bringing together delivery partners, including the third sector organisations commissioned by GambleAware, and who are involved in the roll-out and operation of the specialist gambling clinics. NHS England and Improvement are also working with GambleAware and Gamcare on referral pathways into and out of the specialist clinics.

LOTTERIES, INCLUDING THE NATIONAL LOTTERY

Lotteries and taxation

The Committee's recommendation:

- ***Lottery duty, which is in effect a tax on charitable giving, should be replaced by gross profits tax. (Paragraph 655)***

Government response:

106. Since it started in 1994, the National Lottery has raised over £42 billion for good causes, supporting organisations which enhance the national heritage, arts, sporting and community life of our country. The income raised through the National Lottery is different from charitable giving however, as players are offered the chance of a life-changing prize as a reward for playing.

107. At its inception the government at the time concluded that it was important that National Lottery sales were taxed, as they would inevitably displace other leisure spend which would typically be subject to value-added tax (VAT). To ensure that the Exchequer did not lose out it was agreed that all National Lottery sales would be taxed at 12% (Lottery Duty).

108. Her Majesty's Treasury (HMT) has, on a number of occasions, considered the case for taxing the National Lottery on a Gross Profits model, in line with commercial gambling, including most recently as part of the design phase for the 4th National Lottery Licence, which is due to start in August 2023. Having reviewed all the available evidence, HMT

³⁰ Blank L and others, '[Interventions to reduce the public health burden of gambling-related harms: A mapping review of the international evidence](#)', 2020

concluded that in order to protect income for good causes and tax revenue for the Exchequer, taxation on the National Lottery should remain at 12% on sales.

Lotteries and advertising

The Committee's recommendation:

- ***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)***

Government response:

109. The fourth National Lottery licence will see closer alignment between operator profit and returns to good causes through a new incentive mechanism. The operator will thus have a strong impetus to ensure efficiency in National Lottery advertising and administration costs. Accordingly, the licence will give them more flexibility to determine an appropriate level of marketing spend. In its regular monitoring of the operator's performance in the fourth licence, the Gambling Commission will consider their administrative spending and advertising costs.

110. We have been clear that the recent increases to society lottery sales and prize limits that came into force on 29 July 2020 should not lead to an increase in their administration and marketing costs. We intend to review the impact of these changes in August 2021 (12 months after they came into force), and as part of that we will consider the impact on expenses and the proportion of proceeds spent on advertising, as well as the case for a £1 million prize limit, the link between sales and the maximum prize, and returns to good causes. The Gambling Commission is required to consider the reasonableness of society lottery expenses but does not have the power to impose a cap, as this was removed in the Gambling Act 2005. We will consider whether there is a case to reintroduce the cap as part of our review.

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