



Gambling
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APPG



Chris Philp MP
Parliamentary Under-Secretary of State for Digital Economy
Department for Digital, Culture, Media and Sport
House of Commons,
London,
SW1A 0AA

4 February 2022

Dear Minister,

Gambling Reform – Key Issues

As we head towards the Gambling White Paper, we would like to take this opportunity to thank you for the progress you have made since taking over the brief. We were encouraged to hear your remarks at the GambleAware Conference, and subsequently in the House, on the Government's view that gambling related harm is a public health issue and that the prevention of harm is therefore a fundamental policy objective.

We are writing to set out our position on some critical aspects, based on years of evidence gathering from both the All Party Parliamentary Group on Gambling Related Harm and Peers for Gambling Reform as well as a wide range of organisations and individuals, including the industry itself. As in other areas of public health, we recognise and value contributions made by those with lived experience of gambling harm.

Affordability

Firstly, the question of affordability. The case for a centralised and independent affordability assessment system for gambling is overwhelming. The Gambling Commission provides many examples where such affordability checks would have prevented harm from occurring. For example, the case of an online operator permitting a customer to deposit, and lose, £187,000 in two days. This was despite the customer having no regular source of income and funding play from inheritance money or redeposited winnings.

In terms of the level at which affordability checks take place, after careful consideration and scrutiny of the proposition put forward by the Social Market Foundation (SMF) in their August 2020 report, it is our view that the affordability model proposed by them with a 'soft cap' limit of £100 per month on net deposits is indeed a sensible, proportionate and, importantly, evidenced-based position and we would urge you to carefully consider setting a threshold at this level.



The reasoning for this is that, firstly, the average level of disposable income in Britain is £450 a month. Secondly, a PWC report for the Betting and Gaming Council classified 'high spend' gamblers as more than £75 a month and thirdly, a University of Liverpool Study (Forrest and McHale) found 73% of slots players and 85% of non-slots players had a monthly loss of £50 or less. A soft cap of £100 is therefore low enough to enable the vast majority of gamblers to continue to gamble without any checks whatsoever as the vast majority of gambling activity which occurs is below this level. A £100 'check' would only kick-in for those who gambled well above the average amount each month. Moreover, it does not preclude gamblers spending more than this, it just means that if they would like to do so they will go through an enhanced affordability check – which many operators already carry out themselves.

It may also be worth reflecting on public opinion. Recent polling by the polling company Survation shows that 65% of people believe the maximum amount of money per week that customers can deposit in an online gambling account should be less than £50, including 24% who believe it should be between £25 and £50 and 22% supporting a limit somewhere between £10 and £25.

We noted your comments at the recent Gamble Aware Conference that to be “workable and prevent harm, affordability checks need to be proportionate and that demanding payslips or bank statements from every customer spending £100 or so is likely to be unwelcome, disruptive and disproportionate to the risks. But there is a level that is appropriate.”

The All Party Parliamentary Group for Gambling Related Harm and Peers for Gambling Reform agree with your concern about proportionality. Checks should be proportionate and not disruptive for those who wish to gamble larger amounts. Contrary to some of the scare stories promoted by the industry in recent months, we find that the SMF threshold does exactly that. SMF do not propose anything that is more intrusive or disproportionate than what many operators already do. What it seeks is to standardise these various thresholds and ensure independent oversight.

This leads to the question of who should oversee this assessment of affordability. It is very clear that affordability checks should not be left to operators themselves. We note that the BGC has just launched a trial with GAMSTOP which seeks to share data between operators on customers who are at risk, but we question who will oversee this and ensure that appropriate interventions are made? Who will define harmful play, and how? Indeed, many operators already carry out affordability checks, but in controlling the process themselves there is limited, if any, opportunity for independent oversight. It would seem unwise for the industry to be involved in directing a system, which they largely do not want, and which could be counterproductive to their own profitability. It is also not clear, at present, that the industry would share adequate data between themselves to enable correct interventions to be made.



Indeed, a recent report showed that the industry is already sharing data on customers with other companies not to prevent harm but to further their own commercial objectives.¹

We therefore strongly advise that affordability is assessed independently of the industry and that it is managed by a third party. We recommend that this could be overseen by a newly established Gambling Ombudsman which was proposed and recommended by our respective groups. An Ombudsman would be a public body which would provide a formal, independent point of contact between remote gambling operators, credit agencies and banks. The provision of industry data to this Ombudsman should be a key condition of gambling licensing. We are keen to hear news of progress on the Single Customer View project so it can be scrutinised to ensure the best possible result.

There are also organisations such as Better Risk, which could use technology such as open banking to reduce the number of times consumers have to share their information, subject to appropriate privacy protections. We welcome this and the positive response we have had from a range of financial institutions to help to prevent gambling harm and ensure adequate assessments of affordability are made. Credit checks are, moreover, a fact of life for us all today across all aspects of our life and would not be any kind of radical departure. Given the breadth of data at their disposal, banks could also better assist operators in carrying out affordability checks through open banking and we would encourage you, along with the Treasury, to undertake further work in this area.

We underline, this approach to affordability would only apply online, thereby addressing concerns from some land-based sectors, horse and greyhound racing.

Finally on this point, it has been mooted by the industry that such affordability checks could drive gamblers to the so-called black market. This argument does not hold given that those who wish to gamble more would be able to do so once they had had an affordability check. Secondly the veracity of claims about the potential growth of the black market following more stringent regulation have been successfully challenged, including by the Gambling Commission. It is also worth pointing out that gambling addicts are experiencing extensive harm from the predatory behaviour of the *regulated* market.

Advertising, Sponsorship, Inducements and Direct Marketing

The second area we would like address relates to the reform of gambling advertising, sponsorship and direct marketing and the ending of all inducements to gamble.

¹ [Suicidal gambling addict groomed by Sky Bet to keep him hooked | This is Money](#)



We fully appreciate that these are contentious areas which impact many industries, not least sports funding and television revenues. Nevertheless, it is essential that the upcoming White Paper, this once in a generation opportunity to reform gambling, does indeed address them.

Gambling advertising has proliferated in recent years. We are now bombarded with gambling adverts on TV, online at football matches and on billboards and we are particularly concerned about the impact that this has on children. Indeed, if we look at recently published data, we can see the scale of the problem:

- 45.2% of 11-17-year-olds and 72.4% of 18-24-year-olds said they see gambling advertising at least once per week on their social media feed
- A quarter of children (25.2%) and more than a third (37.3%) of young people reported seeing it daily²
- Gambling accounted for 5% of all spending on radio advertisements during school-run hours, with about 1,200 hours of ads airing during 8am-9am and 3pm-4pm over the past 12 months³
- Gambling advertising has been seen by more than 8 in 10 people across all demographic groups. Male gamblers aged 25 to 34 and 45+ are most likely to have ever seen gambling advertising, with 90% and 91% reporting doing so, respectively
- 16% of adults say they follow or interact with gambling companies on any social media or video sharing platform
- Over a quarter of those who take up inducements such as “free” bets are first time gamblers
- The House of Lords report concluded that some £1.5 billion is spent on all forms of marketing by gambling operators. In terms of advertising alone, based on the most recently available figures, there has been a clear increase in the volume of, and spend in recent years. Across all media, with the exception of online advertising for which there is limited trend data available, the estimated spend on gambling ‘paid for’ advertising has steadily increased year on year from £264,657,325 in 2015 to £328,945,916 in 2018. This represents a 24% increase from 2015 to 2018.
- 41,000 UK followers of gambling related accounts are likely to be under 16, with children making up 6% of followers of ‘traditional’ gambling related accounts - this rises to 17% of accounts focused on eSports gambling⁴

² <https://www.bristol.ac.uk/news/2021/october/gambling-advertising.html>

³ Nielsen Report - <https://www.theguardian.com/society/2021/nov/08/gambling-firms-among-heaviest-radio-advertisers-during-school-run>

⁴ IPSOS MORI - <https://www.ipsos.com/sites/default/files/ct/publication/documents/2020-03/gambling-marketing-advertising-effect-young-people-final-report.pdf>



It is also, not just British or even European gambling companies which are advertising here in the UK. Clubs including Manchester United, Everton, Arsenal, Southampton and Watford are sponsored by overseas betting platforms that all use a “white label” arrangement — where a service is produced by one company with a view to another company branding it as their own. These sites are often dangerous, have serious money laundering implications and seek to facilitate illegal gambling practices in countries where betting is prohibited.

There has of course been extensive debate about whether or not all this advertising has any impact on gambling behaviour and leads to harm.

Indeed, we wrote to your predecessor setting out our concern about a response to a parliamentary question which referenced one study from eight years ago by Professor Per Binde which was a literature review conducted for the Responsible Gambling Trust. It noted that ‘while this research found evidence that advertising may adversely impact problem gamblers efforts to cut down, it did not establish a causal link between exposure to advertising and problem gambling’.

As we set out at the time, we were concerned about this answer for a number of reasons. Firstly, the Government must take an informed approach in its policy making based on the range of evidence. In the midst of a ‘Call for Evidence’ to inform the gambling review, the Government should not base a position on one study from one academic which was undertaken eight years ago, before the invention of many of the platforms that are targeted by gambling companies. Gambling has evolved dramatically since then, as has advertising and the research base. The review by Per Binde covers advertising on traditional media, it is not a systematic review, but based on a google search!

It is also perhaps useful to note that, Per Binde produced a further study in 2019 that said that in fact ‘gambling advertising may contribute to problem gambling, and problem gamblers are more sensitive to advertising impact than non-problem gamblers.’⁵

This position is a better reflection of the current state of knowledge about advertising and gambling harm. Several recent pieces of research have established and discussed the nature of the causal link between them. For example, the Advertising Standard Authority, in its response to Labour’s Gambling Review, did find evidence of a causal link. They said:

“The emerging body of dedicated research explored the impact of advertising on behaviour. In general, it suggests some level of impact on particular groups. Several studies found associations between advertising exposure and the behaviour of problem and at-risk gamblers. Other studies looking at risk factors for different gambling activities identified particular at-risk groups or characteristics such as young men.”

⁵ [Self-Reported Negative Influence of Gambling Advertising in a Swedish Population-Based Sample | SpringerLink](#)



They also said that studies carried out in Norway and Australia – although they have distinct regulatory regimes and differing cultural attitudes to gambling - produced evidence that was “robust enough to support the existence of an association between exposure and gambling behaviour and to provide insights on likely risk factors.”

The concept of precaution is deeply rooted in the public health approach and suggests that when a phenomenon is relatively recent (such as the proliferation of gambling advertising since 2007) it is right to take sensible precautions to prevent harm based on the best available evidence rather than waiting to assess levels of problem gambling in the future among adults who have been exposed to unprecedented levels of gambling advertising as children.

We already have robust evidence which supports caution. For example, in research published this year, researchers at Ipsos Mori and the University of Stirling found that 96% of people aged 11-24 had seen gambling marketing messages in the last month and were more likely to bet as a result. The paper also found that regular exposure to gambling promotions can change perceptions and associations of gambling over time and impact the likelihood that young people will gamble in the future.

A further very recent study published in December 2021⁶ in the Journal of Gambling Studies shows **advertising is a predictor of at risk and problem gambling in secondary school children.**

As you will also be aware, the Gambling Commission has also published the results of a recent survey, finding that 34% of British bettors admitted to being influenced by advertising. The research noted that 16.3% claimed that ads caused them to increase their gambling, whilst an additional 13% said ads led them to initially take up gambling, and 14.7% said viewing ads resulted in them taking up gambling again after taking a break.⁷

Whilst we note that the industry has taken actions such as the whistle-to-whistle ban on gambling adverts in relation to football shown on TV, there are still logos emblazoned on football shirts and on match hoardings in the whistle to whistle period. The recent documentary on Channel 4 by Baroness Davidson, for example, found that gambling logos can appear more than 700 times in a single televised football match. One recent edition of the BBC's Match of the Day magazine for 'footy mad youngsters' featured 52 gambling logos within it. These and other kinds of quasi-advertising are entirely legal, but are also harmful and unpopular. Even gambling consultants working for the industry have called for a more adult and measured approach to advertising.

⁶ The Prevalence and Correlates of Gambling in Australian Secondary School Students, Journal of Gambling Studies

⁷ <https://www.gamblingcommission.gov.uk/statistics-and-research/publication/understanding-how-consumers-engaged-with-gambling-advertising-in-2020>



Beyond this, children are of course spending increasing amounts of time online where there are fewer advertising restrictions and are often engaged in gaming. Forms of gambling that are available to children to play online include social casinos or slots which replicate online slot machines or casinos but instead of gambling for cash, you gamble for virtual currency.

There is gambling within video games or gambling by betting 'skins' (virtual possessions won or purchased within video games). Indeed, the Gambling Commission estimates that around 4% of children had bet using skins in the past week, and 11% have done it at some point. As the academic Professor Wardle has commented "the question for policy makers is whether, under the current system, we can ever really adequately protect children from being exposed to gambling advertising and marketing or whether the system needs to change".

There is now very strong public support for greater restrictions on gambling advertising (the Royal Society for Public Health has recently published polling showing that 77% of adults and 66% of 11 to 17 year olds would support a complete ban). The policy decisions and regulatory changes that could be made in the Gambling Review will impact on many people's lives for decades to come. The industry has said that policy makers 'have to deal with the evidence' and on this point we do agree.

We were therefore very pleased to see correspondence from the Minister for Arts to Lord Foster recently confirming that the Government remains 'absolutely alive to the differential impacts and risks that gambling advertising may pose, especially to certain groups such as children and those already experiencing problems with their gambling'.

Given the clear evidence of a link between advertising and harm, the next question is what, based on the evidence, can be done to reduce or prevent this harm from occurring?

We would like to propose the following, balanced approach, which recognises that some sports have become dependent on income from gambling advertising:

- Gambling advertising and sponsorship should be prohibited to the extent it was prior to 2007. As part of this, gambling operators should no longer be allowed to advertise on the shirts of sports teams (including esports teams) or any other part of their kit or team staff kit. Players and team managers should be banned from endorsing any gambling company or gambling activity. There should be no gambling advertising in or near any sports grounds or sports venues, including sports programmes – a proposal that is supported by over two thirds of adults according to recent Royal Society for Public Health polling. We accept that finding new sponsors for lower league football teams may take time which is why we propose a three-year phasing-in period for a ban for these teams.
- In recognition of the reliance of some sports on gambling revenue and for those sports such as horse racing and greyhound racing which few children watch or participate in, there could be carve-outs allowing these sports to continue to have



gambling sponsors. These carve outs could be reviewed on a case by case basis and the list of sports allowed to continue with gambling sponsorship could be kept under triennial review.

- Losses from gambling sponsorship could be off-set by offering sporting bodies “sports betting rights”, charging gambling companies a fee for the right to use sporting content and to offer bets on sporting competitions.
- All personalised direct marketing and all forms of inducements to gamble should be prohibited. Gambling operators are now spending an ever-greater percentage of their advertising budget online and through direct online marketing to individual customers. As part of this, and in recognition of the powerful campaign being fought by Annie Ashton who lost her partner Luke last year, there should be an end to advertisements with 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 hard to define or to list exhaustively, but they are easy to identify. Gambling operators may continue to offer support or information about their accounts to their individual customers. However, in relation to information (excluding inducements) about services available, exactly the same information should be sent to all customers and there should be no “customisation” to seek to match a particular product with a particular customer.

We acknowledge that some sports are concerned about their loss of revenue from advertising, however, Peers for Gambling Reform asked the economic consultancy NERA to assess the impact of a gambling advertising ban and they found that the **sport leagues and teams assessed were unlikely to be significantly harmed by a ban on direct sponsorship**. Gambling sponsorship revenue is a small revenue source relative to the total, and it is of course critical to note that non-gambling sponsors exist to fill any gap created, as occurred after tobacco sponsorship was banned. Nevertheless, as mentioned above, we believe that in some cases the sponsorship ban should be phased in.

Statutory Levy

Our third issue relates to the need for a statutory levy to contribute towards the increased funding of research, education and treatment. A 1% statutory levy on industry revenue would provide £130 million (an increase of well over £100 m compared with income from the existing voluntary levy). This would, for example, significantly improve the UK’s disparity with other nations who spend far more than the UK does per gambler on treatment, would increase funds for improved (and industry-free) education about gambling and gambling harm and would put



the UK at the forefront of research on an issue that affects millions over the world, improving our understanding of how gambling is developing in this country and inform future regulation.

Over time we believe it should be possible to modify the statutory levy to adopt a “polluter pays” approach by taking into account an assessment of the potential for harm from each form of gambling. So, for example, we would expect Bingo operators to pay less than on-line casino operators.

As you are aware, a recent APPG meeting took evidence from senior leaders and academics across the English gambling clinical treatment system on the nature of gambling-related harm, the current structure and capabilities of NHS services and the ways in which policy remedies can support the NHS, rather than distract it, from delivering world class care in this space.

We heard from the experts attending that chronic underinvestment in the gambling treatment system-has led to a scenario in which treatment is unregulated, unaccountable and fails to use the evidence base in its treatment strategies. We heard that only 2-3% of people with gambling problems enter the treatment system, nearly all of which are self-referrals.

It is clear that gambling addiction is a significant health problem, and yet this unusual structure in which funds received from the voluntary levy bypass DHSC, NHS England and therefore the health experts and systems that can make most impact in the field. We were also informed that not only is there a complete lack of agreed screening processes for those at risk of harm, but that there is also a lack of agreed care pathways for onward referral to specialist help.

In addition to the evidence we heard on the current state of treatment services, we also received some key recommendations, all of which we support. These are listed below.

1. Treatment must be led and directed by DHSC as they have the expertise and the ability to set gambling treatment within an existing treatment ecosystem. An NHS-led strategy which improves and expands access to treatment for gambling harms will bring gambling in line with treatment for other addictions.
2. Training and awareness must be improved across the NHS, justice system, police and the local authority workforce to improve early intervention and increased and earlier access to help for those who are suffering. An easy to follow referral route must also be provided to GPs and pop-up messages that prompt GPs to ask about gambling when assessing conditions such as mental health are needed.
3. Improvements in research and data are critical for clinical outcomes and so much higher data quality is needed, along with the quality of data collection, to ascertain how clinics are performing and what more can be done to improve treatment services.



All of our experts agreed that significant change via recommendations such as these is needed to improve the treatment system, but this should begin with the removal of industry influence.

Indeed, removal of industry influence is also required in relation to research (which we believe should be determined by the appropriate research Council) and education (which should be overseen by DfE).

Reforms to on-line gambling stakes and prizes

Our third issue relates to the regulation of on-line gambling which, while it is the growing form of gambling, is far less regulated than land-based gambling. We welcome recent moves by the Gambling Commission in relation to on-line gambling. In particular we welcome identity and age verification requirements, the banning of the use of credit cards, action in relation to speed of play and length of time on a game, measures to require customers to have information on their winnings and/or losses, and the requirement that all operators sign up to GAMSTOP.

However, while they exist for land-based gambling machines, there are no effective stake and prize limits for on-line gambling.

We believe that there should be – as is the case in many other countries – limits to stakes and prizes which are as far as possible in line with those for comparable land-based gambling activities. We recognise that there is not always a direct equivalence between land-based and on-line products, and in such circumstances, the Gambling Commission would be required to set appropriate limits.

Given the rapidly changing nature of both land-based and on-line gambling, we believe it is essential that limits on stakes and prizes, and potentially other factors, should be reviewed on a regular basis. We, therefore, recommend the re-introduction of a Triennial Review.

Conclusion

The key issues mentioned above are obviously critical for the Government to get right, and we appreciate the wide social and economic considerations that new legislation will bring. Government must, however, seize what is likely to be a once in a generation chance to change our gambling laws to delivering meaningful reform.

It is also worth mentioning, that while the questions surrounding the issues raised above are at the crux of the debate and will shape the new policy landscape, there are other measures that, if adopted by the Government and Gambling Commission, can also bring about wholly positive change. The establishment of a gambling ombudsman, for example, will finally provide



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consumers with an effective course of redress. Other issues, such as loot boxes, need to be dealt with properly in the review, to prevent the normalisation of gambling in children. On this and other issues, we believe that it is time to end conversations about outdated definitions of what is and is not 'gambling' based on legislation written before many new products existed, and to move forward together, to create a truly public health approach to gambling informed by robust evidence and focused on the prevention of harm.

We remain happy to meet with you and your team to discuss any of our proposals in more detail and look forward to continuing to work with you in order to bring about meaningful reform.

We are copying this letter to the Prime Minister, the Secretary of State for Digital, Culture, Media and Sport and the Gambling Commission.

Yours sincerely,

Carolyn Harris MP
Chair, APPG for Gambling Related Harm

The Rt Hon Lord Foster of Bath
Chair, Peers for Gambling Reform

The Rt Hon Sir Iain Duncan Smith MP
Vice-Chair, APPG for Gambling Related Harm

Ronnie Cowan MP
Vice-Chair, APPG for Gambling Related Harm