



Government Response to the Digital, Culture, Media and Sport Select Committee Report on Immersive and Addictive Technologies

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

June 2020



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GOVERNMENT RESPONSE TO THE DIGITAL, CULTURE, MEDIA AND SPORT SELECT COMMITTEE REPORT ON IMMERSIVE AND ADDICTIVE TECHNOLOGIES

Introduction

1. The government is grateful to the Committee for undertaking this extensive inquiry which considered some important and serious topics in relation to immersive technologies, and particularly online gaming. The Committee's findings provide valuable insights that will help inform the government's thinking in this evolving landscape.
2. The government believes that immersive technologies and content offer great potential for economic, cultural, and social benefits to the UK. Clearly there are economic gains associated with sector investment in high quality UK jobs and innovation that spread beyond the sector itself. We also see how immersive applications can help build communities, connect friends and families, and enable them to spend positive time together. This has been evident recently through an increase in time spent playing games during the Covid-19 lockdown as individuals turn to games for entertainment and to socialise. Games companies have also contributed directly to support Covid-19 measures, working with the government to help reinforce essential health messaging with the public, for example through inserting key messages into games and their associated social media. Through increasingly compelling narratives and realistic visuals, immersive products can continue to offer engaging experiences to audiences, not just with the aim of entertaining, but with the scope to challenge, educate, and inspire them.
3. Immersive technologies also allow the video games sector in the UK to build on already formidable strengths. Over half the UK population plays games¹, the vast majority engaging safely with content that allows them to enjoy fun, exciting play, find moments of relaxation, socialise, and learn new skills. The video games sector, a key part of the UK's world-leading creative industries, is also a cutting edge creator and adopter of innovative new technologies, and a provider of highly skilled creative jobs. The sector employs 22,000 people in the UK, growing seven times faster than the UK average since 2011, and is highly productive. The BFI Screen Business report found that video games have the highest average productivity of all the creative industries at over £83,000 per full time employee, more than £20,000 above the UK average². Some of the world's most successful, engaging and innovative games were made in the UK, from the BAFTA award winning Lego series to the Forza Horizon games and the recently released Dreams.
4. Whilst digital technologies are overwhelmingly a force for good both economically and socially, they undoubtedly also present new responsibilities to ensure that users - particularly children and vulnerable people - are not exposed to harm. Given the pace of evolution in this sector, government's challenge is to create policies that are effective within the context of constant innovation, including new and changing platforms, emerging tools and techniques, and a growing range of monetisation models, such as the relatively new development of subscription services in online games. A priority for our ongoing policy development in this area will be to identify and

¹ [Newzoo, The U.K. Gamer 2017 \(2017\)](#)

² <https://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/screen-business-full-report-2018-10-08.pdf>

quickly address any evidence gaps, taking an approach that is as future-focused as possible. Where evidence of harm is identified, we will take strong, rapid and proportionate action to ensure users are protected.

5. The government's Online Harms White Paper, published in April 2019, set out plans to ensure that the UK is the safest place in the world to be online. We intend to introduce in law a new duty of care that will ensure companies who facilitate the sharing of user-generated content have appropriate systems and processes in place to deal with harmful content and activity on their services. The application of the regulatory requirements and the duty of care model will reflect the diversity of organisations in scope and ensure a risk-based and proportionate approach. Companies will be expected to take reasonable steps to respond to and minimise harms, corresponding to the type of service they provide. The government will minimise excessive burdens, particularly on small businesses. An initial consultation response was published in February and a full response with further policy details will be released later this year.

VIDEO GAMES RESEARCH

The Committee's recommendations:

- ***The Department should immediately update its areas of research interest to include gaming disorder, working with researchers to identify the key questions that need to be addressed and develop a strategy to support high-quality, independent research into the long-term effects of gaming (paragraph 35)***
- ***The Government should also require games companies to share aggregated player data with researchers and to contribute financially to independent research through a levy administered by an impartial body. We believe that the industry should pay a levy to fund an independent body formed of academics and representatives of the industry to oversee research into online gaming and to ensure that the relevant data is made available from the industry to enable it to be effective (paragraph 36)***
- ***The Department for Digital, Culture, Media and Sport should immediately establish a scientific working group to collate the latest evidence relating to the effects of gambling-like mechanics in games. The group should produce an evidence-based review of the effects of gambling-like game mechanics, including loot boxes and other emerging trends, to provide clarity and advice. This should be done within a timescale that enables it to inform the Government's forthcoming online harms legislation (paragraph 72)***
- ***To provide clarity for policy-makers and the public, the Government should outline in its response to this report how it intends to support independent research into the application, extent and effect of design mechanics used in digital technologies to extend user engagement. Such research should then inform the development of a behavioural design code of practice for online services. This should be developed within an adequate timeframe to inform the future online harms regulator's work around "designed addiction" and "excessive screen time" (paragraph 146)***

Government response:

6. The government agrees with the Committee that there are a number of areas where new or additional research would be helpful. We will lead a programme of work to set a framework supporting future independent video games research beneficial for the games industry, for consumers and for interested bodies, and to inform the government's ongoing development of evidence-based policy.

7. At present around half the UK population plays games online and offline, a number that has increased steadily in recent years. For the vast majority this is a recreational activity which they experience as part of a balanced lifestyle. Whilst some studies³ suggest a small number of people playing games can develop excessive behaviours that can become harmful, there appears to be no clear consensus on prevalence from existing research.

8. The government welcomed the launch in May 2019 of a new two year research project⁴ by Newcastle and Loughborough universities, funded by the Economic and Social Research Council (ESRC), which is investigating how gambling-style systems in digital games are used and experienced by children and young people. We also welcome the Gambling Commission's inclusion of questions around in-game spending and loot boxes in their annual young people survey⁵.

9. However, more is needed to improve the quality and quantity of the games research base. DCMS' Chief Scientific Adviser will therefore discuss the Committee's recommendations with UK Research and Innovation (UKRI) and lead a series of workshops this year with experts from relevant Research Councils, academia and industry. The workshops will be used to help determine the full range and detail of the questions that need to be addressed on the impacts of video games and make recommendations for a further programme of research.

10. We envisage the workshops will also draw on international expertise, and will consider where research is needed on both negative and positive impacts of games and, as far as possible, will consider future developments in immersive technology and content. Industry input may be invaluable in terms of gaining business insights and access to necessary data. However, to ensure its credibility and wide acceptance, it will be important that the research programme is carried out independently.

11. The DCMS Chief Scientific Adviser will discuss with UKRI and others the best way to take forward the research programme, including by assessing the feasibility of a co-investment model with industry that maintains the independence of the research. We will also explore the potential for the government to create a mechanism to request and analyse industry data whilst working within the boundaries of the Data Protection Act 2018, and the advice of the Centre for Data Ethics and Innovation. We are not minded at this point to impose a levy on the games industry to pay for new research as we believe it would be likely to disproportionately impact the SMEs and microbusinesses

³ For example, a study of adults in the U.S., United Kingdom, Canada and Germany and published in the *American Journal of Psychiatry* in March 2017 found that 0.3 to 1.0 percent of the general population might qualify for a potential diagnosis of internet gaming disorder

⁴ [Between Gaming and Gambling: investigating children and young people's experiences and understandings of gambling style systems in digital games.](#)

⁵ [Young People and Gambling](#)

that comprise the vast majority of games businesses in the UK. However, a wide range of funding approaches will be considered as part of this work.

12. DCMS' Areas of Research Interest document⁶ sets out the collective areas of research interest that are important to DCMS for good policy and decision making, outlining DCMS' interest in existing evidence and best practice, and highlighting areas where it encourages new research and discussion. The document is reviewed annually and video games will be included in the next update in 2020.

ONLINE AGE RATINGS

The Committee's recommendation:

- ***The Video Recordings Act should be amended to ensure that online games are covered by the same enforceable age restrictions as games sold on disks (paragraph 57)***

Government response:

13. As part of our ambition to make the UK the safest place to be online, the government wants to see the age ratings from physical copies of games that consumers recognise and trust applied to all online video games.

14. In 2019, the government called on industry⁷ to adopt Pan European Game Information (PEGI) age ratings for every game available online, as laid out last year in robust best practice standards from the Video Standards Council Rating Board and developed with the support of DCMS. The majority of video game platforms already use these best practice age ratings and are committed to the International Age Ratings Coalition (IARC) system which has seen over 1.6 million PEGI ratings issued for games on the storefronts that are participating. We will shortly be making a further assessment of voluntary compliance and will continue to work with industry to drive adoption on every major platform. If progress is not forthcoming we are clear that amending or creating legislation will be considered as the next logical step to ensure that consumers are protected from potentially harmful material online.

FUTURE ONLINE HARMS REGULATOR

The Committee's recommendation/comment:

- ***The ICO's age-appropriate design code is a positive step in addressing the potential impact on children of design mechanics within digital technologies that are aimed at extending user engagement; however, it will not apply to technologies exclusively designed for, or age-gated to, adults. We therefore welcome the Government's intention for "excessive screen time" and "designed addiction" to be monitored by the future online harms regulator. However, we believe greater clarity about the Government's intention in those***

⁶ [DCMS Areas of Research Interest](#)

⁷ <https://www.telegraph.co.uk/gaming/news/digital-minister-calls-video-game-providers-use-age-ratings/>

areas, and a clear plan for understanding and dealing with those harms from the outset, are needed for the regulator to be immediately effective in this area (paragraph 156)

Government response:

15. Protecting children online is at the heart of the government's online harms agenda, and wider government priorities. The government supports the principles of the Age Appropriate Design Code, which has recently been published by the Information Commissioner's Office, and recognises it as an important part of our work to make the UK the safest place to be online. The Code will provide guidance on the privacy standards that organisations should adopt when they are offering online services and apps that children are likely to access and which process their data. Services in scope of the Code will need to make sure that they consider children when designing their sites and protect them adequately. The Code will not prevent companies from processing children's data where necessary to keep their users safe, for example, where implementing measures to detect and prevent child sexual exploitation and abuse.

16. The government is developing a new approach for regulating and governing digital technologies to make the UK the safest place in the world to go online. The Age Appropriate Design Code complements our wider work to protect children ahead of and alongside the new online harms regulatory framework. The Online Harms White Paper sets out the government's plans for a world-leading package of online safety measures that also supports innovation and a thriving digital economy. This package comprises legislative and non-legislative measures and will make companies more responsible for their users' safety online, especially children and other vulnerable groups.

17. The White Paper proposes establishing in law a new 'duty of care' towards users, which will be overseen by an independent regulator. Companies will be held to account for tackling a comprehensive set of online harms, ranging from illegal activity and content to behaviours which are harmful but not necessarily illegal. This regulatory framework would apply to companies that provide services or tools that allow, enable or facilitate users to share or discover user-generated content, or interact with each other online.

18. Public concerns raised with government about the potential impact of excessive screen time on the mental health and wellbeing of children and young people prompted the Chief Medical Officers of the United Kingdom to provide commentary on this and advice to parents in 2019⁸. Whilst recognising that further research and evidence is required in this area, and noting that the internet and social media can be a force for good in society, the report highlighted distinct issues of concern relating to excessive screen time, internet (including social media) content, and persuasive design. Advice provided to parents included agreeing boundaries with children and young people around screen time and leading by example in terms of parents' own screen time and being good online citizens.

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/777026/UK_CMO_commentary_on_screentime_and_social_media_map_of_reviews.pdf

19. Whilst there is not yet sufficient evidence about the impact of screen time to support detailed guidelines for parents or for the regulator to set requirements on companies, we will continue to support research in this area to inform future action in this space and ensure high-quality advice is available to families. We also welcome efforts from the industry to develop tools to help individuals and families understand and manage how much time they spend online. In addition, from September 2020 schools will be required to teach about online safety and harms in the Relationships, Sex and Health Education curriculum. This includes teaching about health and mental wellbeing online, including the benefits of rationing time spent online.

20. The government shares the Committee's concerns around designed addiction and is determined to ensure that we have sufficient evidence on this risk, and the right expectations of companies to design their products in safe ways. In the future, we expect the regulator will continue to support research in this area to inform future action and, if necessary, set clear expectations for companies to prevent harm to their users. We also expect companies to be transparent about design practices which encourage extended engagement, and to engage with researchers to understand the impact of these practices on their users.

21. An initial consultation response was published 12 February 2020, announcing that the government is minded to appoint Ofcom as the new online harms regulator and setting out how we will ensure that legislation is proportionate and protects freedom of speech. The response also stated that the duty of care will provide a higher level of protection for children. Under our proposals we expect companies to use a proportionate range of tools including age assurance, and age verification technologies to prevent children from accessing age-inappropriate content, and to protect them from other harms. Following these announcements, a full response with further policy details will be released later this year.

LOOT BOXES AND GAMBLING

The Committee's recommendations:

- ***We recommend that loot boxes that contain the element of chance should not be sold to children playing games, and instead in-game credits should be earned through rewards won through playing the games (paragraph 79)***
- ***We recommend that working through the PEGI Council and all other relevant channels, the UK Government advises PEGI to apply the existing 'gambling' content labelling, and corresponding age limits, to games containing loot boxes that can be purchased for real-world money and do not reveal their contents before purchase (paragraph 86)***
- ***The Government should bring forward regulations under section 6 of the Gambling Act 2005 in the next parliamentary session to specify that loot boxes are a game of chance. If it determines not to regulate loot boxes under the Act at this time, the Government should produce a paper clearly stating the reasons why it does not consider loot boxes paid for with real-world currency to be a game of chance played for money's worth (paragraph 98)***

Government response:

22. Technology in this space is constantly evolving and it is important that this is reflected in the government's policy development. The government believes the approach to protecting young people and vulnerable people - and any relevant regulation - should be based on evidence.

23. To guide this approach, it will be important to understand fully the existing research around loot boxes, and how current protections and legislation work in a fast-moving environment. That is why the government announced in the Queen's Speech in December 2019 our intention to carry out a review of the Gambling Act 2005, with a particular focus on tackling issues around loot boxes.

24. To support this review of the Gambling Act 2005 and our wider programme of research about video games, and to ensure government policy is based on a sound understanding of the issue and its place in the wider policy framework, the government will be launching a call for evidence on loot boxes. This will examine, for example, the size and variation of the market, the design of mechanisms, the context in terms of other types of in-game spending, the impact on consumers and particularly young people including links to problem gambling, and the effectiveness of the current statutory and voluntary regulation. In addition to a written call for evidence, we envisage also holding a series of roundtables to discuss issues and solutions in detail, including the most effective approaches to protect users from any harms identified. Full details of the call for evidence and how to respond will be announced in due course.

25. The call for evidence follows a number of reports examining the ties between video games and gambling, often with particular focus on loot boxes. We note that since the Committee published its report, the Children's Commissioner has also published a report - *Gaming the System*⁹ - which looked at children's experience of games, seen through the eyes of a sample of 29 children and which made some similar recommendations to the Select Committee about loot boxes. The Royal Society for Public Health also published a report - *Skins in the Game*¹⁰ - which examined the attitudes of over 1,100 young people towards concerns over the normalisation of gambling in video games.

26. The results from the call for evidence will be considered alongside the review of the Gambling Act 2005. The government stands ready to take action should the outcomes of the call for evidence support taking a new approach to ensure users, and particularly young people, are protected.

27. Whilst the call for evidence will create a more complete picture of the current landscape to guide policy development, the government notes that industry is already progressing some important initiatives including the following:

- We welcome a recent decision by PEGI to change the way they age classify games featuring simulated gambling. Following a six month transitional period, new games classified by PEGI that include relevant depictions will be given an automatic PEGI 18, rather than PEGI 12 as

⁹ [Gaming the System, Children's Commissioner October 2019](#)

¹⁰ [Skins in the Game, RSPH December 2019](#)

currently. This should be fully implemented by summer 2020 and we will be taking a close interest in the impact of this new approach.

- We also welcome the additional announcement by PEGI¹¹ in April 2020 to inform consumers where games include “paid random items”. This adds to the existing in-game purchase descriptor label offering further transparency on the nature of the items available to purchase and will apply to physical and digital sales.
- In August 2019¹², the games companies Sony Interactive Entertainment, Microsoft and Nintendo announced that all future titles on their Playstation, Xbox and Switch consoles will be required to disclose the relative probability of receiving the randomised virtual items in loot boxes, with a planned implementation date of 2020. This will make it far easier for consumers to understand what they are likely to get from their purchase.
- We welcome the additional commitment now being made by major games publishers through their trade association Ukie¹³ to disclose the relative rarity or probability of obtaining in-game virtual items from purchased loot boxes by no later than the end of 2020.
- Trade association TIGA published its “Five Principles for Safeguarding Players”¹⁴ in February 2020. The Principles are devised for games businesses to follow when operating games in the UK, in order to safeguard players from potential harms, and include principles like treating consumers fairly and enabling spend and time management.
- Looking more broadly at safeguarding and design best practice, we note that a number of games companies are giving their expertise to an innovative new project led by Abertay University Dundee. Working with a range of partners including Unicef, Ukie, the National Society for the Prevention of Cruelty to Children, the National Crime Agency and Internet Matters, this project will understand and improve youth safeguarding and age-appropriate design standards for the games industry. Based on the research findings, the project will produce educational materials and share best practice amongst professionals to create virtual worlds that are safer for young people.
- We believe that industry can do far more to help consumers take advantage of the tools already available to them on devices to disable and set spend limits on in-game purchasing, including loot boxes. Parental controls can also help parents monitor and, if they wish, limit the time their children play video games and prevent children accessing games with particular PEGI age ratings. We therefore welcome Ukie’s launch in January 2020 of their “Get Smart About P.L.A.Y.”¹⁵ public campaign in social and traditional media aimed at encouraging more parents to use parental controls on devices and take an active role in their children’s gaming.

¹¹ [PEGI Introduces Notice To Inform About Presence of Paid Random Items](#)

¹² [Entertainment Software Association : video games industry commitment to further inform consumer purchases](#)

¹³ [Industry commits to further inform player purchasing habits](#)

¹⁴ <https://tiga.org/news/tiga-adopts-5-principles-for-safeguarding-players>

¹⁵ <https://www.askaboutgames.com/get-smart-about-play/>

ESPORTS

The Committee's recommendation:

- ***We ask the Department for Digital, Culture, Media and Sport to lay out within the next six months how a similar framework to the duty of care practices enshrined and enforced by the governing bodies of other sports can best be applied within esports (paragraph 167)***

Government response:

28. Esports has the potential to develop as an area of real national strength in the UK, building on our world-class video games, entertainment, and sports sectors. The steep growth in online esports audience figures and the increasing number of esports events and investments in the UK indicate the existence of a solid foundation to build on. Esports has also come to the fore during the Covid-19 lockdown, offering entertainment and a way to connect with others. This has included notable link-ups with traditional sports including the ePremier League Invitational event in April 2020 and the Formula 1 virtual Grand Prix series.

29. To help this burgeoning industry deliver on its potential, the government will continue to develop its relationship with the sector, helping to identify, promote, and exploit the areas that offer the most opportunity to the UK. This includes examining the ways in which esports can drive innovation and public engagement. It will also involve addressing key concerns around issues that include talent working and competing in the UK, access to venues, and ensuring esports can be conducted in a safe and fair manner for competitors and audiences.

30. As a first step, the government will bring forward plans for a ministerial roundtable with a range of esports stakeholders to discuss the opportunities and barriers to market-driven growth in the UK and how industry is working collectively - or can work in future - to encourage best practice in areas such as player well-being and esports integrity.

31. We note that trade body Ukie is already working with a number of global trade bodies - the Entertainment Software Association in the US, the Entertainment Software Association of Canada, the Interactive Games and Entertainment Association of Australia and New Zealand and the Interactive Software Federation of Europe - to devise a set of broad principles of engagement for esports, outlining general best practices already undertaken by the sector and starting to address some of the emerging concerns.

32. In October 2019 the British Esports Association also issued new guidance¹⁶ about esports, designed specifically for parents who want to know more about competitive gaming.

¹⁶ <https://britishesports.org/advice/esports-parents-guide/>

DISINFORMATION

The Committee's recommendation:

- ***Social media platforms should have clear policies in place for removal of deepfakes. In the UK, Government should include action against deepfakes as part of the duty of care on social media companies planned in the Online Harms White Paper (paragraph 172)***

Government response:

33. The government is concerned about the use of the online information environment to manipulate individuals. The Online Harms White Paper proposed that companies, where appropriate, take prompt, transparent, and effective action to address online harms, including the propagation of false and misleading content.

34. The government recognises the potential challenges artificial intelligence and digitally manipulated content, including “deepfakes”, may pose. The technology used to manipulate audio and video content is becoming more sophisticated and we are considering these issues carefully as part of efforts to tackle online manipulation and disinformation.

35. We are also actively engaging with international partners, industry and civil society to tackle these threats. The UK will be keeping a close eye on how the technology develops, including the opportunities it presents for the media and creative industries.

DIVERSITY

The Committee's recommendation/comment:

- ***On the games industry's attempts to tackle the gender imbalance in the workforce - some take their responsibilities seriously, others could be doing much more (paragraph 180)***

Government response:

36. The government recognises the critical importance of diversity and strongly supports the Tech Talent Charter¹⁷ that includes robust data reporting requirements, and the Creative Industries Council Diversity Charter in 2019¹⁸ that operates across the creative industries as a whole. However, we agree that more work is needed in the games sector, including addressing the gender imbalance and improving the representation of women and girls, both in the industry and within content itself, and understanding the impact of this. We are pleased to note in February 2020 the publication of the outcomes of the games industry census report, managed by the University of Sheffield and

¹⁷ <https://www.techtalentcharter.co.uk/>

¹⁸ [Creative Industries Council Diversity Charter, 2019](#)

championed by Ukie, and the launch of Raise the Game¹⁹, an equality, diversity, and inclusion pledge which will ask all games businesses across the sector to commit to three key themes:

- Attracting more diverse talent by recruiting as fairly and as widely as possible.
- Creating an inclusive culture where all can thrive, by educating, and inspiring those in the sector to take more personal responsibility for fostering and promoting diversity and inclusion.
- Reflecting greater diversity in their work - including in games design and development, marketing and support services.

Initial Pledge partners include Xbox, King, EA, Jagex and Facebook.

37. We look forward to seeing the sector's targets for the impacts of this initiative and the outcomes of its bi-annual assessment of progress against objectives.

38. Networks such as BAME in Games and Women in Games Jobs are also initial signatories and were closely involved in its development. The government welcomes the work of organisations like these including, for example, the Women in Games Jobs ambassadors scheme. This now has eight corporate ambassadors and some 110 individuals in the UK signed up to help women and girls understand the games industry and the opportunities it can offer them.

39. The government is committed to strongly encouraging the consideration of diversity within video games research programmes including the development of the framework supporting future independent video games research. Areas that research should explore include understanding representation within the sector, across participation, and within gaming content, and the impact that this has, including on societal norms and attitudes.

¹⁹ <https://ukie.org.uk/press-release/2020/02/uk-games-industry-announces-results-diversity-census-and-launches-raisethegame>

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