

Culture, Media and Sport Committee

Oral evidence: Gambling regulation, HC 1010

Tuesday 11 July 2023

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Culture, Media and Sport Committee Members present: Dame Caroline Dinenage (Chair); Kevin Brennan; Clive Efford; Damian Green; Dr Rupa Huq; John Nicolson.

Health and Social Care Committee Member present: Paul Blomfield.

Questions 68 to 167

Witnesses

I: Michael Dugher, Chief Executive, Betting and Gaming Council; and Wes Himes, Director of Standards and Innovation, Betting and Gaming Council.

II: Miles Baron, Chief Executive, Bingo Association; Michael Dugher, Chief Executive, Betting and Gaming Council; Wes Himes, Director of Standards and Innovation, Betting and Gaming Council; and John White, Chief Executive, Bacta (British Amusement Catering Trade Association).



Examination of witnesses

Witnesses: Michael Dugher and Wes Himes.

Q68 **Chair:** Welcome to this morning's meeting of the Culture, Media and Sport Select Committee as we continue our inquiry into gambling reform. Given the overlap between gambling and public health, which Amanda Pritchard, the chief executive of NHS England, specifically raised earlier this month, we have invited the Health and Social Care Select Committee to send one of its members to take part in our session. We welcome Paul Blomfield, who the Committee has nominated for this role.

Our first panel this morning is focused on online gambling. We are joined by Michael Dugher, the chief executive of the Betting and Gaming Council, and Wes Himes, the council's director of standards and innovation. You are both very welcome.

I will kick off the questions. Michael, what is the industry's overall reaction to the gambling White Paper?

Michael Dugher: Thank you to all the members of the Committee for inviting us today. I will come on to our overall reaction, but I will begin by talking about a group of people whose voice has occasionally been lost in this whole White Paper process: the 22.5 million people who enjoy a bet regularly. These are gamblers, but they are also people who work hard, pay their taxes and look after their family, and it is what they choose to do with their own money.

There are also the 110,000 people who work in the industry. Some of them are in really well-paid, high-tech grad jobs in the most deprived parts of the country like Staffordshire or Yorkshire, but a lot of them are working behind the counter in betting shops in working-class communities up and down the country, or waiting tables and serving drinks in casinos. As I say, occasionally their voice is sometimes lost.

We have welcomed the White Paper very strongly. We have worked very closely with the Government over a number of years—more years than we thought it would take. We had called for a number of the key measures that are contained in the White Paper, not least the enhanced spending checks for online gambling, the ombudsman, the mandatory levy for RET, stake limits for online slots and the modernisation proposals for casinos. We talked publicly a lot about some of those things, and we engaged on some of them privately with the Government.

We have welcomed it. We were frustrated by the delays, as I have already alluded to. I think that there was a needless delay of at least a year during this process, but in fairness to the Government, what they have tried to do, in not the easiest of circumstances, is stick to the evidence-led approach that they outlined when they launched the review. As I say, that is not easy when sometimes this can be a very polarised and very emotionally charged debate, but I think they have tried to stick to an evidence-led approach.



I want to finish on one thing in our overall response to the White Paper, which is to deal straightaway with the issue of gambling-related harm. That is the thing that all of us having been trying to address. We often talk about the 0.3% of problem gamblers—those are the independent Gambling Commission's figures. That is a low percentage by international standards. There is some evidence that it has fallen at times, but the GC says that it is certainly statistically stable. That is a low percentage, but it is a low percentage of a big number.

Problem gambling includes a whole cohort of different kinds of people, issues and behaviours. It also includes, in extreme cases, those suffering from what the NHS calls disordered gambling—a recognised psychiatric condition. The consequences can be absolutely devastating for those people and their families. I do not want the Committee to feel, from the conversation that we have and our response to the White Paper, that we are in any way dismissive of that.

In fact, in answer to the question, what we have tried to do throughout all this process, ahead of and in response to the White Paper, is ask how we can get better education, awareness and prevention of harm and how we can better protect vulnerable people, using the technology that we have online, better identify and target those at risk and then better help those who need it. That has informed our approach in advance of and in response to the White Paper.

Q69 Chair: Thank you very much. The White Paper forecasts a reduction in the gross gambling yield of between 3% and 8% overall and between 8% and 14% for the online sector. Do you think that is an accurate forecast?

Michael Dugher: I think it is a good guess. The Government were very clear to us that they were not doing an economic impact assessment. Personally, I thought that was unusual; we would have expected one. They have the figure of a nearly £900 million hit to gross gambling yield.

The Secretary of State's letter that was part of the mini write-round that the Government did to get Whitehall clearance for the White Paper—I am sure the Committee has received it or can ask for it—said, "From a fiscal perspective, we believe the overall package is cost neutral or positive for government." That is the bit that I am pretty sceptical of, because we pay gambling duties. I don't see how you can squeeze our revenue by what the Government say could be nearly £900 million—we think it could be a bit more—and have it be somehow fiscally neutral.

The Government justify that by saying that they expect there to be savings in the cost of gambling-related harm. We are going to be paying more as an industry in research, education and treatment. The NHS is expanding its own operation in that direction. I don't see how that comes out any cheaper, but it is based on an economic theory that is about displacement. This is the bit I am sceptical of, and it alludes to a conversation we will come on to later about the black market. The idea is that if you restrict people's gambling, stop people gambling or reduce



gambling, the particularly engaged betters will somehow say, "I was going to have a bet this afternoon on the football and the races, but now I can't do that, so I'll just spend more money down the garden centre or join the gym." That would be economic displacement. I don't think it rings true. There is certainly no statistical evidence for it, so I am sceptical about the impact.

We saw from one of our EY reports recently that tax revenues to the Exchequer have fallen as our revenues have fallen, which is no surprise. It is not rocket science. I do not really see how the Government can say that it will be fiscally neutral or positive.

Q70 Chair: Do you see this having any probable long-term impact on the sector?

Michael Dugher: Financially, undoubtedly there is a reduction in revenues, in GGY. I don't necessarily see the land-based sector coming to the rescue; I don't think that there will be an equivalent increase there. That is an issue. These are global companies making investment decisions about where to headquarter staff and where to prioritise investment. That will be a matter for those companies. It certainly has a financial impact.

I hope it will have a positive impact in policy terms. The industry will have to manage the financial impact and the Government will have to come to terms with that, but I hope that in policy terms we can continue what has happened over the last few years, which is that whenever you get vast technological transformation—the Committee will be familiar with that in other industries—you then get a period of regulatory catch-up. You will have seen that from the regulator in the last few years, and ultimately in this White Paper and the public policy changes that have come out of it, but also in the actions that the industry has taken. There has been a drive on standards and a big change in practices as the industry has got to grips with the impact of those technological challenges. That is the big picture to emerge.

Q71 Chair: I know that this does not fall under the remit of the Betting and Gaming Council, but I am interested in your viewpoint on what impact these reforms will have on the viability of the UK horseracing and breeding industry.

Michael Dugher: If you hit our revenues, our turnover, that has a direct and corresponding impact on horseracing funding. As an industry, we provide £350 million a year in funding to racing. There is, perhaps more than with any other sport, a symbiotic relationship between racing and betting. We have been worried about that, and racing has been worried about that. For a lot of MPs, the majority of any correspondence on this issue will have come from racing punters, from those with racecourse interests or from owners and trainers worried about the future of the sport, particularly post-covid. It is a challenging and tough environment for racing, as it is for lots of sports.



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The Government admit in the White Paper that there will be a reduction in the money going to racing. They say that they will have a conversation by the end of the year about looking at the horseracing levy. The only thing we say, which is relevant to the Betting and Gaming Council—personally I am a massive racing fan; I only bet on the horses, really—is that racing as a product to bet on has been in decline in recent years. It used to be the main thing, with football second. That has flipped in the last 10 years or so.

It is also an increasingly expensive one for the operators, particularly because the media rights have also gone up. There is only so much money available to racing, one way or another. Chatting to people at the Coral-Eclipse on Saturday, they are very worried about what it means for racing. In very recent times, they have seen a decline in turnover. A lot of the restrictions on gambling, affordability checks that have happened via stealth through the GC have already had a knock-on impact on turnover, and racing could see a marked decline in its income already. They have already had a warning of things to come.

Q72 John Nicolson: Good morning, gentlemen. Mr Dugher, why do you think the gambling industry makes so much more money than it used to?

Michael Dugher: As we have said, 22.5 million people enjoy a regular bet. That is a lot of people—half the adult population. By “regular” we mean certainly monthly. A huge chunk of that is the National Lottery, which is why it slightly surprised me that the National Lottery is not really part of this gambling White Paper.

Q73 John Nicolson: Let’s exclude the National Lottery, but let’s look at the figures. People enjoy gambling—historically they have always enjoyed gambling—but the figures have gone up dramatically. In 2011, the gross gambling yield for the gambling industry was £8.4 billion. Last year it had rocketed to £14.1 billion. That is a huge increase.

Michael Dugher: Out of that, I think nearly £4 billion is National Lottery, so the rest is us.

Wes Himes: That is correct. £14.1 billion includes the lottery, which is about £3.7 billion in GGY last year. What has happened, of course, is that our operators have provided a variety of products that people enjoy partaking of.

Q74 John Nicolson: Or people hate it, of course. You guys like to associate the word “enjoy” with gambling, but for a lot of people gambling represents absolute misery. It represents depression and broken families. The gambling industry preys on some of the poorest in society in particular—we know this. That is why, surely, some of the reforms that this Bill proposes are eminently sensible to tackle problem gambling, Mr Himes.

Wes Himes: Yes, and that is why we work tirelessly to try to bring in more measures. We have developed 11 codes over the last three years,



doing over 80 substantial measures that sit on top of regulation and legislation, to create a safer gambling culture. The reduction in problem gaming rates that has occurred over the last seven years is also noticeable. They have nearly halved since 2017 to today: we have 0.3%, one of the lowest problem gambling rates internationally. Even though there has been a rise in the enjoyment of the product, there has also been a reduction in the problem gambling rate during that time.

Q75 John Nicolson: Mr Dugher, of course the checks are ludicrously lax, aren't they? That is why William Hill, for example, was fined £19 million for a range of failings, including one customer being allowed to open a new account—and I see you are checking your notes for William Hill—and to gamble £23,000 in just 20 minutes with no checks. That was recently. That is an eminent failure in what you say you are doing, which is to control problem gambling. How is it possible that a single man lost £23,000 in 20 minutes, if the checks are effective?

Michael Dugher: First, on your point about enjoyment, some people don't like gambling—I appreciate that—but 22.5 million people do, and it is language that they would use. As I said right from the outset—Wes has said it as well—there are 0.3% of the adult population suffering from problem gambling. You rightly raised William Hill's fine, because that was very recent. That is the regulator doing its job. There clearly was a failure there.

John Nicolson: It's not the industry doing its job.

Michael Dugher: Yes, absolutely. Well, it's the regulator.

John Nicolson: It's the industry failing.

Michael Dugher: The fine that they gave, the inspection that they did, the subsequent conclusions they reached and the enforcement action, including the very substantial fine, were the regulator doing its job. It highlighted that in those circumstances the industry was falling short. There had been a failure of systems. I am not going to defend any company when things go wrong if they have been in individual cases or systems.

On the William Hill case, which you rightly raise, the regulator made it clear that since it has looked at these cases, there have been marked improvements in the systems that William Hill, or 888, had introduced, and a change of management and ownership as well. The regulator itself has concluded, rightly highlighting where things have gone wrong, that the operator put in place measures to improve the systems to ensure that things like that could not happen again.

Q76 John Nicolson: Looking at the legislation, do you support the loss thresholds that are included in the proposals?

Michael Dugher: Yes, we do.



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Q77 **John Nicolson:** You do. They seem very sensible to me: £125 net loss per month or £500 within a year for light-touch checks, through to £2,000 within a 90-day period.

Let's look at other things that we could do to try to make gambling safer for people. A complete ban on advertising in sports grounds might be a sensible thing to do because at the moment—this is something you never saw when we were young—footballers are running around like athletic billboards for companies, with companies emblazoned over their shirts. That is bound to make it attractive for children.

Michael Dugher: If the objective is to reduce harm and to tackle problem gambling, it would be a sensible thing to ban sports sponsorship, football advertising, all advertising in grounds and all the things that you have suggested—if there were any evidence that there is a link between advertising and sports sponsorship and problem gambling. The Government, having reviewed all of the evidence, found no evidence and made that very clear.

Q78 **John Nicolson:** The English Premier folk did not, because they are voluntarily removing ads from the shirts in 2025-26. That is an admission that it does do harm. They would not have agreed to do it if they had not concluded that it did harm. English Premier thinks that it does harm. If it concluded that it does harm, it makes sense to go a little further and remove all advertising from shirt sleeves, for example, and around pitches.

Michael Dugher: The Premier League did not conclude that there was harm, I am afraid. It recognised that there was public concern about the scale and volume of branding around football, and it responded to that. One of the areas—we will come on to this—where the White Paper can be improved, and I hope it will be, is sports sponsorship. There are things that I would like to see more of.

You talked about outside the Premier League. We do 20% of our advertising on safer gambling messaging, encouraging people to set deposit limits and set time limits—practical help that can have a transformative impact—but also signposting help for those who need it. Watching the play-off finals, a lot of you will have seen that there was a huge push around Sky Bet, but it seems to me: why doesn't that count for all of the advertising hoardings? That is a change that I think we could see the EFL introduce.

We are arguing for a number of changes. However, on the point about sports sponsorship advertising, it is important to get to the heart of this, which is that there are—as I have learned in the last three years—two fundamentally different philosophical approaches that underpin the answers that you might have. There are those who believe that gambling is like tobacco: something that is universally and intrinsically harmful to all. That leads you down a journey of advertising bans and sports sponsorship bans for the F1, Embassy snooker and all that kind of thing.



There is an alternative view, which is one that I share and I think the majority of people share: gambling is much more like alcohol. It is something that millions of people do—and millions of people don't do, by the way—and the vast majority of people do it perfectly responsibly and safely. However, there are people who have a problem with that and, in the most extreme cases that I have talked about, those issues can be devastating. That lends itself to a different approach, which is about better regulation, restrictions on advertising and raising standards.

They are the things that we have been working on up to now, and I would like to see more of now that this White Paper has been published.

Q79 John Nicolson: That is precisely why the Scottish Government introduced minimum pricing on alcohol in the teeth of lobbying, not only from Opposition politicians but from the industry. We were told at the time that it would not work and, of course, the most recent figures show that it has been a huge success. That is why it is very important for politicians not to succumb to lobbyists.

Let's cut to the chase, as you put it. Let's look at children and problem gambling. According to the Gambling Commission, 1% of 11 to 16-year-olds have problems with gambling. That rises to 2.4% of children of that age—very young children—who are at-risk gamblers. Boys are twice as likely as girls to be at risk. These are huge figures and a huge percentage of 11 to 16-year-olds.

Boys go to football and enjoy football, so if they see their heroes running around advertising gambling, they are going to think that is a cool thing to do, and of course that is what you guys want. You want to normalise this. It is not normal to sit on your iPhone and lose large amounts of money; it is a new development, and it is deeply damaging.

Michael Dugher: Again, I will take issue with you on that phrase, if I may, very respectfully. I am afraid that for millions of people having a bet, including on their phone—

John Nicolson: You have said that twice.

Michael Dugher: I am addressing your question. It is normal for them even if others may disapprove of it or think it is abnormal.

Q80 John Nicolson: We have heard that point. Let's talk about the children.

Michael Dugher: It is a vital point. One of my frustrations throughout the White Paper process, in chatting to a lot of Ministers who came and went, is about them having a much more strategic approach. I argued for making protection of young people a very strong theme. As a regulated industry—we will talk about this later on land-based—we have a very strong record. We could do with a little help from Government with the platforms, but again I can only refer to the evidence.

I think it is important to look at the most recent independent study by the GC, the "Young People and Gambling" report, which showed that



there had been a significant reduction in children gambling, from 23% of children participating in some form of gambling in the past week in 2011 to 7% in 2022. We then asked the question: what are the 7% doing? In that report by the GC, 3% of those children stated that they were gambling on fruit and slot machines. E-sports were 2%, and it was actually zero for sports. The majority of gambling activity was on penny-pusher and claw-grab machines, which were 22%; bets between friends, which were 15%; and playing cards for money, which was 5%. Fruit machines were 3%. That is not with BGC members, and it is not on football.

Q81 **John Nicolson:** If it is all so very benign, and of course it is not: 2.4% are at risk, which is a disturbing figure. Other Members want to come in, so I will conclude my questioning.

You mentioned the NHS in your initial submission. We have heard in the Committee that the NHS no longer takes money from the voluntary levy. That is following research into the harm your industry does to the mental health of large numbers of people. The NHS, which once co-operated with you, has chosen not to take money. It has written to your industry saying that it no longer takes money, specifically because it does not want the national health service of this country to be associated with any donations from your industry.

Michael Dugher: We pay over £4 billion in income tax. We presume some of that money goes to the national health service.

John Nicolson: Yes, but this was direct.

Michael Dugher: You are right that RET funding from the industry massively stepped up from our largest members after 2019. There was a time when the NHS took that money. It then made a decision, which we respect, that it did not want to take the money. The truth is that it does want to take that money, but it does not want it to be on a voluntary basis. It wants it to be on a statutory, mandatory basis.

We proposed to the Government over a year before the White Paper to have a mandatory levy. Instead of just having the big companies that have massively stepped up their money, we said that contributions should be rolled out across the regulated industry with suitable safeguards to protect land-based operators. We argued in vain that if the National Lottery is getting £3.7 billion in gambling revenue, for it to pay perhaps £400,000 a year seems a tad on the small side, so we thought it should be fair—

Q82 **John Nicolson:** It is the association with your industry. It said in correspondence that, if you have experienced some of the dreadful harms that come via your industry, with the broken families and the addictions, the last people you want to see crying crocodile tears and offering money to you is the gambling industry. That is specifically why the NHS said it did not want to take your money.



Michael Dugher: It said it did not want to take our money via the current arrangements where it was voluntary, as you rightly said, but also—

John Nicolson: As a matter of principle, it does not want to take your money.

Michael Dugher: As a matter of principle, it does want to take the money but it wants it to be on a statutory basis. Its issue was about independence of funding. We argued in vain, and I think this was an unfair interpretation. It felt that the money was not independently allocated, and that was its big concern, as you will have heard from the people you have taken evidence from.

It will take money from the industry, and it is right that the industry contributes money for research, education and treatment and contributes increasingly, but it will be—according to the Government's proposals, which we accept—on a statutory footing but also mandatory, which we proposed. The Government will put in place something that I hope will be seen as genuinely independent and fair in the allocation of that money.

Q83 **Damian Green:** Good morning, gentlemen. I want to start by asking about black market gambling. How big a problem is that? Is it a growing problem?

Wes Himes: There was a PwC study done in January 2022, which estimated that the number of UK adults playing on the black market moved from 210,000 up to 460,000. This is obviously a very worrying statistic for us, because it is sad and disappointing that we have UK citizens going to offshore illegal sites where there are no protections whatsoever. It is very important that we concentrate on providing a very diverse product, because the best antidote to the black market is being able to satisfy the customer experiences here in the UK.

As part of the forthcoming consultations, there is more work to be done on fighting the black market, but it is important to make sure that we get the balance right with the customer experience, because that is the most important motivating factor keeping people within the regulated sector.

Q84 **Damian Green:** The other way is to have proper powers to stop people using black market companies. The White Paper proposes new powers for the Gambling Commission. Do you think that those powers are adequate?

Michael Dugher: It is a welcome development. Clearly, enforcement will be part of the armoury in how we tackle the growing unsafe, unregulated, unlicensed black market online. I made the point repeatedly to Ministers—and I felt occasionally over the last couple of years that there was an element of a dismissive attitude from some people about this—that there is no enforcement solution to this, because this is the internet. People expect to get what they want on the internet.



Any member of this Committee, in a few seconds, could get their phone out and access the black market, an unlicensed operator, online. We get very little help from the platforms. You can do a Google search on how to avoid GAMSTOP, and away you go. Punters find it very difficult to distinguish what is a regulated licensed operator and what is not.

You are right that enforcement is part of it, and we welcome the extra resources for the GC, but Wes is right to say that we have to understand what the reasons are why someone who is betting in the regulated sector feels that they have to go and bet with an unregulated operator where there are none of those safeguards. This is not an argument, by the way, for not better regulating the regulated sector. It is an argument for getting those regulations right, because the experience across Europe is when countries have got the regulations wrong and the restrictions wrong, there has been a big and dramatic increase in the black market overseas.

Q85 Damian Green: I will take your analogy with alcohol as opposed to tobacco. It slightly sounds like you are saying the equivalent in the alcohol sphere would be, "If you tax us too much, people will buy unlicensed alcohol, which will make you go blind," or something like that. I am sure you are not trying to say that, but it sounds slightly like that.

Michael Dugher: To take that analogy—without going down a rabbit warren, but it is an interesting one—it would be more like saying that if you put restrictions on people's access to alcohol at the supermarket or the pub, they would find some sort of speakeasy. Obviously that was the experience during prohibition in the United States in the 1930s. That is not available here, because there are not those restrictions on people for alcohol, so that alternative does not exist.

However, in gambling it absolutely does exist. This is a huge business. Anyone can go on their phone. Remember Oliver Dowden saying—and he was right—that with changes in technology, everyone has a casino now on their mobile phone. That is true. Everyone now has an illegal casino in their mobile phone as well.

Wes Himes: Could I add to that? It is quite right to look at international comparisons, because they obviously have to encounter the same issues around the illegal market. Look at places like Norway, France or Italy, where they also invest in a number of tools to try to combat the illegal market, such as internet service blocking or financial payment blocking. What you find in Norway is that the estimated percentage of the illegal market is 66% and the problem gambling rate is 1.4%. If you look in Italy, the black market is 23%, and there is a 2.2% problem gambling rate.

Clearly some of these tools will make marginal improvements to the fight against the black market, but ultimately it is about making sure that the customer can continue to enjoy their experience with the safer gambling measures wrapped around that experience.



Q86 Damian Green: One of the things the Government have proposed is giving the commission power to apply to the courts for an order that requires an internet service provider to disrupt illegal gambling. It is one of those things where they are thinking about it, and they might do it when parliamentary time permits. That feels slightly feeble to me. What does it feel like to you?

Wes Himes: It is one tool in the arsenal. It is quite right that the Gambling Commission has a more streamlined method of being able to use notice and takedown measures of these illegal sites. Sadly, what happens is that when it identifies one domain and takes it down, that domain pops back up in another form or guise and recontacts its customers in order to redirect them.

It is a constant fight. There is no silver bullet for the black market. As I have said, ultimately what we want to do is keep customers here in the UK-regulated market. To do that, we need to provide them with the experiences that they are looking for.

Q87 Damian Green: As you say, you cannot tell when you are using these sites that they are illegal. There are ways of solving that by having a kitemark thing that says, "This is regulated gambling. If you do not see this sign when you open a site, beware." Would you recommend that kind of approach?

Michael Dugher: I personally think the biggest thing that you could do is stop the traffic. People expect to Google anything they want. If you are being asked by the people you used to bet with for documents like payslips or bank statements and you are not prepared, as most customers would not be, to hand over personal private financial information like that, you will look for an alternative. The first thing you do is a Google search: "How can you get round the system?" It pops up in seconds.

Wes Himes: That's right. It is unfortunate. We provide a national self-exclusion scheme called GAMSTOP, which has over 300,000 people registered and denies them any access to UK online regulated sites. Unfortunately, if you do an organic search, you will find sites that attempt to convince customers to circumvent that, which is just terrible—absolutely terrible. Whatever tools we can bring to try to prevent that, with help from the online platforms, would be incredibly helpful.

Q88 Damian Green: Can I move on to one other matter, on product level protections? The Gambling Commission changed the rules back in 2021 on online slots to limit the play speed. What effect has that had?

Wes Himes: What has happened, in terms of looking at the impact of that—the approach to slots, which of course is under consideration by the Government—is that it is a very blunt approach to ensure safety. For instance, from the studies we have done, a large majority—83%—of the customers who are currently on online slots are staking under £2. There



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is a huge disconnect between the risk and the potential harm versus the actual stake size.

What is more important is the financial risk assessment, because that looks at the customer in the round and creates a whole view, irrespective of the product that they are using. You eventually hit a loss limit at which point the financial vulnerability checks and financial risk assessments kick in. It is more important to look at the entire profile of a customer.

We are obligated by the commission, under its recent guidance on customer interaction, to look at seven different sets of markers of harm, which are created around 26 different metrics that we need to follow in our algorithms. It is much more important to look at the customer as a whole in managing their entire risk profile, as opposed to the blunter instrument of a single product restriction.

Q89 Damian Green: Have the 21 changes decreased revenue per customer?

Wes Himes: In terms of the—?

Damian Green: Since the Gambling Commission made those rule changes in 2021, has the revenue per player on online slots decreased?

Wes Himes: No, it has remained stable.

Michael Dugher: To follow up on the points about what in very industry language we call “markers of harm”, most of the operators will have several dozen. It is important to recognise that particularly problem gamblers will use multiple different products, but also have key markers of harm. It is obvious when you think about it: they are things like time spent gambling, the time of day you are gambling, changes in your gambling, suddenly stepping up either the amount of time or the amount of money, rapid deposits or chasing losses, which is something that can be picked up.

All these are important when we make that assessment of an online gambler to decide to what extent they are at risk, vulnerable or demonstrating multiple markers of harm of problem gambling—not just the product.

We support the Government’s proposals on online slots, by the way, and the stake limit is something that we argued for. It could be part of the picture, but it is only one part of the picture.

Q90 Damian Green: Your basic message is that you should concentrate on the individual rather than the product?

Michael Dugher: You need to do both. There needs to be some specific action around product, which is why we support the Government’s proposals around having stake limits for online slots. In all honesty, I think that will only make a small difference compared with the transformative difference you can make if you improve—operator by operator and in the industry as a whole—the detection of problem



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gambling, identifying risk and vulnerability. The key thing is then having systems in place where you have the interventions that can do something about that customer's play.

It is one thing to identify a problem. The next thing is how you intervene in real terms on those customers to prevent them from getting into a spiral and into the kinds of problems that John and others talked about.

Q91 Clive Efford: I should say that in the past I have accepted hospitality from the Betting and Gaming Council.

The issue we are concerned about in legislation relating to gambling is the minority of people who can suffer serious harms as a result of gambling more than they can afford to, and the impacts on their mental health. What is your view of the effectiveness and the practicalities of the single customer view and sharing data?

Wes Himes: We think it is definitely something worth exploring. In fact, it already occurs in the market place. There are already three examples of single customer view being utilised today. One, as I mentioned, is GAMSTOP. Anybody who signs up immediately has their data shared with all operators and, where that operator has an account, it self-excludes that individual. It is a single customer view.

Another one is offered by banks. Banks currently allow you to block, on your debit card, any transactions that go to gambling operators. That is for all operators. It is effectively a single view for the customer from its bank account.

We have recently begun trialling a new scheme called GamProtect, which is provided to individuals who we feel are suffering from health-related harm in relation to their gambling. We put them into the system and share that with other operators in order to close down their accounts and protect that individual. It is already going on in our trial, and we have already committed to looking at further trials as we continue to evaluate each one in sequence.

Q92 Clive Efford: You say you identify individuals and you put them into that system. Do they have to approve that? Do you have to seek their permission to share that data?

Wes Himes: With GamProtect, we have gone very diligently through the ICO and underscored the privacy matters around that scheme. The verdict on that is we are able to make those decisions on behalf of those customers who show very acute signs of health-related gambling problems. In that case, as an operator, we are then allowed to put them into the scheme. We are currently trialling that to understand its effectiveness.

Q93 Clive Efford: Going back, there were a lot of questions about the black market and how it operates. You described how you feel there are limitations on what can be done in terms of enforcement. Specifically, is



there anything more effective you think we can do to prevent people from being attracted into the black market as a result of any regulations that may come as a result of legislation?

Michael Dugher: I think you need to do a number of things. On your question about single customer view, this is an important area for us. It is not easy because of the data sharing issues and the multiple stakeholders that we deal with, but it is a priority for us. If it is a reassurance for the Committee, we know it is a priority for the GC and the Government and they are very much holding our feet to the fire on that.

The one issue about the black market is that we have to be able to chew gum and walk at the same time so you need more resources and more enforcement. You need help from the platforms. This has to be a big priority, but ultimately it is about looking at what it is that drives traffic to that particular form of gambling.

Wes talked about the decline in numbers on the rates of problem gambling. That is obviously welcome news, but if I can be candid with the Committee, part of me worries that perhaps part of that decline in problem gambling is that some of these people have just fallen off our books. As we have put restrictions in place, closed VIP schemes, raised standards and all the rest of it, which is absolutely the right thing to do in raising standards, I think there has been a displacement, which would explain why you have had roughly a doubling of the number of customers and a doubling of the amount being staked.

It is also a lesson for us to be very careful in the changes that we make, and to evaluate the data to see why it would be that someone would want to switch from licensed operators.

We have it anecdotally from operators all the time, often on individual cases, "This customer has come to me and said, 'You're asking me to give you my documents. I'm not prepared to do that. I now bet elsewhere.'" That person is definitely not betting with a regulated operator. They have not stopped gambling; they are just gambling somewhere else.

Q94 **Clive Efford:** I was struck by your answer earlier on, Wes, when you said that if a platform shuts down a website it just sets up somewhere else. Presumably it has a captive market that it advertises to, and these people rejoin. As I think Michael hinted at, are we talking about a set of regulars who use the black market rather than licensed operators?

Wes Himes: It varies. Clearly there are some people who are probably regular users of the black market but of course it can spike around things like the World Cup, when the advertising becomes much more aggressive from legal sites.

The number of ploys and approaches by black market sites to try to access customers, unfortunately, is deeply depressing. For instance,



when we did the high-value customer code about 70% of our VIPs exited the scheme. Black market sites would try to poach the databases from VIP managers and operators in order to contact those people and steer them towards the site.

For the exact same issue around the banks, where they are blocking regulated operators, they can do that because there is a single merchant code for those operators. What we see now is that the illegal, unregulated market fraudulently changes those codes to something else so the payment can then be made to them, which it otherwise could not for a regulated UK entity. These are terrible—

Q95 Clive Efford: Just to be clear on that, is it that they basically rebadge themselves as not gambling, and that is how they get through the system with the banks? How do they describe themselves? What would be a good example?

Wes Himes: Leisure services, flower shops, whatever it might be—they can fraudulently misrepresent who they are as an operator. It would be very helpful for the payment providers that provide those merchant codes to continue to provide robust action cracking down on those who fraudulently misrepresent their merchant code.

Q96 Clive Efford: Can I move on to the pre-commitment tools? The number of customers who currently register with the pre-commitment tool is very low. What do you put that down to?

Wes Himes: With tools, it is all about developing a culture. Over time, we very much like developing the idea of putting a seatbelt on. What we have to do is continue to push and emphasise the usage of those tools. Of course, with the upcoming consultation from the Gambling Commission, we will have another attempt to move that even further.

Last year we did our Safer Gambling Week and we had over 30 million impressions. It is all about the usage of tools. Usage of tools went up by 16% and, of those that went up, about 61% were using those tools for the very first time. The usage of tools around operators can vary from 15% to as high as 50%. We have to keep pushing that. It was a 300% increase in reality checks following Safer Gambling Week. We have to continue to develop that culture so that customers embrace these tools as part of their gambling experience.

Michael Dugher: It is also increasingly popular. Sky Bet used to advertise, “Join the 500,000 customers who set a deposit limit,” but at the play-off final, the advert changed to “nearly 1 million”. Obviously I would love to entirely credit the industry for promoting these tools and say that that is why customers are responding to all its regulatory changes, but to a large degree it is about customers themselves. Again, as technology develops, individuals and consumers develop their behaviours and responses.



I chat to guys who like a bet who now set themselves a time limit so that they only ever bet on a Saturday and Sunday. Then they can enjoy having a bet on the football or the races but they say, "It means I cannot bet on a Monday lunchtime when I'm sat in the van and I'm just a bit bored for half an hour." They set themselves those time limits, and they set themselves a deposit limit because they do not want to be skint at the end of the month. It is a logical thing that customers have responded to.

This is not new culture; it is just being adapted to the new technology. When I would first go to the races when I was 18 with my dad, when you bet in cash, he would tell me the two pockets rule: "This is your beer money and that is your betting money. Work out in advance what you are prepared to spend on a bet. That is what you are prepared to lose—don't expect to come home with it. Keep that in one pocket and keep it separate from everything else." A deposit limit is an IT version of the other pocket. Customers have responded in a welcome way.

That is why the support we get in Parliament for Safer Gambling Week and supporting the tools—20% of the safer gambling advertising is around promoting the tools—is making a big difference.

Q97 Clive Efford: What do you say to those who say that there should be a presumption that people opt out of those sorts of tools, rather than having to opt in?

Wes Himes: I think we are very open to the suggestion. When a customer exercises that, it is a stickier proposition than if it is forced upon them: when they take that choice, they tend to stick by it. I think we will have a very open attitude to that going into the consultation.

Michael Dugher: We have to bring the customers in on this. If you tell them they have to do something, they are much less likely to do it. Again, this is human nature and human psychology. If you can promote the benefits of it, they are more likely to take it up. We do it regularly, through the direct contact that you get on direct messaging, and there marketing between operators and punters as well: "Have you thought about taking a deposit limit?"—that kind of stuff. People take it up.

It is a combination. There will be, and are, circumstances where operators have identified customers who they absolutely they have to enforce a mandatory deposit limit for, whether the customer wants it or not. If you did it absolutely for all customers and made it a stipulation before you could have an online account, I think—to go back to the conversation about the black market—a large number of customers would not be prepared to do that and would go elsewhere.

Q98 Kevin Brennan: Can I also declare that I have received hospitality from BGC in the past?

According to the White Paper, some online slot games permit stakes of up to £500 every 2.5 seconds. I was one of those who was very critical of



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the industry before the BGC existed over its response to fixed-odds betting terminals and the stakes that could be bet on those at the time. Action was taken, so the ones you used to see in betting shops and on the high street now have a maximum stake of £2. Do you think that allowing slot games to have £500 stakes every 2.5 seconds promotes responsible gambling?

Wes Himes: I have a few points to make on that. I remind the Committee that currently the slots stake in a casino is £5. As I mentioned earlier, when we looked at the correlation between the stake limit and potential risk of harm, 83% of the customers whose overall profile showed a potential of harm were staking under £2.

We made entreaties to the Government during the White Paper process for a scheme that had a cap on it but would allow players to advance through different stake limits, based on their ability to prove, for instance, their financial risk profile. Because of that, and as testimony to that, it shows that we are embracing that sort of change around having reasonable measures around stake limits for online slots.

Kevin Brennan: In answer to the question, is it right that there are still some online slots where you can stake up to £500 per 2.5 second roll?

Michael Dugher: It is right that the White Paper proposes changes to that. That is something we argued for privately with the Government and supported in the White Paper publicly. As Wes said, the approach is to have lower levels of stake limits initially but then, as the customer proves that they play safe within their means and have jumped through all these other safer gambling hoops, they can then increase their stake if they want.

The other proposal that the Government made on online stake limits, which is something we strongly support, is having a much lower stake limit for online slots for under-25s. This is one of those areas that is a bit politically controversial. If the Committee is looking at it, I would be interested—

Q99 **Kevin Brennan:** I will come back to that in a minute, if you do not mind, but it is an interesting point. What I want to get at is the obvious question: why should there be different stake limits for online slots and for physical slots? One would have thought that the potential for rapid harm would be more prevalent in an online environment than it would in a physical environment.

Michael Dugher: The answer to that point is: not necessarily. This is something that has developed over time. The Government are proposing to change that. We support that change and we will support that change. That is the answer specifically to that question.

Q100 **Kevin Brennan:** In relation to it, it is £2—£5 in a casino—if you are betting on a high street usually on one of these machines, but what is the proposal from the Government in the White Paper for online slots?



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Wes Himes: The Government are currently looking at a potential online slot stake between £5 and £15, with a lower rate for 18-to-24s. That will be in the consultation that will be forthcoming in the next few weeks.

Q101 **Kevin Brennan:** I am quite interested, before we get on to the 18 to 24 issue, in this issue about financial risk checks and what is being proposed. I think, when you were answering questions from John Nicolson earlier, you were saying that you generally supported those. I was looking at the brief earlier, and one of the proposals is that these light-touch checks—I would be interested to know what you think that involves—which could be triggered at so-called moderate levels of spending, could be triggered at a £500 net loss within a year. I worked that out: a £500 net loss in a year is £1.37 a day, which is probably the equivalent of smoking two cigarettes a day, if we are talking about harms and so on.

I think you have said you support that but, superficially, just pulling at that thread, it seems quite a low level to be looking at. If someone goes out and buys a pack of cigarettes a day, which will probably kill him quite quickly or over time, no one ever proposes financial checks on that. You probably could not buy a pint of beer for less than £5 in most parts of the country—certainly not in London. You support that, but what is the logic of it? That net expenditure seems to me to be very low.

Wes Himes: Because it all depends on what you are measuring. The financial vulnerability check is looking at people who have more acute financial risk circumstances. For instance, it looks at county court judgments, the insolvency register, debt searches, postcode and so on.

Q102 **Kevin Brennan:** I suppose my question is—I am not a big gambler, by the way—if I were somebody who lost £500 a year and that was triggered, would that mean that my finances would be looked into?

Wes Himes: If you hit that trigger, yes, you would undergo a financial vulnerability check.

Q103 **Kevin Brennan:** What would that involve?

Wes Himes: That currently goes through credit registrars, who provide the product and take the variables that I just mentioned, and go into that. What it usually flags up is whether in this case a customer is considered a red, amber or green customer. A green would be no sign of financial risk. They would be able to proceed, and if they hit the outer limit—which is the financial risk assessment, the £1,000 a day or the £2,000 over 90 days—they would be reassessed again, this time not looking at those negative factors but looking at issues around discretionary income.

Q104 **Kevin Brennan:** Who will be doing the check on me if I spend or incur a net loss of £1.37 a day?

Wes Himes: The operators would be obligated to perform that check using the services of a credit registrar agency to provide that information.



Q105 **Kevin Brennan:** Just to be clear, the proposal here is that any citizen who makes a net loss of £1.37 a day will be mandated by the Government to have their finances looked into?

Wes Himes: That is currently the intention of the White Paper.

Michael Dugher: The key with that is that there are two separate sets of checks. The first set of checks will be invisible to the customer. The customer would not be aware that we would be doing these credit risk checks, looking at things like searches for payday loans and acute financial distress, bankruptcy, insolvency and all those things. If you pass those checks, in inverted commas, you could spend more than that. It would only be when you get to the next level that there would be a whole different set of checks coming in, at those higher levels.

Q106 **Kevin Brennan:** You were talking earlier about the age and possible controversy around this. It did jump out at me initially, because I understand the argument about adults in the category of the ages 18 to 24—there is evidence that they could be more vulnerable to problem gambling and so on, and that could develop into something more serious.

What is being proposed in the White Paper, which I think the industry is agreeing to, is to restrict the freedom of adults aged 18 to 24, in relation to the stake limits that they are allowed to gamble, and also which will trigger financial checks. Triggering financial checks might be a different argument, but the Government proposal says that by law adults in that age group should have lower stake limits applied to them.

Have any young people's groups made any representations about this to the industry or to Government? It seems to have gone quietly unremarked upon, as a quite significant proposal to restrict the freedom of adults in that particular age category.

Michael Dugher: There have not been any representations that I am aware of. There have been political representations and there is—if I can be honest—a live political debate, including within Government, around this. I feel very strongly in favour of these proposals from the Government about having essentially arbitrary low restrictions on all under-25s. That is because in terms of identifying risk and potential vulnerability, you can make a logical argument that says that younger people working are probably more likely than not to be earning less money than they will earn later on.

Kevin Brennan: We do allow them to have a lower minimum wage.

Michael Dugher: They are getting into good and bad habits in terms of their spending, so there is a logic behind that. There is a public policy coherency and, I think, an increasing direction of travel. I read a proposal recently, which I think the Government are considering, that you would have additional restrictions placed on new young drivers. It seems to me eminently sensible that you would do that.



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If you go into a pub and you look younger than somebody else, the terms of requirements to show ID are higher. It does not mean you cannot get a drink at 18, it does not mean you cannot drive a car at 17 and it does not mean you cannot have a bet at 18.

Q107 **Kevin Brennan:** Is that not absolutely the logical progression of going down this road? You will introduce a higher age limit for drinking to 21. You can make the same argument that people are likely to be more at harm.

Michael Dugher: I totally support this, because I think if a landlord is in two minds about the age of someone and they look younger, that person should have to prove it in a way that perhaps Clive or whoever would not. If a 17-year-old boy who passed his test yesterday comes to pick up one of my daughters, I would hope and encourage that there are some more restrictions on that particular driver than on someone who has been driving for a number of years and is older.

That is why I think the Government should have some confidence in their own proposal here. It is not restricting a young person from gambling. They are still allowed to have a bet at 18, but we are recognising consistently what the industry has argued throughout. As I outlined at the beginning, this is about identifying risk and identifying potential vulnerability. I think age is part of that picture.

Dr Rupa Huq: This has been a long time coming, and it is obviously time for an update since 2005. The thing I want to raise is advertising. We know that £1.5 billion a year is spent on—sorry, is it my turn or someone else's?

Chair: It's Paul's. I do apologise—I was away with the fairies there.

Q108 **Paul Blomfield:** Michael, I would like to explore some of the issues in relation to gambling addition a bit further. You said that there are two ways of looking at this issue: you can compare it with alcohol or you can compare it with tobacco. There are probably another two ways: you can talk about problem gamblers or you can talk about problem products. Clearly the Government have decided to focus very significantly on problem products in their recommendations about making them safer.

You will know, I am sure, of the case of Luke Ashton, who took his life two years ago, and of the coroner's judgment at the end of the inquest into his death last week that gambling disorder was the cause of his death. Mr Ashton apparently gambled almost exclusively on Betfair's Betting Exchange product, which the coroner heard has an addiction rate of 18%. Do you think that it is right that products with that level of addiction rate are available?

Michael Dugher: Because you raised the issue of products versus problem gamblers, if I may I will let Wes come in specifically on product. You mention the Ashton case, and quite understandably, given the coroner's very recent verdict, when I began this job three years ago I



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asked for some advice particularly on the issues around suicide in gambling.

The advice that I was given from the Samaritans—which is something it published publicly—is that suicide is complex. Most of the time it is not one event or one factor that leads someone to take their own life. It is usually a combination of lots of different factors interacting with each other to increase risk. A combination of individual community societal factors contribute to the risk of suicide.

However, as you rightly point out, on the verdict by the coroner in the Ashton case—and I made sure that I read not just the media reports around it, but the whole of the verdict: all the introduction, all the evidence exchanged and the findings in full—the first thing I would say is that, like all of us, I found it desperately sad to read that and to read what had happened.

It did say that he had an undiagnosed gambling disorder, that he had discussed his problem gambling with his wife as far back as 2019, and that he clearly was suffering from what the NHS calls gambling disorder—a recognised psychiatric condition. It said that he had never been diagnosed. He had never sought help, which I thought was tragic as well and goes back to the conversation we talked about signposting the help that is out there.

I think, to get to the heart of your question, it also talked about the failure of the system and the operator in relation to his gambling, particularly in the 10 weeks before—

Paul Blomfield: That is not the heart of my question, Michael.

Michael Dugher: To understand this issue, what the coroner said in the case that you highlighted was that there was a failure by the operator, particularly in the 10 weeks before the suicide, because there were not the interventions.

Q109 **Paul Blomfield:** Michael, I understand that part of the verdict, but that was not my question. The issues about the failure of the operator are certainly ones that ought to be looked at, but my question was about product.

In the case, the coroner talked about the multiplicity of issues leading to gambling suicides. I think the coroner said in this case that he looked at all the issues and he found that Mr Ashton was a very stable, ordinary man who had got sucked into a particularly difficult product. That is the basis of my question.

Michael Dugher: In relation to that product—

Paul Blomfield: No, will you just try to answer the question? Do you think it is right that products with an addiction rate of 18% are available? *[Interruption.]* No, I am asking. We can come in with the details, but do



you think it is right that they are available?

Michael Dugher: I think it is important that those products are properly regulated and that there is a system in place to identify if any individual is getting into difficulty, including very serious difficulties, not just with that particular product but with lots of products.

Q110 **Paul Blomfield:** You are not unhappy that products with an addiction rate of 18% are available? Let Michael answer and then you can come in, Wes.

Michael Dugher: I don't know the figures in terms of the 18%. All I know is that most problem gamblers use multiple products. That is the first thing.

Q111 **Paul Blomfield:** Mr Ashton primarily, almost exclusively, used Betting Exchange. And the 18% is a Gambling Commission recognised figure, isn't it?

Wes Himes: The figures we have, when looking at the percentage of problem gamblers per product category—there are approximately 19 product categories—are that for Betting Exchange it ranks 11 out of 19, with a 5.4% problem gambling rate. Given that addiction or gambling disorder is a subset of that, clearly that number would be lower than the 5.4%.

Q112 **Paul Blomfield:** Do you think products as dangerous as this should be available? Michael sidestepped it. Do you think so, Wes?

Wes Himes: We think we should obviously take proportional measures where we see that a product has a disproportional impact on problem gambling. According to our statistics, this product is in the middle of that pack.

Another product, for instance—online slots, which we have spoken about—is much higher. It is fifth out of the 19. The Government's approach to looking at a stake limit is one that we embraced in terms of proposing, for instance, a maximum cap on those slots.

Q113 **Paul Blomfield:** Let me push a bit. You are talking about products that are addictive. What products do you think are most addictive? We have seen football gambling transformed by in-play betting. What used to be a relatively benign product, where you put a bet on the outcome of the game, is utterly different now because of in-play betting. That is potentially one example. What products do you think are most addictive?

Wes Himes: Looking at the statistics, as I mentioned, online slots is fifth on that. You have spread betting; you have casino table games and so on. The number goes down from a total of 13.7%—

Michael Dugher: It is worth going through the list with the Committee, going through the products and the order that the GC set in terms of their relative risk, just to inform the Committee.



Wes Himes: At the time that this survey was done—it is about six years old—machines and LBOs were at the top at 13.7%. At the bottom we had the National Lottery at 1.0%.

Going back to your question, where we see a product that has a higher number of the percentage of problem gamblers, we do anticipate that we are looking at measures in order to make that product safer.

It is speculative to say that a product is addictive by nature. The fact of the matter is that unfortunately you can have problem gambling around any product, including the National Lottery. I think it is effective—

Q114 **Paul Blomfield:** Do you accept the point that there are particular products that suck people more readily into addiction?

Michael Dugher: In terms of the risk associated with an individual product, with the figures that we have that Wes has alluded to—we can write to the Committee giving you those in full and sourcing the report—there is a rank order. It is right to say that some products are overall less risky than others. Sports is quite low.

The point I would return to is that if we are going to tackle harm and prevent harm, we have to look at individual customers. We have to look at all the products that they use, and we have to look at all the trigger points in terms of their behaviour.

Q115 **Paul Blomfield:** That is a fair point, but you seem to be turning the conversation at every opportunity away from looking at problem products.

Michael Dugher: Because I genuinely do not think that is the answer. We disagree on this. If you got rid of some products—

Q116 **Paul Blomfield:** You do not think there are problem products?

Michael Dugher: I think that all products have potential—

Paul Blomfield: Why do you think the Government are recommending that products should be made safer, then?

Michael Dugher: We are agreeing with you. We are in furious agreement with you that all products have a degree of problems associated with them. There is an order that some are more problematic than others. If you are going to tackle harm, which is the thing we all want to do, and prevent the kind of cases that we have seen, you have to look not just at products—you are right that the Government are looking at products—but at problem gamblers, individuals and behaviour, and risk, vulnerability and all of those things as well.

Q117 **Paul Blomfield:** You accept that there are characteristics of products that make them less safe. Do you want to share with us what you think could change in products to make them safer, because that is the Government's objective?



Wes Himes: We recognise this issue. We embraced this three years ago when we went through not only one but the second phase of game design. What you currently see in regulation—increasing the minimum spin speed, for instance, discouraging and preventing simultaneous play of slots, and making sure that all the features are very transparent to customers—all occurred in both phases one and two, which are now part of the Gambling Commission regulation, and what they are currently contemplating for non-slot games.

We have embraced that. We have embraced the idea—as I mentioned on the statistics—that some products are a little higher in terms of the problem gambling prevalent scale, and we have embraced that in order to make those products safer for customers.

The recent evaluation by the GC shows that it was having an impact on things like the marker of harm sessions that were more than one hour. They have decreased, and that is because we have embraced this change around those products that raise those concerns.

Q118 **Paul Blomfield:** We agree that there are things that can be done to change products, which will make them safer and less addictive. Would you be happy for new products to be independently tested for safety and rated for safety? I realise new products are tested for fairness and they do what it says on the can, but should they be independently tested for safety and rated for safety?

Wes Himes: All the products already go through what is called regulatory standards testing.

Q119 **Paul Blomfield:** But not for safety.

Wes Himes: Then you have to create a scale for safety in order to judge that.

Q120 **Paul Blomfield:** Yes, you do. Would you be happy for that to happen?

Wes Himes: We are happy to look at products and, where we can, put measures in and around them and make them safer.

Q121 **Paul Blomfield:** Are you happy for them to be independently rated for safety, because if there are some products that are less safe, maybe they should have a stronger warning on them?

Wes Himes: In order to look at safety issues, we would have to understand how that is judged.

Paul Blomfield: In principle, are you happy to do that?

Wes Himes: We are happy to look into what—

Paul Blomfield: Independent testing for safety.

Wes Himes: We would have to make sure we understood what the definition is.



Q122 **Paul Blomfield:** The Gambling Commission has identified products as one of its key research areas. Would you support operators sharing anonymised real play data to enable independent research on the safety of products?

Wes Himes: We have never said that we would not make our data available. We did so in the patterns of play data in 2018, which underpins the impact assessment of the White Paper. However, in making that data available, there need to be clear parameters and protocols about how that data are used, who has access to that, how data will be analysed and how that will be communicated in order to make sure that is an objective independent view of what that data is telling us. Providing that sort of trust blanket is around that. We have never, in principle, said that we were not willing to give our data. In fact, the Gambling Commission can call for our data as the regulator.

Q123 **Paul Blomfield:** Obviously operators use the data to develop products, and to develop products that encourage people to use them more and more. Are you happy for that data, suitably anonymised, to be shared for independent research, subject to the parameters you described?

Wes Himes: Subject to the caveats and provided that a resolution around those caveats is satisfactorily met by all stakeholders, we are not, in principle, against having that data made available. In fact, the Gambling Commission has a robust data campaign, which it is taking forward as part of this White Paper, which will involve a number of broader sets of data being deposited with the Gambling Commission, and the Gambling Commission has it on record that it would like to make this available for independent research under the exact same caveats that I have mentioned.

Chair: Thank you, Paul. You will be very surprised to know that we are now going to hear from Rupa.

Q124 **Dr Rupa Huq:** Surprise! I do not think I have ever accepted hospitality from the industry as such, but I have been to the Hippodrome and I have been there in its incarnation as a gig venue as well.

On this stuff about advertising/sponsorship/promotion generally, the White Paper has a lot of good things in it. However, on the stuff on marketing and advertising, a lot of people think that we are going the wrong way and there is an argument for going back to the pre-2005 version, when it was much more limited to football pools, the National Lottery, bingo and that kind of thing.

We have had evidence from over 50 academics who have done longitudinal research into all this. It is vulnerable people, particularly children, who are susceptible to all this advertising. Again, some of the stuff in your voluntary code talks about the watershed and 9 pm. That feels like it is for a different era, because on electronic devices with pop ups and so on it seems inappropriate to talk about watersheds and 9 pm.

The figures we have seen show that 105,000 children are addicted to



gambling, and we heard from other Committee members about 400 lives a year being taken. What do you say to these calls to go much further in restricting advertising and, in fact, to go back to the 2005 regime?

Wes Himes: We have embraced those changes going forward and I will refer to our responsible gambling code, often referred to as the IGRG code. We are now moving into our seventh edition of that code and we are putting measures in place that provide a reasonable approach to gambling. I will give you two examples.

One of the things that we did in the sixth edition was to increase the age filter to 25-plus for those looking to conduct online campaigns. Why did we do that? We were concerned that there were under-age people purporting to be between 18 and 24, so by moving to 25-plus we were preventing messaging going to those. The other thing is that during covid we adopted having 20% safer gambling messaging on broadcast and radio. We are now looking to extend that to all advertising so that we increase the channels by which we broadcast—

Q125 **Dr Rupa Huq:** How do you enforce that, though? How do you know? Are you going to have some sort of strict ID checks or something?

Wes Himes: All of our members have to abide by our code of conduct, and in that code of conduct it says they have to abide by our codes. Under that system obviously it can be reported whether any of that is not—

Q126 **Dr Rupa Huq:** How would you actually stop it? The research from the academics shows that 11 to 14 year-olds are most susceptible, and there are tons of figures about under-18s: 55,000 people are addicted, it says here, at the age of as young as 11. Can you put some software block in there or something? I know you are saying everyone is happy to sign up to this thing, but—

Wes Himes: I am glad you mention that, because we are trying to look at a programme that, for instance, creates marketing suppression for online advertisements for all GAMSTOP customers. Unfortunately we need the assistance of the online companies to make this happen, because we have to match those customers against their customers in order to market-suppress. The statistics mention—

Michael Dugher: We wrote recently, as you will have seen, to the Secretary of State about this, asking for help from the Government to get the platforms around the table to help us to do more in terms of suppression and educating.

Q127 **Dr Rupa Huq:** *The Guardian* has completely pulled out of having any gambling advertising at all.

Michael Dugher: Except the National Lottery. I am not sure, by the way, that *The Guardian* had any gambling advertising. It is a slightly flippant thing to say, but it did seem to me like someone who was teetotal



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announcing they were giving up the drink. I am not taking away from *The Guardian's* move there.

Q128 Dr Rupa Huq: Does it need more of a prohibition approach if only teetotalers are doing it? Is a blanket ban maybe the only way forward. If you are saying that you all have good intentions but there are all these figures about 11 year-olds addicted, it is not working, is it?

Wes Himes: We absolutely have to ensure that advertising is directed to the right people, which is 18 and older, and those who consume our products and services. Banning advertising would be a gift to the black market. Advertising is a privilege of licence. It allows customers to be aware of offers and it allows them to gravitate towards UK regulated sites. There would be no greater levelling up for black markets than if suddenly the UK operators were not allowed to advertise. That is a critical point in making sure that we reduce that black market and keep people out of it.

I will state on the statistics around children—because, quite rightly, they are a vulnerable group—that, as mentioned before, participation in gambling has fallen from 23% in 2011 to only 7%. This is according to the Gambling Commission's "Young People and Gambling" report in 2022.

Q129 Dr Rupa Huq: We have alternative figures from the National Institute of Economic and Social Research that shows that 0.7% of over 16 year-olds are probably addicted. I used to be a statistician and an academic; you can always conjure up different figures to show what you want to show.

Michael Dugher: On advertising, there is a live debate, which is: do you just ban it completely, or do you regulate it and restrict it? You will be unsurprised to learn that the latter is our view, but it is not about camping on the status quo there. We are already governed by incredibly strict restrictions in terms of not just when we can advertise, but who we can advertise to and the type and nature of advertising, to make sure that it does not appeal to young people.

Also, the thing I would say is that this is an evolving space. As I have mentioned, the White Paper on this is not the beginning and the end of the journey. This is something that we will work with the ASA and other bodies on: how can we further restrict advertising to protect vulnerable groups, and young people in particular?

Q130 Dr Rupa Huq: With electronic devices, sometimes the whole family shares the same one. I just do not see how you can do it. You have not convinced me that there is a way you can stop these 11-year-olds picking up mummy's phone and getting hooked, when it is linked to their credit card as well.

Wes Himes: There are two issues there. One is: how can you use technology to better ensure that those who should not be receiving advertising are not? I have mentioned one of the things that we have already worked on and put into our sixth edition. Again, though, I think it



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is helpful to understand what the scale is. Using another regulator's comment—the Advertising Standards Authority's—the number of gambling advertisements on TV has fallen by over a quarter since 2010. It is at its lowest in its 12 years. We have to understand the scale.

The other bit, which is quite important, is education. Our operators have put in £10 million of funding for the last four years to work with two charities to educate children about gambling and its risk. This has reached over 5 million under-age children in this country and it is all part of a programme. The Government have made sure that gambling is also part of the PHSE curriculum in schools. There is an education part to play as well.

Michael Dugher: The Government could do more on this. We talk about research, education and treatment; often people are just talking about treatment. There is a cottage industry around research, but very few people are talking about the 'E', which is education. It seems to me that a big part of the public debate around gambling, which has obviously dominated this session as well, is about the outcomes.

One of the things I said to the Government strategically is, "If I were you, I would do far more in terms of the education awareness prevention space". The £10 million programme with YGAM—which a lot of you will be familiar with from constituents who work with GamCare—has been incredibly successful in educating, whether it is through educators like teachers or going in direct with young people, Scout groups and all kinds of things.

What the Government ought to be doing, if they are significantly expanding research, education and treatment funding, is putting a significant proportion of that new and enhanced RET funding towards education. Then, rather than dealing with some of the problems we are seeing at the end, we would be doing far more for awareness, education and prevention, which I think could make a really transformative impact.

Q131 **Dr Rupa Huq:** It is also from the Association of Directors of Public Health, so it is from all sectors. There is quite a strong movement, maybe not to ban all of it but to go back to the pre-2005 situation. People do not consume TV like they used to, so you are saying there are fewer hours, but if you watch on a catch-up service, you can still get the little pop-up adverts in between anyway.

Michael Dugher: As you rightly say, the picture is more complex now, so you need a more complex and more multi-agency response when dealing with this. Online, social media adverts, television, sports sponsorship—in all those areas, I think we need to see improvements right across the board.

There is a group of people who would just want to see a complete ban on advertising, in the same way that they want to see a complete ban on sports sponsorship. The Government were very clear in the White Paper



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that there was not the evidence basis to say that advertising per se and sports sponsorship led to problem gambling. The causal link was not there.

Q132 **Dr Rupa Huq:** We have had a lot of evidence that suggests otherwise.

Michael Dugher: I am sure if the Committee has evidence, that will inform your report but, equally, the Government—

Q133 **Dr Rupa Huq:** There is a whole coalition of these groups: the Coalition Against Gambling Ads.

Michael Dugher: The Government did the biggest review into gambling in a generation, consulted widely and spent an eternity looking at these things, and they just did not find the evidence base. I appreciate that there are calls from campaigners, but there is not the actual solid independent evidence base that links advertising and sport sponsorship to problem gambling. I appreciate that there are different views on this.

Q134 **Dr Rupa Huq:** I beg to differ. Last one from me: from 2026-27, front-of-shirt logo advertising is to be banned. Do you think more of that will continue? Do you expect that is the start of a trend now?

Michael Dugher: I would like to see more progress. In the White Paper the Government talk about a new sports sponsorship code. I appreciate that there is some frustration that there perhaps isn't more on that in the White Paper. We argued strongly, privately, with the Government that they could strengthen the nature of the White Paper in that area.

I mentioned one of the things I would like to see in relation to ad hoardings and perimeter advertising. I think there are a whole number of things that you could do—not just in football, but particularly in EFL and lower league football. There are changes you could introduce across sport more generally to raise standards and make significant changes in sports sponsorship, advertising and the codes that govern that. At the moment, that work is with the sporting bodies.

My plea to them—privately up to now, and now publicly—is that they need to get on with that and treat this as a priority. Just because the Government have published their White Paper, they should not think that there is not an ambition from all of us, including in the industry, to make more progress on practical proposals about how you can raise standards in sports sponsorship. We need the sporting bodies to get on with this now.

Chair: That concludes the first part of our evidence session. I ask Michael and Wes to stay where they are, and I invite our other two witnesses to come and join them, please.

Examination of witnesses



Witnesses: Miles Baron, Michael Dugher, Wes Himes and John White.

Q135 **Chair:** Thank you very much to Michael and Wes for staying with us, and welcome to our two additional guests: Miles Baron, chief executive of the Bingo Association, and John White, chief executive of Bacta, which represents the amusement and gaming machine industry. We are going to be looking at land-based gambling and the overall regulatory framework for gambling.

I want to conclude today by 12.15 pm if possible, because I know one of you has to get away, so if you are in furious agreement with what someone else has said, do not feel you need to add to their evidence. Just say so—that is fine.

I should include, because I forgot to mention it before, that I have also accepted hospitality from the Betting and Gaming Council.

I will start the next set of questioning. I am going to stay with you, Michael, I am afraid, so you are not quite off the hook yet. Last year, the chair of the Betting and Gaming Council said that the statutory levy would not make a tangible difference to problem gambling rates. Is that still the view of the Betting and Gaming Council?

Michael Dugher: Certainly you are raising the same money in a different way. I think that is true, because from 2019 the BGC's largest operators made an increase to move to the kind of percentages that people have been calling for for a number of years. That has led to something like £110 million going into the system.

What we called for in the White Paper was that this, which at the moment is a voluntary system for the big operators, should be rolled out across the regulated industry, but that there should be a sliding scale for land-based operators—the theme of this session—to recognise that land-based operators have disproportionately high fixed costs. They have buildings and staff, and things are very tough for land-based operators out there.

There is an issue about how you raise it. We said that we would be happy to make it mandatory. We wrote to the Government over a year ago and proposed a new mandatory levy to increase enhanced contributions. In the end, the Government decided they wanted to do all of that but to put it on a statutory footing. I hope it does make a difference, but how you get the money will not in itself change the picture. It is also about how you allocate that money and how you make all the other changes that are in the rest of the White Paper.

Q136 **Chair:** Do you think that the gambling operators will continue to provide funding on a voluntary basis in the interim until the statutory format comes in?

Michael Dugher: We met the Minister, Stuart Andrew, last week. We repeated the commitments that we had made before and said that we will



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honour those commitments in full. We took them through all of those figures. We will absolutely stand by all of the prior commitments that we have made. That is important, not just in terms of what we are doing, but there are—as you will have detected from a previous evidence session—worries about the existing third sector, because a lot of the headlines are about the opening of a new NHS clinic to deal with disordered gambling.

You also heard powerful testimony from Matthew Hickey of Gordon Moody and other representatives. There has been phenomenal work on RET going on in the third sector for 20 years now. They have shouldered that burden, and it is everything from the whole range of treatment. It is very important that they get some confidence that the funding will be there while the Government make the change, and that once the Government make the change there will be a fair means of distributing funding so that we do not see the third sector negatively and adversely affected.

Q137 Chair: That is very helpful, thank you. This next question is a slight hangover from the previous session. Bear with me—I want to get the view of Miles on this as well—but, Michael, I just want to continue with you. We have seen women’s gambling online growing at twice the rate of men’s, and we know that online gambling is growing as well.

There seems to be a disproportionate amount of advertising targeted at women, particularly in things like bingo, making it all feel very feminised and very appealing, with characters with big fluffy tails and other innocuous and charming-looking characters. However, because women’s gambling is still at a much lower level than men’s, it is clearly not raising the flags that it otherwise would. Do you feel that the legislation proposed is sufficiently future-proofed to tackle the rise in gambling among women?

Wes Himes: It is an ongoing work in progress, of course. I have already mentioned some of the efforts we have taken to look at advertising in the round. We will always continue to look at and investigate areas where there might be spikes, which indicate a particular problem. All the changes we have made will equally affect women and men in terms of the advertising, and those changes are quite right.

I think the White Paper itself signals a number of changes going forward that will increase the safety, and the culture of safety, around the use of the products and services of our operators. It is incredibly important, as Michael mentioned, that there is funding to address this. For instance, some of the funding has gone towards research. For instance, GamCare’s recent campaign, a public health campaign that was aimed at women, was funded by the industry through its voluntary contributions. That was a total of £43 million in the recent year ending March 2023.

We welcome the recent establishment by Gordon Moody of a women’s in-house residential, which is now treating those at the acute end of



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problem gambling. These are some of the things that have been done, but there is plenty more that we can do.

Q138 **Chair:** Miles, I want to put the same question to you, but more targeted. Quite a lot of the adverts that we see on TV are for bingo, and a lot of it is online bingo. Do you feel that driving gambling into the online world and taking it away from the high street options when it comes to bingo is causing your industry more problems?

Miles Baron: Not particularly. It will be no surprise for you that our customers are 80% female and 20% male. I think we have seen a slight movement of the dial recently, but nothing major. The online world has been around now for a considerable time and we have learned to live alongside it. Yes, it is competition, but there is something about land-based bingo that brings together communities and brings together generations and families in one space. It makes it unique and different from the online experience.

Q139 **Chair:** Are you worried about the rise of problem gambling in women and whether there are any associations with the rise of online bingo gambling?

Miles Baron: We are not aware of any rise in problem gambling among women in bingo clubs as a result of online advertising.

Q140 **Clive Efford:** John and Miles, could I just ask you about the statutory levy, because you warned about the impact on your members? What is your view of the statutory levy as it is set out in the White Paper?

Miles Baron: I can go first. We are very concerned about the statutory levy, not because it is potentially statutory but because we are worried about the level at which it is set. We have done a deep dive on this, because it is probably our biggest single concern. At the moment the 0.1% for us, based on gross gambling yield, is about £470,000 or £500,000 a year. Every 0.1% of additional levy that we could potentially be asked for is about 1.5% of our overall profits. We are a small industry. We would be delighted this year to make £35 to £40 million profit. We are a relatively poor relation in that respect. A small amount of money gives you a big percentage impact on your profits.

If the levy was to keep where it is for now, we would support that. We would be very happy with that, but we are incredibly concerned that any increment whatsoever for some of our clubs, which are still recovering from the impact of covid and the cost of living crisis, might just push them over the edge.

Q141 **Clive Efford:** Those figures that you quoted: is that for non-remote—

Miles Baron: This is for land-based bingo clubs only.

John White: It is very similar for us, Clive. We surveyed our members on this and you will appreciate that costs have obviously gone through the roof. Electricity costs have gone through the roof. Margins are thin at



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the moment. We asked our members what would happen if the levy were set at rates between 0.1% and the touted 1%. The 0.1%, as Miles said, is our voluntary contribution, with relatively little impact at all. When you get up to 1%, there is a 77% probability that businesses will close in a range between 0.1% and 1%. You get a real feel for how significant any levy above 0.1% is going to be for a land-based sector facing the cost crisis at the moment.

Q142 Clive Efford: What do you say to those people who say, "You would say that, wouldn't you?" No business is going to say, "Please take some more money from us."

John White: Of course, but it is a fact, and I think any increase in cost is going to have an impact on business. It is very important when we look at the levy to remember that the whole ethos behind it is to provide funds for research, education and treatment. As the Government have acknowledged in the White Paper, and as many others have done as well, it really needs to be proportionate to the level of harm that may well be caused by particular products and particular venues.

It would be wrong, in our view—you have spoken about this with Michael and Wes—to be charging a statutory levy on the operator of a few penny-pushers and a crane-grab machine at the seaside as you would on an operator of a spread betting site that is online. Absolutely, you don't want to pay more money than you need to but, in principle, whatever you are paying needs to be proportionate and balanced.

Michael Dugher: I think land-based casinos would echo some of the concerns that John and Miles have raised. Although casinos may be seen as having a more lavish relationship perhaps to the traditional bingo hall club, in 2005 there were 160 casinos in the UK; today there are 119. We have seen closures, including very recently.

Quite a large number of casinos, including big operators, are currently loss-making. They are very worried not just about the sliding scale, but about the choreography of this from the Government, which means that they could be hit with a new tax rise before they ever get access to some of the liberalising and modernisation measures that might help to save some of those businesses and grow some of those businesses. There is definitely a theme here.

Q143 Clive Efford: In your discussions with the Department, do you get the impression that it is listening to your arguments?

Miles Baron: I think it must be because it has said in the White Paper that any levy has to be proportionate. However, we have to keep pushing the point and making the point so that it is always front of mind. We think there are 80 bingo clubs at the moment, community assets, that do a lot of positive good work in the communities and may be vulnerable to a significant or even a gentle rise in the levy. You are going to end up



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with substitution. That tax footprint is going to be lost for the sake of a few hundred thousand pounds, so the Exchequer is going to be worse off.

Q144 Clive Efford: Okay. I will move on to the proposals in the White Paper for an ombudsman. It does suggest that the industry should establish the ombudsman. Are we not in danger of coming across the same sort of problems with the complaints about the voluntary levy? Should the industry be the controlling partner of the ombudsman? How do we ensure independence?

Michael Dugher: The ombudsman was a proposal we made a couple of years ago. In fairness, campaigners and others have been calling for an ombudsman for a very long time. The Government have announced that—they wrote to me, setting out very clearly the standards they want to see, the things they will hold us to account on and a very strict timescale for when they want this to be introduced.

We are 100% committed to doing that. One of my frustrations about the delay in the whole review process is that we could have had this thing up and running already now if the Government had not wasted at least a year needlessly in the delay on this, but we are where we are.

The key now, though, is that we can meet that challenging timescale and help the GC and the Government to come up with an ombudsman that will do the job of improving consumer redress that everyone wants to see, but my plea would be that it has to apply to everyone at the same time. There is a real worry at the moment that it may be an ombudsman just for BGC members. It needs to apply to the whole of the regulated sector, because it would be a nonsense for my members to be put at a competitive disadvantage because they are doing the right thing.

I think that all consumers should have access to the ombudsman. That includes non-BGC members. The GC can make this a condition of licence. That should apply from day one, when the ombudsman starts for BGC members. It needs to apply to the National Lottery as well. Because they get a free pass on credit card gambling or on RET funding or on advertising restrictions or on safer gambling messages, I don't see why the biggest gambling products that are available and the biggest GGY would not also be covered by an ombudsman. I think it is right in principle to do. We need to get on with it, but it needs to apply to everyone and at the same time.

Q145 Clive Efford: Where are we with the preparations for it? If you are suggesting that it is not all-encompassing and is not going to cover the whole industry, where are we in getting an effective ombudsman system in place?

Wes Himes: We are currently on pace. We have made a commitment to a timetable to do this.

Q146 Clive Efford: It did not sound like it from Michael's description.



Michael Dugher: On the points we would make to the Government, there are two parallel processes. One is the work that we have been asked to do in relation to the ombudsman. The second is a broader public policy point, which we have communicated very strongly, including last week, and on repeated meetings with Ministers that this needs to apply to everyone. The Government can help us with that bit, but it is also important that BGC is held to account with introducing the ombudsman, which is the work you are leading, Wes.

Wes Himes: Yes, we are on pace with our timetable, and the Government have asked us to bring a forthcoming ombudsman by next summer. That is a challenging target given that usually the minimum amount of time to create an ombudsman has been three years, when you look at the other ombudsmen in the Ombudsman Association. We have embraced that challenge.

What has to be integrated in that timetable, exactly as Michael said, is a Gambling Commission process by which all licensees would be a counterparty to the ombudsman. We are currently scoping out the main focus of the ombudsman, which is to deal with social responsibility cases. There were 600 of those cases out of the complaints last year that went to alternative dispute resolution entities and we are looking to make sure that that scope of social responsibility covers cases, as you would expect, for instance, around self-exclusion and financial risk. We are developing parameters for how the ombudsman would judge those cases and moving at pace to make sure that someone is in place by next summer.

Q147 **Clive Efford:** What body will the ombudsman be accountable to? How do we ensure independence?

Wes Himes: Take, for instance, the alternative dispute resolution. You create an independent board. An independent board is not composed of operator members; it is filled with other persons. That helps to ensure the independence of the governance of the ombudsman and allows it to conduct its activities independent of the industry.

John White: I would add to Michael's point about making sure it is inclusive. The BGC has been very good at reaching out to other sectors of the industry so that we can participate in the design. We also want to capture everybody.

Q148 **Dr Rupa Huq:** I want to ask about the impact of your establishments on the high street. We often hear about the death of the high street. Yesterday I noticed a new Cashino-type thing opening up in Acton, where we already have Ladbrokes, Betfred, Paddy Power and Cashino. A lady stopped me in the street and said, "Can't you get rid of this? We don't want more things like this. They were disappearing at one stage—now they are coming back."

The White Paper observes that clustering of gambling premises is a problem—they come in all shapes and forms—and it identified that as a



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problem in areas. People who have replied to the consultation have said that there need to be changes to the licensing powers so that local people get a say. Do you agree with that?

Michael Dugher: Licensed betting offices or betting shops support 42,000 jobs. The number of jobs has reduced by 10,000 since 2019, for reasons that I will come on to. As of March 2022, the number of betting shops on our high streets was 6,219—

Dr Rupa Huq: It is not just betting shops; it is also the slot machines, the fruit machines—

Michael Dugher: It is a fair point. I will cover betting shops, and Miles can come in on adult gaming centres. There were 6,219 betting shops as of March 2022. Over 2,000 shops have closed in the four years since 2019. There has been quite a dramatic reduction in the number of betting shops on the high street, a reduction of 25%, and that has reduced jobs by 10,000. Independent betting shops as well—537 shops and over 200 have closed in the last five years. We have been seeing big numbers of closures in the last few years.

Q149 **Dr Rupa Huq:** There seem to be fluctuations. They were going; now they are coming back. There is a new one on our high street.

John White: There may well be new shops opening, but from the perspective of adult gaming centres, numbers are roughly stable at about 1,000 nationally. Some shops will close down because they are in slightly less optimal sites, if an opportunity arises to move on to the high street in a better shop. It is just like any other retail business. While there may be perceptions of an increase in numbers, the facts do not bear that out.

On average, each AGC will be bringing about half a million quid to the local economy, to that high street, and 12 jobs. They are just like any other shop sitting on the high street, providing a diversity of offer and some entertainment for those who wish to participate.

Q150 **Dr Rupa Huq:** My question was: do you support the idea of locals having a meaningful say?

John White: They do. They do already have a meaningful say. The challenge at local authority level is around any kind of planning or licensing issue, and not just here about balancing interests.

Q151 **Dr Rupa Huq:** It is only if you are following what is happening in a planning committee, if you are looking. In our borough, they nail it to a tree. You have to have the wherewithal to notice what is going on or to look on the website to see what is coming up. What if there were a proper, meaningful say where people were consulted? I do not know how you would respond to that, but locals such as this woman are saying, "Get rid of it; we don't want it." You are saying that it provides 12 jobs, but if there are 400 suicides a year, as well as a cost to the NHS, there can be disbenefits as well. Yes, there are 12 human bodies, maybe, but—



John White: That is a much broader point. The 400 figure is one of some considerable dispute, I have to say. We are looking at—

Dr Rupa Huq: There is a cost of living crisis.

John White: I come back to the point that you raised about the say of local people. It is exactly the same for a high street betting office, a bingo hall or an AGC as it is for any other shop on the high street. The planning and licensing process is exactly the same. If the powers that local authorities have to grant planning and licensing are not enough, they are also not enough generally for other businesses. I would argue that local authorities do have sufficient powers; they just do not exercise them well enough.

Q152 **Dr Rupa Huq:** You would not want any tightening up. An analogy with alcohol was made in the last session. In the same way that for licensed premises there is a different threshold from that for opening a newsagent's shop or whatever, would you want to see a tightening up and more of a say for local people?

John White: There is. There are licensing arrangements—planning arrangements and then licensing arrangements, exactly the same as for a pub.

Dr Rupa Huq: There are indexes for chicken shops and gambling premises—the health or otherwise of your high street can be measured. I think there are more gambling premises where there is a higher incidence of unemployment. They have crunched those numbers in 650 constituencies and it seems not to be a coincidence. In a cost of living crisis, if people are gambling away what money they have, although that means 12 jobs, there are also a lot of disadvantages.

John White: Undoubtedly, when you do the cost-benefit analysis, you will come up with a figure for cost-benefit analysis, but what I am hearing from you, Rupa, is a kind of anti-gambling argument that says that these places should not exist at all. On the basis that society has determined that the activity is legal and co-operates, we have to make sure that we have appropriate regulations and controls at the appropriate level in place to provide the facility in a way that society finds acceptable, and I think we have that about right in terms of planning and licensing.

Q153 **Dr Rupa Huq:** The gambling White Paper proposes a requirement for a cumulative impact assessment for each of these establishments, bringing local gambling licensing law in line with alcohol licensing. Would you welcome such changes? What impact do you think they would have on the high street?

John White: From our perspective, it has been proposed that it is going to be introduced, so it is going to be introduced. I think it is important to make sure that it is implemented correctly and not used as some kind of anti-gambling stick, if you like, because I think that would just end up very often in the courts, as current refusals of premise licences do. There



is nothing wrong in principle with a cumulative impact assessment, as long as the statutory aim to permit continues to apply, as it does. I think it could quite satisfactorily sit within the range of powers that local authorities currently have to regulate high streets.

Q154 Dr Rupa Huq: I said that I accepted a trip to the Hippodrome. Since 2015, I have constantly been asked by Cashino to go and see. I think I will take it up on the offer, out of curiosity. I have balked at the idea so far.

John White: I recommend it. I think you will be very pleasantly surprised at what you find.

Q155 Chair: Very quickly, are you concerned, worried or satisfied with the reduction in the ratio of the category B to C and D machines in the arcade and bingo venues?

Miles Baron: Yes, we are pleased. We welcome that; we think it is good news. We have a regulation, a rule, that is out of date now. We would have liked it to be removed altogether, but the recommendation is 50-50 and we can work with that. It means that we can take a load of older, legacy machines, largely category C machines. They tend to be energy-guzzling. They don't have the modern type of social responsibility capability that the newer machines have. We think it is a good move, and we think that everybody wins.

John White: I could not agree more. The saving in energy alone is worth having. The investment in machines that are merely there to provide the opportunity to acquire one of these category B3 machines to meet customer demand is completely unnecessary. This change will just revolutionise the layout and operators' opportunities to provide a completely different and, I would say, much more pleasant environment because they can create some space, and change the way the places look. This is good news.

Q156 Kevin Brennan: I am not sure, Miles, that everybody wins. I would not want to get you under the Trade Descriptions Act here, but I do not think that is what you meant in saying that you welcome that particular change.

Castle Bingo New Canton, a couple of hundred yards from where I live in Cardiff, is quite an important social place for people, particularly women. It is somewhere that people gather. My mother went to bingo every week when I was growing up. It was an important part of social mingling for working-class women in particular.

However, we have to cover all parts of the White Paper. I want to ask about the sorts of changes proposed in the White Paper in relation to casinos, in particular the reforms proposed for the land-based casino sector. Broadly speaking, what is your response to the proposals?

Michael Dugher: We strongly welcome the proposals in the White Paper. That was one of the benefits of delaying the White Paper from the



summer onwards. Ministers—Damian Collins and Paul Scully in particular—deserve credit. They were much more receptive in terms of understanding the importance of the casino sector as a provider of jobs, a payer of tax, a generator of tourism, and an additional £120 million GVA in London alone.

Casinos are a legitimate and important part of our hospitality, tourism and leisure industries. You guys will know better than anyone how tough it is for hospitality, tourism and leisure high street businesses at the moment with the economic headwinds. This has come at a very important time. I worry that businesses may not get the priority that they deserve, particularly given, if we are being completely honest, the historic failure of all Governments in this area. These are long overdue pieces of modernisation—

Q157 **Kevin Brennan:** You are being very unfair to Tessa Jowell there, aren't you? She liberalised the sector considerably.

Michael Dugher: Casinos missed out, in truth. They were still operating under 1960s-style restrictions. Also, I would make the point that as well as the economic imperative for getting rid of some of these antiquated rules, there is also the safer gambling imperative. Take an example around the machines. There are restrictions on the machines. People queue to get on them and, when they get on, they are very reluctant to get off so they are spending longer than they would on a particular machine because they are frightened that once they come off, they will have missed the boat. There is a safer gambling argument around a thread that runs through all of these proposals. Right the way through, Ministers have been clear that the liberalisation and modernisation of casinos have to pass the hurdle of meeting the safer gambling test.

Q158 **Kevin Brennan:** Normally we would be concerned about a proposal to extend the ability to get credit in high-end casinos. What is the justification for that?

Michael Dugher: All we are asking is for exactly what operates at the moment to continue to be allowed to operate for high-end customers. It is just that we have to do it differently now because of banks not taking cheques.

Wes Himes: Currently there is something called a cheque cashing facility, which is used by casinos and which allows very temporary credit to be offered to individuals.

Q159 **Kevin Brennan:** What kinds of individual are we talking about?

Wes Himes: We are talking about high net-worth individuals, including international visitors, who expect that sort of treatment because this is what they get when they go to Singapore, Las Vegas or other places. In order to compete, we need to be able to offer that facility. There has always been a danger that the CCF will be withdrawn as a facility by the banks and that is why the Government have proposed that we pivot this



to a credit regime, with appropriate due diligence and safety measures around it—in order to encourage and allow for the provision of credit under certain circumstances, particularly to international visitors who want to come and partake of leisure facilities here in the UK.

Q160 **Kevin Brennan:** How would it work in practice? How would you decide that somebody is entitled to get credit at a high-end casino?

Wes Himes: It could fit under a number of possible regimes. The FCA offers a number of credit regimes. A number of regimes fit under the Consumer Rights Act and there is also even a credit provision in the current LCCP for non-remote bookmaking. There are a number of ways to look at it. That is what this consultation will lodge: a way to come up with a scheme that allows it based on a set of factors of due diligence, which all casinos undertake with their customers, as well as making sure that there are safety measures around those customers who participate in the credit facility.

Q161 **Kevin Brennan:** As I understand it, currently if you go into a casino you have to use cash for a lot of things; you cannot use a debit or credit card to gamble. You have to go to a cashpoint machine within the casino, which is located away from the place where you are currently gambling, so in order to extend the amount of money that you want to gamble, you have to stop playing. That is the procedure that exists now, isn't it? What will the new proposals that are being put in place to allow cashless gambling mean for that system and for the built-in protection—I assume that is the reason for it—of having to break play to go and get extra cash if that is what you intend to do?

Michael Dugher: On the top line, 90% of all payments now are cashless. This is just how the world is going. The Government just have to face up to that reality. To speak to your point, Kevin, how would you manage that? The key point is to build in friction and safeguards if people are going to be gambling in a cashless way.

Wes Himes: We anticipated this potential opportunity. We had to look at the exact sorts of challenges you raise, the friction points that present customers with a reality check as they continue to enjoy the product. For instance, we have created an electronic transaction code that does exactly that. We try to replicate the same time period as when you go to an ATM, in terms of clearing the contactless payment.

We look at the ability to look at machines and what safety measures they can provide, such as allowing customers to set a deposit limit or a reality check, as well as the defaults the operator can have in case the customer chooses not to choose those tools. We are looking at ways to ensure that safer gambling experience by creating those frictions, which are also provided by the payment providers themselves in terms of quotas on contact usage. All of this is part of a programme to create a safety cocoon around the use of cashless.



Q162 **Kevin Brennan:** Just so I can get a picture of this in my mind, in practice, if someone were at the roulette wheel, for example, and they were gambling and wanted some more chips in order to do some more gambling, would they have to leave the table with their contactless card and go to a window to purchase the chips, or could they do it at the table?

Wes Himes: One of the things we have, following the covid restrictions, is the ability to use a chip and pin service by turning away from the table, creating that 30-second moment of friction in allowing the use of that card in order to create the means to participate at that table. These are the types of interventions that we are looking at with cashless to ensure that those frictions remain in place.

John White: Can I come in here? This was also one of the key asks for other parts of the land-based sector. It was about using debit cards directly on machines, which is currently prohibited. Forgive me if you were going to come on to that.

Chair: Carry on.

John White: It is important. As Michael said, it is 2023 now. We are all using debit cards, using our phones, to pay for every single thing that we buy. It seems rather bizarre that one sector of the economy, and a tiny one at that, is told that it cannot offer its customers that particular method of payment. By the way, nobody is suggesting that we do away with cash or any other form of payment; it is just about providing that option to the customer to play on the machines.

The immediate question we get asked is: what is likely to happen around rates of problem gambling or elevations in the risk of gambling-related harm? Our best estimate is: not very much. However, we recognise that there will be some concerns around it, because there is no ability to test any of this stuff. That was another proposal we put to the Government.

On the basis that we would introduce this and monitor it, we do not believe that there would be much of an impact, but to take a precautionary approach, much like the casino sector, we develop codes—Miles for the bingo section has developed codes—that introduce oodles and oodles of friction, opportunities to set limits, which already exist on B3s and will be allowed on any category C machine that wanted to use debit cards. As a minimum, we replicate what happens if you had to go to that ATM to collect some cash and then use it on the machine—as a bare minimum.

Q163 **Kevin Brennan:** Understood. I should ask: will those who still prefer the protection of using cash still be guaranteed that they can do that in casinos, bingo halls and high-street establishments?

John White: Without a doubt.

Q164 **Chair:** In high-street establishments where cash is generally the



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preferred method of transaction, do you think that bringing in some form of cashless transaction may make it easier to detect problem gambling?

John White: Interestingly, in New South Wales, there is a big debate going on at the moment. The Government there are trying to introduce cards, or the permission to use cards, and there is a degree of resistance from the industry. I think the answer is a kind of yes and no. There are opportunities, obviously, if somebody has the ability to use a card—well, that person is using a card so you can see that and you can identify that, but I would say, no, not really, because the protections in place in the high-street venues are already very good.

You have the best algorithms in the human beings with the pairs of eyes that see what is going on and can make the necessary interventions. Certainly in our sector—and I think it is the same for Miles—90% of our customers on the high street are known to the staff. They are very regular. The interaction between staff and customers is very strong, and the ability to identify what is going on is very strong. Whether you use cash, debit cards or tickets or anything else will not really shift that particular level of protection.

Q165 **Chair:** Moving on, what are your views about the ability of the Gambling Commission to enforce any regulatory regime that might come out of the White Paper? Miles, can I start with you?

Miles Baron: From what we have heard from the commission so far, it would appear that some of the modernisations—I think this harks back to something that Michael said—that will help us will come latterly and be frontloaded with some of the more restrictive types of consultation. That is a little bit of a concern for us.

I think, as you heard from my colleagues earlier, there is a danger that we get all the incremental costs and potential levy risks first and the liberalisation second. We cannot wait for that, in a way. We need help now. We are working so hard to come out of an industry that has been hit so hard by covid. Now we have energy issues to leap over, which we are working hard to do, but we have lost members along the way. People have gone to the wall. We need these wins and freedoms now in order to survive. We are working so hard to get back to where we were pre-covid, and we need them to go hand in hand. My concern is that it will be frontloaded one way and the liberalisations and modernisations will come second.

Q166 **Chair:** It is a bit like a perfect storm for your sector with generally large buildings that are expensive to heat, the impact of covid and people not necessarily coming back to the physical iteration of the game, with the very fluffy and compelling advertising for the online version of the game. What more do you think needs to be done? In my local town, Gosport, the local bingo hall—the only bingo hall—has closed. What more needs to be done to see you through until the point that the deregulations come in, which will help you?



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Miles Baron: I remember your club well. It was February 2020, I think, when you and I went there once. What we need to happen is for some of these liberalisations, which to us seem fairly common-sense and straightforward, such as the move to 50-50 from 80-20, to be fast-tracked. They seem relatively non-controversial to me.

Something in our submission to you that we probably do not have time to cover today is that we have also asked the Gambling Commission and DCMS to look at broadening the definition of a game of bingo so that we can perhaps look at new products, maybe look at almost remarketing ourselves and keeping up with the Jones's. We would like those things to happen quickly, too. We would like them to be fast-tracked. We feel that otherwise we are going to get bogged down in other issues elsewhere and will be at the end of the queue. To put it basically: fast track, please.

John White: Also—and Miles will agree with me—we would like to see an increase in the maximum permitted stakes and prizes on machines. They have been cemented in for well over a decade now and, with inflation racing ahead at the rate it is, we have seen the value of both the stake and the prize we offer to consumers decline by a figure approaching 50%. It is not part of the White Paper, but we are in the process of asking the Secretary of State to exercise the power to consult and look at an increase in stakes and prizes on a number of machines residing in bingo halls and betting offices.

Q167 **Chair:** That is helpful. This is the final question, you will all be pleased to know. You have all referred to the delay in bringing this piece of work forward. How do you feel about the Government putting out further consultation on so many aspects?

Michael Dugher: The GC is crucial here. I would like to place on record that, although my members moan about the regulator all the time, of course they are in a regulated industry. My experience over the last few years has been that we will always need improvements, consistency, transparency and some capability. I think the GC is genuinely under new and better leadership, particularly from Andrew Rhodes and the commission's engagement with the industry is stronger.

The delays were regrettable. Having had four Secretaries of State and six Ministers does not make life easy, but there was also a needless delay of at least 12 months when Ministers could have got on with this. I think that was a shame and a missed opportunity. Wes is the expert on how many consultations, on the next steps and on the priority order.

Wes Himes: There are 62 measures coming out of the White Paper and about half of them apply to online and will be mainly promulgated by the Gambling Commission. The other half are related to land-based, GC powers or local powers, and those will typically have to go through statutory instruments. Approximately 14 of the 62 measures will require some form of change to primary legislation. That will be a challenge.



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Five consultations are coming out of the gate immediately this summer: three with the GC and two with the Government. These are what you might expect will be the headline issues such as around online stakes and financial risk. It is a challenging programme, but one that we at the BGC are embracing. We will be participating in full with all those consultations as they go forward.

Michael Dugher: There is no commitment in terms of primary legislation. There is a commitment in principle to the measures but no parliamentary time has been allocated and given when the general election may well happen, or has to happen. If there is no commitment before then, which so far there is not, a lot of aspects of the White Paper will be delayed and we are talking about into the two-to-three year mark, which I think is a shame. The priority order is right, though—getting the ombudsman done in a year, making progress on the statutory levy, getting the financial routes checks moving—but we do have to support the land-based sector and all the tens of thousands of jobs, whether in LBOs or, crucially, in the casinos that are struggling.

John White: I agree wholeheartedly with Michael. The consultations are about the how rather than the if; we are not re-opening the debate. If we can flush out any new evidence that might improve the proposals that have been put forward, great, but once that is done, by the back end of the summer or early autumn, there is no reason why we cannot get this stuff done very quickly.

Chair: Anything further to add, Miles?

Miles Baron: Speed is everything; it is the essence. We would like what we think are the fairly straightforward measures to go through as quickly as possible. The Bingo Association would totally endorse Michael's comments about the commission. In the last two years, we have seen a sea change in our ability to work with the commission and a more collaborative, less hostile approach. I support what Michael Dugher said.

Chair: On that note, I thank you all for appearing before us today and for your time. If you have anything further to add, please do not hesitate to get in touch with the Committee. Thank you very much.