

GBG Response to the DCMS Consultation on a RPT Levy.

Consultation question 1

The government proposes to raise around £90 million to £100 million per year for RPT through a levy charged to licensed operators' GGY. We propose the levy is charged at different rates for different categories of gambling operator to take into account the association of different sectors to harm and the higher fixed operating costs incurred by different parts of the industry.

1a. Do you agree with the proposal for how the levy should be charged? (Yes/No/I don't know)

No.

1b. Please explain your answer. (Free text box)

The proposals do not take into account the higher operating costs for all land-based businesses, including higher staff: customer ratios, building: customer ratios, building costs, increasing utilities and associated maintenance costs including licenses and insurance.

It would therefore be more logical and equitable if all land-based (bricks and mortar) businesses were paying 0.1% (including manufacturers and suppliers) and online businesses paying 1%.

In order to remove any ambiguity, there needs to be a clear definition of what revenue (GGY) is subject to the levy and what isn't. Specifically, the GGY from licensed gambling activity only and not for example from sales of food and beverage, provision of pool tables, music or other leisure activities.

1c. Do you agree with the proposed total that the government estimates the levy needs to raise? (Yes/No/ I don't know)

I don't know.

1d. Please explain your answer (Free text box)

We have seen no real evidence that supports the need for £90 million to £100 million per year to be spent on Research, Prevention and Treatment – how has this figure been calculated, will it be insufficient or too much for the needs it is meant to meet.? Against a current backdrop of declining problem gambling statistics being achieved via the current RET funding, we would expect to see full justification for this target accompanied by the pre-requisite impact assessment that usually supports government changes.

1e. Do you agree with the proposed de minimis threshold for the levy? (Yes/No/I don't know)

No.

1f. Please explain your answer (Free text box)

- a) The Horse Race Betting Levy at 10% is not directly comparable with a RPT Levy at 0.1%.
- b) There would be minimum additional costs for the Gambling Commission to collect the Levy if it is as an extension of the current license fees regime (separate collection processes would be

costly). The calculation of the Levy payment each year needs to be made very simple so that all sizes of business can work it out as part of their mandatory accounting work.

- c) The Levy percentage model is rightly designed to be proportionate to the GGY of a business, meaning smaller businesses will naturally pay much less than larger businesses.
- d) Small businesses should have a proportionate obligation to support RPT as they too have the (smaller) capacity to impact consumers. Being small should be no excuse but we do recognise the financial pressures on small businesses and therefore suggest that the current minimum of £250 that GambleAware accepts is used for those under the threshold.
- e) However, given the Commission's proposal in its Autumn consultation to to remove paragraph 2 of SR Code Provision 3.1.1 (which applies to all licences) it's unclear whether those licensees not in scope for the levy, will be required to continue with contributions, whether as a condition of their licence or voluntarily.

g. Please provide any additional views or evidence in this area the government should consider here. (Free text box)

No comment.

Consultation question 2

On the timing of payment of the levy, the government's priority is to maximise the certainty and predictability of the amounts raised by the levy each year, and minimise administrative burden in both payment operators and collection by the Commission. The government has explored two options but recognises the issue is finely balanced and does not have a final proposal at this stage.

2a. Should the government pursue option 1 or 2 in setting the timing of payment of the levy? (Option 1/Option 2/I don't know/None of the above)

None of the above

2b. Please explain your answer. (Free text box)

- a) We believe that the system and processes used need to be as simple and possible whilst being financially transparent and easily manageable.
- b) Calculating (and collecting) the Levy value at the start of a fiscal year provides clarity on budgeting, cash flows and business planning.
- c) However, collecting the Levy along side the annual fee (Option 1) is also desirable for efficiency and predictability.
- d) We therefore believe that this is an appropriate time to align the annual fee calculation and collection to the start of the fiscal year.
- e) In the interests of certainty and accuracy, we also believe that the annual fee AND the Levy should be calculated on the previous year's trading.
- f) We also believe that both the annual fee and the levy should be paid via monthly direct debit to ensure consistency (security) of income and ease of collection.

2c. Do you agree that the levy with the proposal that licensees should make levy payments in advance i.e. based on projected GGY? (Yes/No/I don't Know)

No.

2d. Please explain your answer. (Free text box)

We understand that the current voluntary levy payments are based on the previous year's (known) GGY but with a pledge for the coming year. What would happen if payments were made in advance on projected GGY and the industry is then faced with another Covid lockdown scenario, or the operator goes out of business?

2e. Please provide any additional views or evidence in this area the government should consider here. (Free text box)

Payments of both the annual fee and the levy via direct debit minimises the financial risk of a licence holder becoming unable to pay.

Careful management of the transition period from voluntary to statutory payments is needed to ensure no duplication of payments within one financial year, whilst maintaining continuity of funding.

Consultation question 3

The government has a clear objective to minimise the disruption to existing service provision in bringing the levy into effect while providing independent, sustainable funding for key projects and services to further understand, tackle and treat gambling addiction. Given the existing structure of funding for projects and services, we propose levy funding should be allocated across the three categories of research, prevention and treatment.

3a. Do you agree with the proposal that levy funding should be allocated across the categories of research, prevention and treatment? (Yes/No/I don't know)

Yes.

3b. Please explain your answer. (Free text box)

Whilst GambleAware has never produced a meaningful evaluation of spend (on Research, Education and Treatment) versus impact, the problem gambling statistics have been going in the right direction for some time now. It would therefore seem counter intuitive to change this formula (other than to swap 'Education' for 'Prevention') in the absence of evidence suggesting otherwise.

However, there first needs to be an analysis of where the existing integrated systems, pathways and services are not working effectively. Levy funding must not be allocated to existing recipients without this analysis otherwise the Levy Board risks compounding current weaknesses and gaps and not necessarily reaching the right people and places. Equally important is the need for the three RPT elements to be linked and stakeholders to work collaboratively and not in silos.

3c. Please provide any additional views or evidence in this area the government should consider here. (Free text box)

We believe that the scope of research in this context should be broadened to explore the positives of gambling as well as the negatives, to ensure proper and effective balance in decision making and policy

making. We also think that the research should encompass gambling which is not licensed by the Gambling Commission such as pubs, clubs and particularly the National Lottery.

This Great Britain-wide consultation addresses potential spending on projects and services in England, Scotland and Wales, and as such a fair allocation of levy funding will need to be made across all three nations.

3d. Is there any evidence the government should consider as to how a fair allocation of levy funding might be implemented across all three nations of Great Britain, whether by reference to the Barnett formula or some other mechanism? (Free text box)

Please see our response to 1d – without knowing the true scale of the need for prevention and treatment it is impossible to comment on how the monies should be allocated across the 3 nations.

Consultation question 4

The statutory levy is an important part of the government's wider efforts to further understand and reduce gambling-related harm. To guide the strategic priorities for the levy, we propose the outcomes listed above as preliminary objectives for the levy.

4a. Do you agree with the proposed objectives? (Yes/No/I don't know)

Yes.

4b. Please explain your answer. (Free text box)

Trusted long-term funding certainty. We agree with this objective as mandating payment ensures the revenues will arrive. However, because the model is based on a percentage of GGY, mergers & acquisitions, economic downturn and consumer behaviour will all have an impact the levels of levy.

Increasing access and integration. We agree with this objective as with any walk of life, anyone who needs access to treatment should be able to get it a quickly. However, there is no evidence (only supposition) available that shows how many people actually need access to problem gambling treatment. This knowledge gap should form part of the new research strategy objectives.

Expanding support and prevention activity across Great Britain. We agree with this objective and would add that the Government should consider a holistic approach to raising public awareness (especially in under 18s) to similar risks to those that accompany gambling activity, such as gaming and other addictive internet activities.

Finding key gaps in the evidence base. Again, we fully support this objective as despite the many millions spent on gambling research over the last 20 years via GambleAware and their predecessors, there are still huge gaps in our knowledge. We would suggest two key caveats to this;

- a) That there is a balance introduced into the scope of research that identifies where there is (for example) enjoyment, fun and mental wellbeing generated from gambling activity.
- b) That there is proper governance applied, not only to strategy, to the allocation of research funding and to the approval of projects, but also to the quality and effectiveness of the outcomes. The Commission's role over recent years in the allocation and management of voluntary settlement funding has been poor for a risk based, evidence-led, outcomes-focused regulator, and this must be addressed going forward.

Supporting the Gambling Commission's capacity. Whilst we agree that the Gambling Commission should have access to more evidence, as a regulator the Gambling Commission have proved that commissioning research is not their core competence. We agree that the regulator should identify evidence gaps, along with other stakeholders including the DCMS and industry, however, in the interests of independence and avoiding bias and conflicts of interests, that is where the Gambling Commission's role should end. Experts in research should then be responsible for commissioning the research and following it through to successful delivery, not the Commission themselves.

4c. Please provide any additional views or evidence in this area the government should consider here. (Free text box)

No comment.

Consultation question 5

The government proposes 10-20% of funding raised by the statutory levy should be allocated for quality, multidisciplinary research to inform policy and regulation. The government proposes a new bespoke Research Programme on Gambling led by UKRI is established to provide clear investment for gambling research and build excellence, diversity and capacity in the research field.

5a. Do you agree with the proposal that 10-20% of funding raised by the levy should be allocated for sustained, high-quality, independent research? (Yes/No/I don't know)

No

5b. Please explain your answer. (Free text box)

The GBG agrees with the principle of the proposal for quality, multidisciplinary research to inform policy and regulation along with the Government's stated position in the White Paper.

However, there is very little evidence in support of the proposed percentage allocations across the 3 areas of research, prevention and treatment. However, it is heavily weighted towards the end of the continuum i.e. treatment.

It would be more logical to front load the research element with funds for evidence-based research to identify the prevention tools which need funding, than wait for consumers who may need help to be queuing outside treatment centres.

At a minimum there should be a more equitable split across RPT.

We refer to our response to question 1.d above where we said that we would expect to see full justification for this (levy) target accompanied by the pre-requisite impact assessment that usually supports government changes.

5c. Do you agree with the proposal for levy funding to establish a bespoke Research Programme on Gambling led by UKRI? (Yes/No/I don't know)

Yes.

5d. Please explain your answer. (Free text box)

The GBG believes that UKRI will bring the necessary independence to the proposal that others are unable to do. The outcomes should be more balanced and of a superior quality as a result. However, the DCMS might want to include some governance over this to ensure that the objectives are being kept to, especially over time.

5e. Is there any additional evidence in this area the government should consider? (Free text box)

No comment.

Consultation question 6

Government recognises that the statutory levy represents a major change for the range of organisations currently delivering projects and services to educate at-risk audiences regarding the risks of gambling-related harms and raise awareness across the wider public. We propose that 15-30% of funding raised by the levy should be allocated for broader prevention activity focused on population level interventions, as well as tailored measures to better protect those at-risk groups. This significant investment provided through the levy will facilitate the expansion of work in this area, led by the latest evidence of what works and ensure coordination of activities across Great Britain.

6a. Do you agree that 15-30% of funding raised by the levy should be allocated for the described prevention activity? (Yes/No/ I don't know)

No

6b. Please explain your answer. (Free text box)

The GBG repeats its answer to question 5.b. above in that whilst we agree with the principle of the proposal, the proposed allocation is too skewed towards treatment and not future proofing the system by having a more equitable split across RPT as a minimum, for reasons set out in 5b.

Government also invites views on the following aspects to help design the future prevention system:

6c. How should the commissioning system for prevention be organised under the statutory levy? (Free text box)

No comment.

6d. What are the priority projects, services and outcomes the government should consider in the prevention of gambling-related harm? (Free text box)

No comment.

6e. What evidence is there, including from other health areas, that prevention is effective at reducing gambling harms? (Free text box)

No comment.

6f. Please provide any additional views or evidence in this area the government should consider here. (Free text box)

No comment.

Consultation question 7

The government proposes that 40-60% of funding raised by the levy should be allocated for treatment each year. This will facilitate the NHS having a major role in commissioning services across the full treatment pathway and building a 'no wrong door' approach for gambling harms.

7a. Do you agree with this proposal that 40-60% of funding raised by the levy should be allocated for treatment? (Yes/No/I don't know)

No

7b. Please explain your answer. (Free text box)

The GBG repeats its answer to question 5.b. and 6.b. above in that whilst we agree with the principle of the proposals, the proposed allocation is too skewed towards treatment and not future proofing the system by having a more equitable split across RPT as a minimum.

Furthermore, the NHS has been vocal about not accepting funding from the gambling industry and yet the proposal is to give it the largest percentage of the levy fund.

7c. Do you agree that the NHS should have a major role in commissioning the treatment pathway to improve and expand treatment provision? (Yes/No/I don't know)

Yes.

7d. Please explain your answer. (Free text box)

Involving the NHS should facilitate 'Increasing access and integration, one of the key objectives. However, organisations such as the Gordon Moody Association have a strong and successful track record in the treatment of Gambling Addiction and this knowledge and experience should equally be playing a major role in commissioning the treatment pathway to improve and expand treatment provision.

This Great Britain-wide consultation addresses potential spending specifically on health matters in Wales and Scotland which are devolved matters. As with the levy more broadly, the government will look to achieve a fair and effective allocation of levy funding for health purposes, including treatment, across Great Britain (whether by reference to the Barnett formula or some other appropriate mechanism) after fully considering the evidence provided in responses to this consultation.

7e. Is there any additional evidence on the provision of treatment for gambling-related harm in England, Scotland and Wales the government should consider? (Free text box)

No comment.

7f. Is there any additional evidence to support the establishment of an integrated system of treatment for gambling-related harm across Great Britain, particularly from other areas of health, the government should consider? (Free text box)

No comment.

Consultation question 8

The government proposes that administration of levy fund distribution by the Gambling Commission and RPT commissioning bodies should have formal oversight from a central government Levy Board, and decision-making support from an expert Advisory Group.

8a. Do you agree with the proposed role and remit of the Levy Board? (Yes/No/I don't know)

Yes.

8b. Please explain your answer. (Free text box)

Yes, in principle, subject to seeing further details of the Board's role. The commissioning of this huge amount of public money requires scrutiny, transparency and effective oversight. As we have mentioned earlier in this document, independent governance is critical to ensuring consumers' interests remain at the heart of everything this money is spent on. The Levy Board will also need to ensure that unspent funds are not frivolously awarded towards the end of a financial year just to meet a quota/deadline.

8c. Do you agree with the proposed role and remit of the Advisory Group? (Yes/No/I don't know)

Yes.

8d. Please explain your answer. (Free text box)

If we are to genuinely help and protect vulnerable people, then there needs to be a joined-up approach to RPT. The Advisory Group should provide this helicopter view of where we are short and what needs to be done, without looking after personal interests, however we seek further information about the membership and role of the Group.

8e. Please provide any additional views or evidence in this area the government should consider here. (Free text box)

Both of these Groups need to be aware of, and take precautions against, the likelihood of dishonest intentions when it comes to bidding and securing funding from this not inconsiderable and attractive pot of public money. We have already seen certain organisations changing their research remit after receiving voluntary settlement funding. This could repeat itself if precautions and effective scrutiny are not in place.

Consultation question 9

The government proposes that DCMS and HM Treasury approval of expenditure of levy funding will be supported by a Levy Board, with levy receipts and sums distributed for the purposes of research, prevention and treatment reported each year.

9a. Do you agree with our proposal for DCMS and HMT approval of levy spending to be supported by a Levy Board to provide broader government oversight of the allocation of levy funds? (Yes/No/I don't know)

Yes.

9b. Please explain your answer. (Free text box)

We believe that Government oversight is appropriate for this level of (effective) public spending.

9c. Is anything further the government needs to consider in putting in place robust accountability mechanisms into the levy system? (Free text box)

What mechanisms are in place to adjust the level of spending in line with results/evidence? What happens in the event that all of the £90m - £100m is not spent? And what if the same thing happens in year 2? What happens if the proposed percentages are proved to be wrong? How easily can they be changed?

Consultation question 10

To provide sufficient time for the statutory levy system to build up to - and work at - full capacity, the government proposes that the first review of the statutory levy is conducted every five years from when the levy is in force. The review will assess levy rates and the target sum of around £90 million to £100 million, as well as the distribution of funds across research, prevention and treatment strands and potential to use levy funding for other projects related to the licensing objectives.

10a. Do you agree with the proposal for a review of the levy every five years? (Yes/No/I don't know)

No.

10b. Please explain your answer. (Free text box)

The Advisory Board for Safer Gambling stated in its 2020 advice to the Commission “*We therefore recommend that the system allows the levy level to flex in response to new evidence and be formally reviewed after two years. This review should take into account factors such as findings of evaluations on what works and research on needs across geographical areas and demographic population groups*”.

A huge surplus of unspent funds could build up after just 2 years, let alone 5 years. Evidence to justify the proposed targets accompanied by the pre-requisite impact assessment would go a long way towards preventing this scenario from happening.

Whilst S123 of the Gambling Act 2005 (the creation of a statutory levy) allows for such monies to be paid to the Commission to fund projects related to any of the licensing objectives (and not just for projects related to gambling harm) we have concerns that a fully funded national regulator would benefit any levy surplus. If the RPT funds turn out to be overestimated, then future contributions should be adjusted accordingly and not just automatically given to the regulator.

Consultation question 11

The Department for Culture, Media and Sport will have due regard to the public sector equality duty, including considering the impact of these proposals on those who share protected characteristics, as provided by the Equality Act 2010: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

11a. Please indicate if you believe any of the proposals in this consultation are likely to have a negative impact on persons who share such protected characteristics and, if so, please explain which group(s) of persons, what the impact on any such group might be and if you have any views. [Free text box]

No comment.

11b. Please indicate if you believe any of the proposals in this consultation are likely to have positive effects on persons who share such protected characteristics and, if so, please explain which group(s) of persons, what the effect(s) on any such group might be and if you have any views. [Free text box]

No comment.

Consultation question 12

12. Are there any other factors or points you wish to highlight that have not been considered above? [Free text box]

It is vital that there is transparency of how and where the levy money is being spent across the RPT – for industry to know where their contributions are going and for the public to know how and where services can be accessed. It is equally important that local authorities are informed of where their local prevention and treatment services funded by the levy are located.

Consultation question 13

13. Please upload any further supporting evidence that you wish to share. [Upload attachments]

No comment.