



**The Gambling Business Group's response to Public Accounts Committee call for evidence
gambling regulation: problem gambling and protecting vulnerable people.**

April 22nd 2020.

The Gambling Business Group.

The Gambling Business Group (GBG) is a representation of gambling organisation members from all sectors of the UK Gambling Industry, including Adult Gaming Centers, Bingo, Betting, Family Entertainment Centres, inline remote Operators, Gaming Machines in all sectors and Suppliers to the Industry. In addition to these key members there is also a strong representation from supporting businesses that include legal, finance and consultancy organisations. Our members account for a significant proportion of the industry's gross turnover making the GBG the broadest representation of Gambling Businesses in the UK.

The GBG welcomes the opportunity to respond to the call for evidence towards the Public Accounts Committee inquiry into the NAO report, a report to which the GBG contributed to in the autumn of 2019.

The NAO report highlighted a number of important areas including the estimated levels of problem gambling, the regulatory framework and where improvements can be made to safer gambling. Unfortunately, the scope of the report did not include the National Lottery which has become a proverbial 'elephant in the room' when it comes to protecting the vulnerable. We discuss all of these points and more in our submission below.

Estimated levels of problem gambling.

Whilst the NAO has understandably questioned the data and intelligence that the GC use in going about their work, they have quoted 395,000 as the estimated number of problem gamblers in the UK, and 1.8m at risk who therefore may be experiencing negative consequences as 'key facts'. However, the use of these figures risk over-statement and over-simplification.

In the eight-year period from 2012 non-lottery Gambling in the UK has seen up to a 27% increase in Gross Gambling Yield (GGY), against a backdrop of 'statistically stable' problem gambling rates. This potentially implies one (or a combination) of the three following scenarios;

- 1) The responsible gambling and prevention work that the collective industry and stakeholders are delivering is keeping the problem gambling rates as low as they are.
- 2) The marked increase in gambling activity has not had a direct effect on the number of problem gamblers in the UK.

- 3) The current methodology is inappropriate for measuring problem gambling effectively, leading to a false impression of flatlining in problem gambling rates.

The hard truth is that we don't know with any accuracy how many problem gamblers there are in our society and to build a strategy based on less than reliable extrapolations does not do justice to those out there who genuinely need our help and support.

The rate of problem gambling among adults in Great Britain has – according to official estimates – remained broadly stable over the last two decades. The first major household survey to assess problem gambling rates in Great Britain – the British Gambling Prevalence Survey 1999 – reported a problem gambling rate of 0.6% of the population (16-years and above; DSM-IV). The most recent estimate – from the Health Survey for England in 2018 – reported a rate of 0.56% .

The highest rate of problem gambling (using the DSM-IV screen) was recorded in 2010 (0.9%) and the lowest rates in 2012 and 2018 (0.5%).

It is often reported by senior members of the Gambling Commission that there are between 1.5m and 1.8m people in Great Britain at risk of “developing a serious gambling problem”. This is a misguided interpretation of the findings from Health Surveys. Using the PGSI screening instrument relevance survey, respondents are classified as either ‘non-problem gamblers’, ‘low-risk’, ‘moderate risk’ or ‘problem gamblers’.

Low-risk gamblers are defined within the PGSI as follows;

“This group likely will not have experienced any adverse consequences from gambling”

Moderate risk gamblers are described thus;

“This group may or may not have experienced adverse consequences from gambling”.

Based on the results of the 2016 Health Surveys, it was estimated that 1,740,000 people were ‘at risk’ gamblers using the PGSI. Of this figure, 70% were classified as ‘low-risk (and therefore unlikely to be experiencing adverse consequences) and one half of these scored just one point (out of 27) on the PGSI screen.

PGSI classification	Central estimate (adult population of Great Britain)
‘Low risk gambler’	1,190,000
‘Moderate risk gambler’	550,000
‘Problem gambler’	230,000

To the extent that problem gambling affects a relatively small proportion of Britain's population and a somewhat larger (but small) proportion of gamblers; that the reported rate of problem gambling has remained relatively stable between 1999 and 2018; that harms (to the extent that they are recorded) appear to be stable or in decline; and that rates appear low by international standards (and in line with western Europe), we consider that Britain has been moderately successful in fulfilling the licensing objectives that underpin the 2005 Gambling Act.

Gambling Related Harm.

The NAO report also explores the National Strategy for Responsible Gambling's identification of 'gambling related harm'. There are questions asked about the Gambling Commission's lack of clarity around how the delivery of the objective to reduce gambling harm or problem gambling might be achieved, and who the 'vulnerable' are that should be protected.

At the time of the consultation into the current National Responsible Gambling Strategy the GBG argued that 'gambling related harm' is a symptom (not a cause) of problem gambling and that attempting to treat symptoms is unlikely to have a marked impact on the main issue.

A nebulous concept such as 'harm' is as individual as there are gamblers and is unlikely to ever be defined well enough to be able to measure whether we have had a positive impact on its prevalence or not. The sooner we collectively recognise this, the sooner we will start to focus our resources on the areas where we can really make a difference – which is helping those gamblers who can't, to stay in control of their activity.

The GBG is concerned that as long as the National Strategy is fundamentally based upon the reduction of harm, and harm cannot be defined accurately enough to be measured, we are unlikely to ever know whether the strategy has been successful.

Children Gambling.

Separately, the Young People and Gambling Survey attempts to estimate rates of gambling and 'problem gambling' amongst schoolchildren (ages 11 to 16). This survey uses a different screening instrument, the DSM-IV-MR-J. The accuracy of such screens has been repeatedly questioned in the research literature, with concerns expressed about over-reporting.

It is difficult for children to gamble with licenced operators in the UK due to the regulations, preventions and precautions that are in place. For an under 18-year-old to gamble online they would have to be using an adult's account either with their approval or via deception. The Gambling Commission themselves acknowledge that if children are gambling illegally in the UK, and it is not clear that they are, it is unlikely to be happening to any extent within the regulated market.

The reported increase in 'problem gambling' amongst schoolchildren between 2016 and 2019 is explained entirely by changes in research methodology:

- 1) The inclusion from 2017 onwards of 16-year-olds (reports from 2011 to 2016 were based on surveys of schoolchildren aged 12 to 15 years);
- 2) A change in questionnaire delivery from paper and pen (2011 to 2017) to paper and pen and online (2018) to online only (2019). In 2018, the problem gambling rate measured using online survey responses was 2.1%; but 0.6% using paper and pen survey responses (giving a blended rate of 1.7%).

Prior to the changes in methodology instituted between 2017 and 2019, rates of 'problem gambling' had been in decline and was reported at 0.4% in 2016. It is not clear that changes in methodology have resulted in increased accuracy.

Evaluation.

The lack of effective evaluation identified by the NAO in the report is not just an issue for the gambling regulator, it is an issue for the industry, for its support services and also for the researchers and academics who spend millions of RET donations exploring various areas of problem gambling. If there is one common area where we can do ourselves and those impacted by problem gambling a better service, it is by being more effective at evaluation and providing tangible results on which sound decisions can be made.

The National Lottery.

The scope of the NAO report does not include the regulation of the National Lottery. The National Lottery and their scratch card products are not only mainstream gambling products, but they are the most prevalent with some 44,000 retailers in the UK that sell National Lottery Products. This is all the more poignant today because unlike all Licenced Gambling Premises, many of these retailers have remained open during the Covid -19 lock down. So whilst the Betting and Gaming Council has produced a detailed ten point plan to help protect potentially vulnerable online customers though the Coronavirus crisis, there has been no such plan or initiative from the Gambling Commission or from Camelot that similarly protects their existing and new vulnerable customers in these testing circumstances. However, the prevalence and availability of their products in this crisis are not the only reason that the National Lottery is a stark anomaly;

- 16 and 17 year olds can still legally play the National Lottery and purchase scratch cards, other gambling products have a minimum age requirement of 18.
- There is no self-exclusion solution in place to support and prevent problem gamblers from purchasing National Lottery products on the high street, which is a Licence requirement for all other types of Gambling Premises.
- National Lottery products (including scratch cards) are now the only form of gambling in the UK where credit cards can still be used to gamble legally.
- Unlike any other product it regulates, The Gambling Commission has an obligation to maximise the monies donated to good causes through increasing sales of National Lottery products.

It is our view that any evaluation of 'problem gambling and protecting vulnerable people' such as that set out by the NAO, should also include 'problem gambling and protecting vulnerable people' from harm caused by the National Lottery and its products. When it comes to protecting the public, it is not morally acceptable to have one set of standards for the Gambling Industry (because they happen to be private businesses) and another less stringent set of standards for the National Lottery because they donate to good causes. Both types of gambling have the propensity to cause the same levels of harm.

The Commission's ability to respond to changes in gambling is constrained by its understanding of how they affect consumers.

From what we understand from our members and other key industry players, they would relish a regulator who genuinely understands the detail what we do and what we offer, ideally with

comprehensive operating and customer experience. A firsthand understanding of customers who enjoy the pleasure and enjoyment of gambling as well as those who find it problematic.

Not least of all because hypothesis would be replaced by knowledge, and best intentions replaced with hard evidence leading to better regulation.

Yes, this is a self-interest position for the Industry take but NOT for an easier life, or for softer regulation and quicker profits. But for sound business and reputational reasons. Regulation that is questioned (as it is in this report) has the effect of attracting public mistrust leading to an unpredictable future for the sector. This helps no one, least of all the consumer.

Good, effective regulation improves the reputation of a sector as a whole.

We therefore do not support the view that the GC needs more resources per-say to be able to regulate better, but they could be far more efficient and effective with knowledgeable and experienced people and resources. There are over 300 people working in the Gambling Commission and we would question how many of them (if any) have front line experience? How many of them have genuine hands-on product experience? How many of them have actually held down a job in a live gambling environment engaging with real gambling customers? These are attributes that the Industry feels that the gambling regulator should be actively recruiting.

The GBG would agree with the view that a bigger regulator is neither better or the answer in this case, but there is a question whether the knowledge and capability is available to meet the growing and changing demands required to regulate a dynamic sector. In addition to this, we have no idea what impact that the current lockdown will have on the numbers of Licenced Operators or how badly their GGY will be hit. These will all have a knock-on effect on the future requirements of the regulator.

In conclusion, if there is a requirement for the Gambling Commission to raise their fees in order to recruit the right quality and knowledge needed to regulate more effectively then this we are sure, will be regarded by the Industry as a necessary investment in a secure future for Gambling UK. But first there needs to be a clear change to the current strategy and approach.