

Written evidence submitted by the Betting and Gaming Council

SUBMISSION TO CULTURE, MEDIA & SPORT COMMITTEE ON THE IMPACT OF CORONAVIRUS ON BUSINESSES AND WORKERS

The Betting and Gaming Council (BGC) represents the UK's regulated betting and gaming industry including betting shops, online betting and gaming businesses, bingo and casinos. Together our members directly employ over 70,000 people, pay over £3 billion in taxes in each year, contribute £350 million to horse racing and between £120 million and £200 million to the UK tourism industry through attracting international visitors.

We welcome the opportunity to contribute to this vital call for evidence. Our submission to the Committee focuses on the Covid-19 impact on the betting and gaming industry as a whole; the specific impact on the casino sector; and consequences for both the LBO and casino sector of inconsistent business rate support across the UK.

Figures recently released by the Department for Digital, Culture, Media and Sport, demonstrate the importance of the betting and gaming sector to the UK economy – contributing £8.7 billion GVA and supporting 76,000 jobs. Sustained support and further measures are needed to ensure the industry continues to contribute to the UK economy and survive the impact of Covid-19.

Before the start of the lockdown period in March, there were 148 casinos in the UK employing 14,000 people and 6,920 betting shops employing 50,000 people.

Impact of Covid-19

The impact of Covid-19 on the betting and gaming sector has been severe. Betting shops and casinos have had to rightly close during lockdown to contain the spread of coronavirus. However, revenues across the industry have been heavily impacted by the absence of live sport – with a 60% drop in resulting revenues.

We therefore welcome the recent return of horse and greyhound racing and the return of other sports including football.

Betting shops started to open in England from 15 June following their inclusion as non-essential retail premises with advanced Covid-safe measures in place for both staff and customers. Shops have yet to open in Scotland, Wales or Northern Ireland. We are particularly concerned that, following the recent announcement that 'street access' betting shops can open in Scotland from 29 June under 'Phase 2', there will be associated severe restrictions on their operation, namely: no screening of live sports; no gaming machines; and no chairs.

This will cripple businesses already experiencing serious financial hardship and who have not been included in non-domestic rate relief scheme as their counterparts were in the similar Business Rates Retail Discount (relief) to 100% in England.

Similar to Scotland, gambling businesses in Wales were not included in the rates relief scheme and indeed were specifically excluded from eligibility by the Welsh Government.

There are just over 300 betting shops spread throughout Wales and four casinos and Scotland has 890 betting shops and 16 casinos. The number of betting shops has already reduced by over 100 shops since April 2019 following a reduction in the maximum stakes on gaming machines.

Without assistance on business rates relief, similar to that offered to other sectors in Wales and Scotland, including other parts of the hospitality, leisure and entertainment industries, there is a real

danger that betting shops and casinos will permanently close leading to the direct loss of over 2000 jobs in Wales leading to a migration of gambling to other forms of gambling including the black market, which is not only unregulated and an unsafe place for people to bet, but it also contributes nothing to the Welsh and Scottish economies.

This inconsistency needs to be addressed. We urgently ask the Committee to raise this with the UK Government and call on both the Welsh and Scottish Government to consider their decision and provide betting shops and casinos with the vital business rates relief they require.

Casino sector

Under the Government's 'Roadmap' casinos are considered as part of Step Three and may be able re-open from 4 July. The casino sector is ready to do so with strict hygiene and social distancing measures in place.

This sustained period of closure has had a profound impact on casinos as they have been unable to generate any revenue whilst continuing to accrue high fixed costs overheads. In the lead up to the introduction of the lockdown, casinos had already experienced a decrease of 90% in customer numbers, with people choosing to stay away or self-isolate and as a result in the reduction of tourism to the UK.

The gradual re-opening of the casino sector in particular means the extension of the Job Retention Scheme is of particular importance. We welcome the extension of the furlough scheme through to October, without which businesses will be likely to fail and jobs lost.

The longer-term impact of covid-19 on tourism in the UK will have particular impact on the high-end casino sector where relaxed social distancing measures will not be sufficient to enable a return to business. The vast majority of this customer base is overseas tourists, who will be heavily impacted by travel restrictions. These will need to be eased before this element of the sector will be able to re-open.

We therefore ask for consideration of a business and sector specific extension of the furlough scheme, for those unable to operate at full capacity, preventing job losses and supporting the recovery of casinos and the betting and gaming industry as a whole.

Continued emphases on Safer Gambling

The BGC and its members are committed to working to reduce gambling related harms. We work with the industry regulator, the Gambling Commission, and other relevant bodies to ensure a safe environment for our customers.

To this end our members, in many cases, go further than their regulatory requirements under the Gambling Act with a number of voluntary measures and through adherence to the BGC Code of Conduct.

Our members have already introduced, or are introducing, the following changes:

- restricted under 25's from qualifying for high value customer accounts ('VIPs');
- adopted a 25+ age gating rule [where platforms allow], to be fully implemented through the Industry Gaming Industry Code for Socially Responsible Advertising (IGRG);
- changes to features in games design to stop customers reducing spin speed below 2.5 seconds;
- introduced a 'whistle to whistle' ban on advertising 5 minutes before, during and 5 minutes after any sporting event, this is in addition to a ban on all betting adverts pre-watershed where there is no sporting event taking place;

- substantially increased funding for research, education and treatment (RET). Our largest members have committed an additional £100m over the next four years and 1 per cent of profit thereafter;
- introduced new ID and age-verification checks which have resulted in hundreds of thousands of accounts being closed where the customer was unable or unwilling to provide the necessary verification information;
- implemented a ban on betting with credit cards, which we welcomed. Although it is worth noting that whilst you cannot gamble using a credit card with a BGC member it is still possible to gamble with a credit card on the National Lottery and on the black-market.

It is also worth noting the collaborative approach already taken by the BGC and its members with the Gambling Commission when three working groups were established by the Commission with industry leaders on the use of VIP incentives; safer advertising online; and the use of safer product design. Alongside representatives from over 30 operators, this work has, and continues to include, collaboration with GamCare to ensure that its service-users' experience informs policy outcomes.

The Gambling Commission has launched formal consultations to ensure that these measures are incorporated into the regulatory framework meaning that all operators will have to abide by the new consumer protection rules.

Additional voluntary action during COVID

During lockdown, with the absence of sport, the closure of all betting shops and casinos and the social distancing measures in place, our members were acutely aware that some adults may wish to continue to bet online. It is worth pointing out that contrary to an increase in gambling during COVID, overall gambling levels in the UK have fallen dramatically and as a consequence so too has total gambling revenue which is down between 50-60 per cent according to reports from members. To put this into context, this is the equivalent to a drop in gambling by UK adults of £100 million per week.

Whilst there were concerns voiced that the lockdown period would see an increase in gambling and a big increase in online gaming, this has not been borne out from the seven sets of major household gambling prevalence surveys carried out in Great Britain between 1999 and 2018 that show the overwhelming majority, 4 out of every 5, online sports bettors do not take part in online gaming. But because we are aware that a minority of players may now chose to switch to online gaming, and to ensure the highest safeguards are in place, despite this dramatic drop in total gambling, the BGC introduced a 10 pledge action plan on 27th March, that came into force immediately.

The 10 pledge action plan requires heightened monitoring, tailored responses and new action to address the unprecedented situation of social distancing and home working. To be clear this monitoring looks at spend, advertising volumes, player accounts numbers, amongst others to determine what changes, if any, are occurring across customer behaviour during this time.

The BGC 10 pledges focus on safer gambling practices and protecting potentially vulnerable or at-risk people at this time:

Pledge #1: Members will increase safer gambling messaging across all sites, apps and channels including inbox messaging to all existing and new customers reminding them of the safer gambling tools available.

Messaging is a crucial method of nudging customers into taking actions to remain in control. Actions include using tools that offer customers an important way to set limits and raise awareness of their play. Their prominence in the customer journey should be emphasized during this period.

Operators provide hundreds of thousands of safer gambling messages year-round, from the time of account opening to play. These messages encourage safe play such as setting deposit limits or taking time out from betting. Members are stepping up their messaging including a direct communication to customers reminding them to set a deposit limit. We expect increases in volume and type of messages compared to other communications. We are reviewing with operators their safer gambling message changes as part of our data collection review. Safer gambling messages also appear on the home page of every website.

Pledge #2: Members will implement heightened monitoring and data collection in the knowledge that customers are required to abide by social distancing measures. Any change in customer play patterns, including any increase in time and spend, beyond normal patterns before the crisis, indicates potential markers of harm and operators must step up interventions.

While total gambling has reduced due to no UK sporting events taking place, internal tracking and customer protection systems should be adjusted where necessary to ensure that changes in customer behaviour are identified.

We are collecting data on advertising, patterns of play, behaviour responses to messaging and other measures (such as pauses in play) as part of our ongoing commitment to increasing safer gambling. Currently algorithms which monitor play can be calibrated to identify deviations from typical patterns. This takes into account factors like the payment type, time of play, length of play and product amongst others. Thresholds for interventions are varied but occur across the entire customer journey. Therefore, atypical patterns of play will get picked up by these systems and enable early intervention by the operator. There is no standard of deviation as the metrics must take into account a multitude of variables but operators do concentrate on overall spend. Increased spend levels trigger interventions, which range from messaging to mandatory deposit limits to account closure, dependent on rising risk levels associated with the markers of harm.

In addition, the Gambling Commission, at their request, are being supplied with additional customer and account information to assist with their scrutiny of the industry.

Pledge #3: Members operating heightened monitoring shall actively promote deposit limits and send a deposit limit message with link to the tool to any player exhibiting abnormal patterns of play that are a marker of harm.

The current crisis can lead to changing patterns of consumer behaviour, particularly online. Where companies are aware of customers increasing their play beyond their normal routine, they should ensure this triggers an appropriate response in establishing the customer's welfare and being prepared to intervene with a deposit limit message or mandatory limit where appropriate.

Deposit limits cannot be removed without the request from the customer, following an intervention by the operator and/or a cooling off period.

Pledge #4: Members shall commit to an immediate and ongoing review of their marketing and advertising - in volume, content and targeting - and will act to ensure it is both appropriate and responsible given the increased risk.

Members should ensure that that gambling is not portrayed as a suitable or desirable response to those experiencing boredom or frustration during self-isolation.

Telephone, text and e-mail contact should not be increased from normal patterns during this period with the exception of promoting safer gambling messaging.

The industry is acutely aware of the risks arising from potential new patterns of work and leisure caused by the current lockdown. As such the industry is determined to ensure that marketing and advertising is appropriate and sensitive to these potential risks.

We have recently introduced a series of measures aimed at advertising including trialling de-targeting technology, creating an industry-wide list for suppressing advertising around certain subjects and a 25+ age-gating function for social media platforms.

Pledge #5: Members will report to the BGC instances of illegal rogue and inappropriate advertising and the BGC will report these to the regulator.

Illegal offerings and their advertising can be found on the web and are unethical where they seek to take advantage of a customer's vulnerability. BGC members should report such advertising to the regulator or the BGC who will inform the regulator. This is part of the overall effort to clean up any advertising which is irresponsible and accessible to the UK public.

Recently we have reported inappropriate advertising from illegal operators taking bets as well as affiliates advertising offerings which make false claims about their domicile. The BGC aims to play its part in assisting all action against illegal and rogue advertising.

Pledge #6: These Pledges will fully apply to all affiliates. Members will enforce a strict one-strike-and-you're-out policy for breaches of these Pledges.

Affiliates provide an important role in providing messaging and responsible advertising to customers. This means affiliates must in no way mention or use the words associated with COVID-19 such as "bored", "isolation", "stay at home" amongst others. The BGC will collect and provide a list of key words and phrases to members, affiliates and social media platforms to prevent their misuse.

This Pledge covers inappropriate advertising related to Covid-19 which goes beyond regulatory restrictions.

The BGC is also going further in producing a Code for Affiliates which will cover areas such as content responsibility, deeper screening of affiliate advertising and incentives for affiliates.

Pledge #7: Members will sign-post to GAMCARE advice and the 24-hour free to call National Gambling Helpline and GamStop for self-exclusion in their safer gambling messaging, particularly where issues around anxiety or isolation are apparent from monitoring systems or customer interactions.

The industry provides safer gambling messaging to all customers. At this time, it also needs to address issues arising directly from the current crisis. To this end members shall incorporate additional information for customers requiring intervention as part of our corporate responsibility.

The BGC is also highlighting the National Gambling Helpline as part of our messaging around safer gambling. We are consulting with charities to provide us with any data which will inform changes in normal call patterns so we can identify any areas of concern and address them in real-time.

Pledge #8: Members re-state their commitment to maintaining the vital flow of important funding for Research, Education and Treatment (RET).

There are a great many companies and people reliant on our members, many of them small organisations that may lack the resilience to navigate this crisis. This is even more important for charities and organisations that deliver the crucial Research, Education and Treatment services which need to stay available to customers.

We are firmly committed to RET, regardless of the current situation. While such contributions are voluntary in terms of magnitude, we remain committed to increasing RET contributions over time. Last year the largest operators committed to increasing RET to 1% of GGY, up from 0.1% as provided by guidance of the Gambling Commission.

Over £10 million has been committed to safer gambling education as well as our continued support this year for the BetRegret the public awareness campaign. Despite dramatic falls in operators'

revenues due to the current crisis, BGC members remain committed to supporting charities in this time of need.

Pledge #9: Members shall conduct welfare checks on employees during this crisis.

Our employees are similarly affected by the same challenges and emotional risks as others. Companies should ensure that they have the mechanisms in place to make regular welfare checks on employees and fulfil their duty of care to ensure their safety and wellbeing.

Pledge #10: Members should play a full part in supporting the Government's 'National Effort' by encouraging staff to volunteer for community service, as well as offering premises where possible for use by those supporting the effort to tackle COVID-19.

For those companies with large retail businesses on the high street, many employees know their customers and for those customers that are elderly, live alone or unable to fully support themselves during this crisis, staff are encouraged to assist where possible. The NHS also has a volunteer service which we encourage employees to volunteer for.

The 10 pledges build on actions and interventions that BGC members regularly do as part of the BGC code of conduct; the Licence Conditions and Codes of Practice (LCCP), the 22 new safer gambling commitments set out last year by the BGC and each operators' own safer gambling operations.

We urge the Committee to consider the contribution the betting and gaming industry makes to the UK economy and how vital the sector's survival is in supporting the national effort in recovering from the impact of Covid-19.

We would be happy to provide further information where helpful and to discuss any element of this submission in more detail.