

Nipped in the Budd? Assessing the wisdom of the Gambling Review Body's recommendations in relation to problem gambling

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The Budd Report in historical context

The convening of the Gambling Review Body (the 'Review Body'), between 2000 and 2001 was the most recent attempt by the British Government to consider fully policy objectives for the operation of its licensed gambling market. It followed in a tradition of comprehensive Government-sponsored reviews of gambling (carried out in the twentieth century by Royal Commissions) approximately every 20 to 25 years. The publication of its report in 2001 had a strong influence on the drafting of the Gambling Act 2005 (the '2005 Act'), which sought to adapt Britain's gambling legislation to changing political and societal views and to accommodate new modes of gambling (such as the internet).

To date there have been no official assessments of whether the ambitions set out in the report (colloquially known as the 'Budd Report' - or 'Budd' - after the economist who chaired the review body, Sir Alan Budd) were achieved. Waugh (2016) provides an overview of this subject, concluding: *"At such time as the next review is undertaken, it is to be hoped that the Government of the day incorporates an evaluation framework and independent review process in order to assess whether or not policy objectives are being met. To go to the considerable expense and effort of convening a commission – and not to undertake subsequent evaluation appears short-sighted. Without this, the benefits gained from seeking the counsel of wise, independent minds seems destined to erode over time until it becomes apparent that we need to start all over again."*

In 2019, there are signs that we may indeed *"need to start all over again"*. The Labour Party (at the date of writing, the political party with the second-largest number of seats in Parliament) has set out plans for *"a new Gambling Act that is fit for the digital age"* (Watson, 2019); while the House of Lords (the unelected upper chamber in Britain's bicameral legislature) has approved a special inquiry committee on the 'Social and Economic Consequences of the Gambling Industry' (House of Lords, New Special Inquiry Committees 2019-2020).

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Against this backdrop, there may be merit in revisiting Budd.

This essay considers two of the Budd Report's key aims – the protection of vulnerable people and the protection of children (subsequently combined within the Gambling Act's licensing objectives under "Protecting children and other vulnerable persons from being harmed or exploited by gambling"). We review those recommendations that were explicitly directed towards harm prevention; as well as a number of broader proposals which have clear relevance to the subject. This essay assesses Budd's recommendations from 2001 against subsequent developments in the gambling market – and in particular asks the question of whether the report contributed to the creation of future regulatory problems and political controversies.

In order to assess the wisdom of Budd's recommendations, we canvassed the views of a number of experts - drawn from academic research (economics, psychology and sociology), problem gambling treatment and from the field of 'responsible gambling' (i.e. those employed in designing or implementing harm prevention measures). Respondents were asked to indicate whether they agreed or disagreed with a set of 20 recommendations drawn from the Budd Report, primarily concerned with matters related to gambling-related harm.

Emerging from this process of review, the Budd Report is revealed as a far-sighted and judicious body of policy recommendations for addressing problem gambling and gambling-related harm. Importantly, Budd proposed a system of evaluation and review to ensure effective scrutiny of the consequences of legislation, to allow for timely recalibration and to guard against unintended effects.

It may therefore be considered something of a missed opportunity that while most of the Budd Report's recommendations were translated into legislation via the 2005 Act, a number of key recommendations designed to address the risk of harm were ignored by legislators at the time and subsequently. Some have been adopted belatedly while others are still the subject of consideration by the British Government and the Gambling Commission in 2019 – 18 years on from the publication of the Budd Report.

What was Budd's attitude towards problem gambling and gambling-related harm?

The Budd Report was deeply interested in how gambling legislation might promote the greatest benefits to consumers while also providing suitable protections against harm to the individual concerned and to society more widely.

The authors of the report defined this balance as their "*central dilemma*", stating: "*The most difficult general issue that we have had to solve concerns the familiar dilemma between the desire to permit free choice and the fear that such choice may lead to harm either to the individual or to society more widely*" (Budd et al., 2001, p.7).

The report continues: "*Our proposals generally move in the direction of allowing greater freedom for the individual to gamble in ways, times and in places than is permitted under current legislation. This move to greater freedoms is balanced by rather tighter controls on the freedom of young people to gamble and by some tighter controls over those who provide gambling circumstances*" (ibid.p.7).

This attempt to balance consumer benefits against costs marked a conscious departure from previous Royal Commissions on Gambling (the most recent having been the Rothschild Commission of 1978) which followed a philosophy that gambling should be tolerated rather than encouraged.

The Budd Report considered that restrictions on consumer freedom should be weighed in the balance alongside the potential for harm - a view that "*in turn leads*

us to suggest the dropping of the principle that facilities offered should only respond to unstimulated demand” (ibid., p.8)

Perhaps controversially, they were also willing to conceive that the price of greater benefits to consumers might be an increase in problematic gambling:

“The recommendations in this report will increase access to gambling, at least for adults. We accept that this is likely to lead to an increase in problem gambling, even though many of our recommendations are framed with the intention of keeping such an increase to a minimum” (ibid., p.173).

In this expectation at least, Budd’s projections appear to have fallen short of the mark with the predicted rise in problem gambling failing to materialise. The recorded rate of problem gambling in Great Britain has remained fairly stable across the six major studies carried out between 1999 and 2016. While there are issues of comparability between the British Gambling Prevalence Surveys (Sproston et al., 2000; Wardle et al., 2008; Wardle et al., 2011;) and the subsequent ‘Health Surveys’ (Wardle et al., 2014; Conolly et al., 2017; Conolly et al., 2018), the recorded rates of problem gambling in Great Britain (amongst those aged 16 years and above and measured by the DSM-IV) was 0.6% in 1999 and 2007, 0.9% in 2010, 0.5% in 2012, 0.7% in 2015 and 0.6% in 2016.

Stable problem gambling rates are not necessarily indicative of successful policy or indeed absence of increased harm. In her 2018 essay on the need to evaluate changes in regulation, Wardle describes as “*misguided*” a “*tendency (in gambling research generally) to rely on changes in population-based estimates of gambling problems to evaluate the impact of regulatory change.*”

However, at the time of the report (and even today), rates of problem gambling remain the most commonly cited measures of the negative effects of the gambling industry and the principal metric used by Britain’s Gambling Commission. At the very least, the stability of problem gambling rates have confounded the expectations of those who predicted significant increases as a consequence of the reforms proposed by Budd (and largely incorporated within the 2005 Act).

It is interesting too that despite the removal of the principle of unstimulated demand, only one of the forms of gambling assessed in the initial British Gambling Prevalence Survey (private lotteries) has seen growth in participation – rising from 8.0% of the adult population in 1999 to 14.4% in 2016 (Sproston et al., 2000; Conolly et al., 2018).

Researching, limiting and treating problem gambling

The Budd Report contained seven recommendations specifically directed at “*researching, limiting and treating problem gambling*”. These are set out in Table 1 (below) and cover research, social responsibility codes of practice and treatment services.

The identification of research as a priority appears to have been grounded (at least in part) in the experiences of the Review Body members who were required to make policy proposals with very little in the way of hard data to guide them.

In particular, the report notes the recommendation made in 1978 by the Rothschild Commission (and still the subject of policy discussion in 2019) – that the “*Government should establish a Gambling Research Unit to monitor the incidence, sociology and psychology of gambling*” – had gone unheeded. Almost a quarter-of-a-century after Rothschild, Budd lamented, “*little is known about the nature of problem gambling*”.

The Budd Report also expressed concern about levels of funding for support services, observing that “*there is virtually no public money spent on the treatment of problem gambling in the UK*” (Budd et al., 2001, p.96); and describing expenditure in this area as “*both absurd and paltry*”.

Proposals included the formal recognition of problem gambling as a health issue by the Department of Health and provision of treatment services by the National Health Service; the evaluation of treatment services to assess effectiveness; and the establishment of a voluntary funding scheme for the industry with the option to compel funding via a statutory levy. It is a reflection of the Budd Report's far-sightedness (as well perhaps of the political and regulatory myopia that succeeded publication) that these matters have all been included (as changes to current approaches) within the Gambling Commission's proposals for a *National Strategy to Reduce Gambling Harms* (Gambling Commission, 2019a) as well as the National Health Service ('NHS') Long-Term Plan (Public Health England, 2019).

Only two of the report's seven recommendations for researching, limiting and treating problem gambling were fully adopted within the legislative overhaul of the 2005 Act: that social responsibility requirements should be incorporated within Gambling Commission codes of practice; and that a fund should be established for dealing with problem gambling (with contributions from licensed operators). The second of these two points remains a source of contention because of the voluntary rather than mandatory basis of funding (and attendant concerns of conflict of interest).

Other recommendations were either adopted at a much later date and sometimes even then only in part. Table 1 illustrates the extent to which the Review Body's proposals for directly addressing problem gambling have been implemented.

In 2019, Budd's recommendations for researching, limiting and treating problem gambling are consistent with current regulatory orthodoxy (i.e. they have either been adopted or they are currently being proposed). The one exception to this is the report's recommendation that "*research is carried out to understand the nature of normal, responsible gambling behaviour*" (Budd et al., 2001, p.176)

It seems self-evident that understanding healthy modes of consumption is essential both to balanced policy-making and to harm minimisation; yet today this is not a matter for serious consideration by regulatory authorities – and we are probably further than ever from realising this proposal.

Table 1
Analysis of the Budd Report's recommendations on researching, limiting and treating problem gambling

Recommendation	Outcome
153 – We recommend that research is carried out to monitor the effect on problem gambling of changes in regulation.	Belatedly implemented (in part) – since 2013, licensees have been advised to evaluate the effects (in terms of harm) of positive changes to regulation. However, research has been limited to a handful of independent studies and little evaluator work has been carried out by either the Government or the Gambling Commission.
154 – We recommend that the Gambling Commission should have a duty to respond to findings concerning changes in problem gambling. In the light of those findings, it should make appropriate adjustments to the regulations it governs, and should advise the Government on other changes that are necessary but are outside its control.	Implemented (in part) - While the Gambling Commission has provided advice to the Government in relation to problem gambling, its ability to “respond to findings” has been hindered by the scarcity of credible, independent research on the effects of regulatory change. This has started to change only in recent years.
155 – We recommend that research is carried out to understand the nature of normal, responsible, gambling behaviour; and research is carried out to understand the development of, and risk factors for problem gambling.	Implemented (in part) – at present there is no Government mandated research programme to understand the nature of “normal” gambling behaviour. Research into problem gambling (commissioned by the Responsible Gambling Trust) has taken place, albeit in a rather sporadic and piecemeal fashion.
156 – We recommend that research is undertaken to evaluate which forms of treatment for problem gambling are most effective. Such research should include the development of treatment programmes and should build on existing knowledge.	Not yet implemented – the Responsible Gambling Trust (now GambleAware) was tasked with developing an evaluation framework for treatment; yet progress has been slow. The Gambling Commission has identified this as a priority for 2019/20 in its National Strategy to Reduce Gambling Harms (Gambling Commission, 2019a).

<p>157 - We recommend that the Gambling Commission should issue formal codes of social responsibility to which operators should adhere as a condition of the licence.</p>	<p>Implemented – the Gambling Commission issues and updates social responsibility requirements within its Licence Conditions and Codes of Practice ('LCCP'). (Gambling Commission, 2019b)</p>
<p>158 – We recommend that increased funding should be made available by the NHS for the treatment of problem gambling; that problem gambling should be recognised as a health problem by the Department of Health; and that Health Authorities should develop strategies for dealing with problem gambling.</p>	<p>Not yet adopted – at the time of the Budd report, there appear to have been two NHS problem gambling clinics (in Sheffield and London). In 2019, there is just one clinic (in London) with a second one to be opened in Leeds during the year. In its draft National Harm Prevention Strategy (2019-2022), the Gambling Commission has proposed greater NHS involvement; and in January 2019, the Department of Health included the provision of further clinics in its Long-Term Plan (Public Health England, 2019).</p>
<p>159 – We recommend that the industry should set up a voluntarily funded Gambling Trust. We recommend that the government should reserve powers to impose a statutory levy, possibly linked to gross profit, if such a Trust is not established or subsequently ceases to operate.</p>	<p>Implemented – the first voluntary scheme to fund research, education and treatment ('RET') was set up in 2002 (as the Gambling Industry Charitable Trust) and has continued in a variety of guises ever since and is now called GambleAware. It is a regulatory requirement that licensees make contributions to RET but the amount and recipient is not mandated (Gambling Commission, 2019a). The 2005 Act includes powers to establish a statutory levy – but this has not been implemented. In its draft National Strategy to Reduce Harms (Gambling Commission, 2018), the Gambling Commission proposed a new structure for funding but then omitted it from its published guidance.</p>

Protecting children

In addition to concerns of harm to gamblers in general, the Review Body was particularly concerned with the effect of gambling on children.

“We are persuaded by the weight of evidence that children and young people are especially vulnerable to the risks of becoming problem gamblers. This has led us to make recommendations that would reduce their opportunities to gamble.” (Budd et al., 2001, p.90).

The Budd Report highlighted two specific areas of gambling regulation: the ability for children legally to play (low stake, low prize) gaming machines in amusement arcades; and the potential for online gambling to increase gambling participation and problem gambling amongst children.

It also described the practice of permitting machine play by minors as *“an historical accident”* but stopped short of recommending a ban out of consideration for the financial impact this would have on seaside arcades.

Nevertheless, a number of recommendations were included for constraining the opportunities for children to gamble on machines. These included the following: removal of machines from ‘ambient’ and lowly supervised premises such as taxi offices and chip shops; restriction of machine gaming by under-18s to the lowest stake and prize category (classified as Category D machines under the 2005 Act); a freeze on maximum stakes (10p per spin) and prizes (£5) for such machines; and a bar against the use of non-cash prizes.

Each of these recommendations was subsequently adopted in the 2005 Act – and although it is not possible to gauge the effect on youth participation in gambling or subsequent problem gambling (due to an absence of ante-post evaluation) the measures appear prudent. Certainly there has never been any serious indication that they might be reversed.

If anything, concerns have centred on the question of whether the review went far enough in reducing opportunities for children to gamble; and whether an outright ban on machine gaming by children ought to have been recommended.

Perhaps in anticipation of this, the Review Body recommended that *“the Government formally review the position in five years time to determine whether any such gambling by under 18s should be permitted, or whether Great Britain should come into line with other jurisdictions and ban it”* (Budd et al., 2001, p.131).

The proposed review never took place. However, youth gambling has been monitored since 2007 (past week participation) via a series of surveys conducted by the research firm, Ipsos MORI and this has revealed declining participation rates. As Wardle observes in her 2018 review of these studies: *“Since 2011 there has been a significant fall in the proportion of 11 to 15 year olds gambling in the past week, falling from 23% in 2011 to 12% in 2017”* (Wardle, 2018a, p.3).

Rates of problem gambling within this age group (which has been measured since 2014) appears to have remained relatively steady (0.7% in 2014 and 0.9% in 2017). However, as Wardle (2018a) notes, the playing of fruit machines by children has remained stable and that as a result, *“by 2017 gambling on fruit machines was, along with private betting, the most prevalent form of gambling activity among 11-15-year-olds”* (ibid. p.4).

While the Review Body’s focus on youth gambling centred on machine gaming, its report also expressed strong concerns regarding the expansion of the online sector, advising that *“the Gambling Commission will want to pay particular attention to ensure that bets are not accepted from under 18s.”*

Based upon the results of the Ipsos MORI series of surveys, online gambling does not appear to have become prevalent amongst children. In the 2017 survey, one per cent of 11-to-15-year-olds admitted gambling online in the previous week (albeit with a relatively high frequency compared with other modes) – down from 3% in

2007 and 2% in 2011 (ibid. p.9). Survey results suggest that a significant proportion of online gambling is undertaken with the knowledge and consent of parents.

The Report also observed that there was no schools-based programme “*to advise children of the dangers of gambling*” (Budd et al., 2001, p.173), as there was with “tobacco, drugs, alcohol and irresponsible sex” (ibid.) - describing this omission as “significant”. In 2019, the need for “education programmes for children, young people and other vulnerable groups” was formally recognised within the National Strategy to Reduce Gambling Harms (Gambling Commission, 2019a).

Right here; right now - current controversies

In 2019, the 2005 Act is under attack. Its critics allege that Britain’s primary gambling legislation has not kept pace with societal and technological changes and has failed to provide adequate protection against harm. In particular, the criticism appears bound up with a number of high-profile controversies regarding products that the industry offers and how they are marketed. Given its formative influence on the Gambling Act, it is useful to consider the role that the Budd Report had in respect to some of these issues.

Advertising and promotion

The advertisement of gambling in Great Britain has been described as “*out of control*” (Smith, 2018). That at least was the view expressed by the Bishop of St Albans, Alan Smith in September 2018. His words were echoed the following month by Kenny Alexander, chief executive of GVC, one of Britain’s largest betting and gaming businesses (Martin, 2018). In 2018, two Early Day Motions (‘EDMs’) - EDM 1217 (Advertising of Free Bets) and EDM 1351 (Television Gambling Advertising) - were tabled in the House of Commons expressing concern over gambling advertisements on TV. EDMs are parliamentary motions submitted for debate for which no fixed date has been set and are commonly used to attract attention to specific issues of political interest.

In February 2019, the General Synod of the Church of England (the Anglican Church’s national assembly which convenes once a year to determine issues of policy and doctrine) passed a motion to “*reduce the quantity and pervasiveness of gambling advertising*” (Sheard, 2019).

Modern concerns about gambling advertisements (as perhaps the touchstone for broader anxieties about how gambling products are promoted and marketed) may be traced back to the publication of the Budd Report. Recommendation 52 of the report states that “*advertising of gambling products and premises should be permitted, subject to an advertising code of practice*” (Budd et al., 2001, p.124). This proposal was incorporated within the 2005 Act and came into effect in September 2007 (Gambling Act 2005, Part 16).

Budd’s support for greater advertising freedoms reflects the break with tradition from earlier Royal Commissions that gambling was an activity to be tolerated but not stimulated. In 2001, when the report was published, gambling businesses were subject to strict marketing limitations. For example, it was still illegal for press advertising for casinos to make mention of gambling or to provide details of the venue’s location (such as a postal address); and for many forms of gambling, advertising on broadcast media was subject to significant limitations. The advertising of betting and gaming on television was prohibited for all activities with the exception of football pools, bingo and lotteries (under the Lotteries and Amusements Act 1976) – although as the Budd Report noted, the use of sponsorship permitted scope for circumvention of this ban.

In recommending that gambling advertising be permitted, Budd stated that *“if the underlying activity is properly regulated, there should be no objection in principle to the product being advertised”* (ibid.).

In making this recommendation, the Review Body members seem to have had in mind greater freedoms for traditional land-based gambling operators to market their services to consumers, rather than remote gambling (at the time, the members of the Gambling Review Body had very little information about the scale or nature of online gaming and betting).

The Budd Report failed to foresee the extent to which the new freedoms would be used by online gambling firms which – without the defensive advantages of licence scarcity and physical space – would use advertising in a much more extensive (and competitive) fashion than their land-based counterparts.

With the benefit of hindsight, it seems obvious that the relaxation of restrictions would dramatically increase the prevalence of gambling advertisements – and that this in turn would prompt a backlash. According to research from the regulatory agency, the Office of Communications (OfCom, 2103), the proportion of TV advertising spots for gambling increased from 0.5% in 2005 to 4.1% in 2012, almost entirely for online firms; and a subsequent study from Nielsen published in 2017 (Milnes, 2017) revealed substantial increases in gambling company advertising expenditure between 2012 and 2016. At the start of the 2017/18 Premier League football season, 50% of clubs had a gambling company for a shirt sponsor while 100% of clubs had either a gambling company shirt sponsor, an official betting partner or both.

Meanwhile, a limited study of televised English Premier League matches (Cassidy & Ovenden, 2017, p.18) found that 51% of perceptible vicinity advertising (such as perimeter hoardings or shirt sponsorship) on the BBC’s Match of the Day programme and 56% of adverts on SKY Sports were for gambling companies.

Research in both Australia and Great Britain (including Bestman et al., 2015; Carran, 2016; Thomas et al., 2017) indicates that the prevalence of gambling advertising has resulted in heightened awareness of online gambling brands amongst children as well as familiarity with how to place wagers.

In 2017, the British Government proposed a number of changes to the way that gambling is advertised. The key element of the Government proposals was a requirement that gambling advertisements on TV should be punctuated by *“a major responsible gambling advertising campaign, to run for two years with a budget of £5m-7m in each year”* (Department for Digital, Culture, Media & Sport, 2018).

In this response we may hear echoes of Budd’s recommendation from more than a decade-and-a-half earlier that *“the Gambling Commission should monitor the impact of relaxing the restrictions on advertising and, if it seems appropriate in the light of that monitoring, it should have the power to require a warning...to be displayed on advertisements”* (Budd et al., p.124).

In 2018, the Gambling Commission incorporated greater powers with regard to gambling advertising (although this is restricted to the nature of advertising rather than its volume). In January 2019, major operators (via the Industry Group for Responsible Gambling) volunteered a ban on sports betting adverts during live sports broadcasts (with the exception of horseracing) beginning before 9pm.

Today, there is considerable pressure for a change to advertising regulations for gambling, which in some respects may be seen as a rejection of Budd’s proposals. However, we must consider the possibility that had the Gambling Commission been given powers in 2007 to regulate both advertising and the remote gambling industry and had a timely review been instituted (all of which

Budd recommended), concerns about advertising may not have reached current levels and might have been dealt with far earlier.

Increasing availability - online gambling

Perhaps the most profound recommendations within the Budd Report were that “*on-line gaming should be permitted*” (Budd et al., 2001, p.169) and that “*only on-line gambling sites that are licensed by the Gambling Commission should be permitted to advertise in Great Britain*” (ibid. p.170).

Taken together, these two recommendations describe the ‘point of consumption’ regulatory regimes that have become increasingly prevalent in western Europe and elsewhere over the last decade.

However, while the Government accepted the report’s recommendation that online gambling be made explicitly legal, it did not become a requirement for remote operators to hold a licence from the Gambling Commission until November 2014. For more than seven years between 2007 (the earliest point that online gaming operators might have been able to gain a British licence) and 2014, regulatory supervision for the sector was largely abdicated to licensing authorities in offshore island economies (including Gibraltar, Malta, Isle of Man and the Channel Islands).

We cannot know what effect the British Government’s decision to devolve licensing has had on the incidence of problem gambling. However, it is notable that since 2014 there has been a number of high profile sanctions for regulatory breaches levied against online operators (and an absence of similar sanctions from offshore licensing authorities). It seems reasonable to assume that a domestically licensed market will often be subject to greater scrutiny – and therefore offer greater protections to consumers – than is likely to be the case under offshore licensing.

In addition to regulatory oversight, the Budd Report made a number of recommendations for how online gambling should be made available (see Table 2 below). Many of these proposals were subsequently adopted within legislation (even if most operators were not necessarily bound by that legislation), including requirements to make customers aware of significant terms and conditions, to verify the identity of customers, to offer limit-setting and self-exclusion tools, to provide information about treatment and links to treatment providers.

Once again, the Budd Report was prepared to go further than legislators and regulators were. For example, the report advocated identification of customers prior to play. Ignored at the time, this recommendation only came into force for remote operators in May 2019.

Budd also favoured a more forceful approach to regulating customer terms and conditions (Budd et al., 2001, p.169) – something that has only been addressed relatively recently through an investigation by the Competition and Markets Authority (which commenced in 2016). That investigation led to some important changes to ensure that terms and conditions are fair, transparent and in line with consumer protection laws.

The report also recommended the use of “*clocks and counting systems that are displayed on the screen at regular intervals*” (ibid., p.170) - which may be seen as precursors to the increasingly prevalent player awareness systems - and called for the Gambling Commission to establish “*a portal on its website, listing licensed online gambling operators*”. Budd proposed that authorised sites should carry a Gambling Commission kitemark and that kitemark counterfeiting be made an offence (ibid.).

Table 2
Online gambling recommendations

Recommendation	Outcome
142 – We recommend that punters are made aware of the game rules and terms and conditions of play on-line gaming sites before play commences.	Belatedly implemented – in 2016, the Competition and Markets Authority (acting with the Gambling Commission) initiated an investigation into the transparency and fairness of terms and conditions for online gambling sites.
143 – We recommend that all punters who register to play on-line should be properly identified before they are permitted to play. The Gambling Commission should issue guidelines to ensure that identification standards are comparable with those of off-line casinos.	Belatedly implemented – in 2019, the Gambling Commission will change its licence conditions to require verification prior to betting or gaming online.
144 – We recommend that on-line operators should make any payments only to the debit card or credit card used to make deposits into the punter’s account, or by cheque to the punter.	Not yet implemented – in 2019, the continued use of credit cards for remote gambling is the subject of review by the Gambling Commission (2019c).
145 – We recommend that any prizes won by minors (online) should be forfeited.	Implemented – within the 2005 Act
146 – We recommend that on-line operators set up clocks and counting systems that are displayed on-screen a regular intervals.	Not yet implemented.
147 – We recommend that on-line operators should be required to set up facilities that enable players to set maximum stakes and limits, and to self ban.	Belatedly implemented – included within LCCP and technical standards since 2007 – but majority of operators not subject to British licensing until November 2014.
148 – We recommend that on-line gambling sites provide information about problem gambling treatment and services, and links direct to those services.	Belatedly implemented – included within LCCP – but majority of operators not subject to British licensing until November 2014
149 – We recommend that the Gambling Commission establishes a portal on its website, listing licensed on-line gambling providers. In addition, regulated sites should display the Gambling Commission’s kitemark. It should be an offence for an operator to claim falsely that a site is licensed by the Gambling Commission, or to make unauthorised use of the kitemark.	Implemented (in part) – whilst the Gambling Commission’s website lists its licensees, it has not established a kitemark to assure customers that the website they’re using is licensed and regulated by the Gambling Commission.
150 – We recommend that only on-line gambling sites that are licensed by the Gambling Commission should be permitted to advertise in Great Britain.	Belatedly implemented – under the Gambling (Licensing and Advertising) Act 2014

Fixed Odds Betting Terminals

In April 2019, the maximum stake permitted on gaming machines in licensed betting offices was reduced from £100 a spin to £2 a spin. So ended the long controversy over ‘Fixed Odds Betting Terminals’ or ‘FOBTs’ (formally re-categorised in the 2005 Act as B2 gaming machines) which had allowed bookmakers to offer video roulette (amongst other games) across more than 8,000 premises in Great Britain.

The machines – which at their peak generated more than £1.8bn a year in revenue – attracted criticism from a number of different stakeholders and for a variety of reasons. Concerns were expressed directly in relation to the incidence of harm from playing the machines as well as indirect effects such as the clustering of shops in high streets (where the four machine cap incentivised operators to open multiple outlets in close proximity) and the safety of shop staff - particularly during evening hours and where the betting shop was staffed by a single employee.

In the five years from 2013 to June 2018, licensed betting offices and FOBTs were the subject of 236 written Parliamentary Questions (Hansard) in the House of Commons (over the same period there were 59 questions on remote gambling and just three on casinos) as well as numerous parliamentary debates, oral questions, Early Day Motions and Private Members Bills (public bills introduced by Members of Parliament (‘MPs’) and Peers in the House of Lords who are not government ministers) in both Houses. In many respects, it has been the defining issue of the post-2005 Act era.

So to what extent was the Budd Report complicit in allowing the FOBT issue to develop? Certainly, it appears to have played a role in permitting betting shop clustering by recommending an end to the ‘demand test’ (whereby applicants for new licences had previously been required to prove unmet demand). The report also considered whether staff safety should be a matter for gambling regulation (principally in relation to armed robberies of casinos) but concluded that this was the purview of Health and Safety legislation (Budd et al., 2001, p.141).

It seems however unfair to criticise the Budd Report for not preventing the FOBT issue when the machines (as we know them) had not at that point been developed. The Report was published in July 2001 – a full six months before the change in general betting duty from a turnover basis to a gross profits basis made roulette a viable product on the terminals for the first time. It was only after this point that FOBTs were deployed in meaningful numbers.

In fact, the recommendation of the Budd Report was that betting shops should be allowed to offer a maximum of four machines; and that play should be permitted at a maximum of 50p per spin (with a £500 jackpot). This recommendation was not so much ignored as circumvented with betting operators insisting that FOBTs were betting terminals (allowing customers to wager on the outcome of remote events) rather than gaming machines.

Budd also recommended that *“electronic roulette and any other similar machines should be caught by the definition of gaming machines in the new legislation”*. Had this proposal been adopted, it seems likely that FOBTs would have been effectively banned upon the introduction of the 2005 Act. Instead, the Act bestowed legitimacy on them.

ATMs (Automated Telling Machines)

In 2018, the Conservative MP, Mike Penning sponsored an Early Day Motion in Britain’s Parliament calling for *“a total ban on ATMs in casinos”*. Penning (whose motion is supported by five other MPs) alleged that *“the current restriction, whereby ATMs in casinos are located away from gaming machines so*

that a customer who wishes to use an ATM is required to cease gambling in order to do so, is not sufficient to prevent gambling addiction” (UK Parliament, 2018).

There is some support in research for the banning of ATMs from gambling premises as a means for preventing gambling harm. For example, Williams et al. (2012) notes: *“research findings (both anecdotal and from survey data) suggest that policies to restrict immediate access to cash (e.g., ATMs) are potentially effective approaches in reducing the degree to which gamblers exceed financial limits. This strategy may be especially significant when considering that gamblers are often in “hot” psychological states as they approach their limits, creating vulnerability to impulsive gambling continuation leading to money losses they cannot afford. The logic here is to create a time buffer between the impulse to obtain more money (the “hot” decision), and acting on the impulse. Thus, ATMs should not be in gambling venues” (Williams et al., 2012, p.96).*

On the other hand, these considerations should be leavened by the potential consequences (in terms of safety and inconvenience) of requiring casino customers to leave the premises in order to gain additional cash; and contextualised against the declining popularity of cash in both gambling and general retail.

Penning’s concern does however find an echo in the Budd Report’s observation (from 17 years earlier) that, *“ATMs are increasingly being installed in gambling areas”* in Great Britain. The report recommended that *“the location of ATMs should be required to be such that players have to take a break from gambling to obtain more funds”* (Budd et al., 2001, p.125), noting that *“we should learn from the experiences elsewhere that have caused such a change in policy”*.

While the report did not support a ban on ATMs in casinos (and other licensed gambling venues), it did propose that *“The Gambling Commission should issue guidelines setting out the restrictions on where ATMs may be situated”* (Budd et al., 2001, p.195). In 2019, regulatory guidance is limited to the following: *“all gaming machines situated on the premises shall be located in a place that requires a customer who wishes to use any ATM made available on the premises to cease gambling at the gaming machines in order to do so”* (Gambling Commission, 2014).

A question of culture

In 2019, arching over the panoply of specific regulatory issues is the suggestion that something is wrong with the culture of Britain’s gambling companies. In the national press, the industry is described as *“greedy”* and *“parasitical”*. (Foges, 2019).

This characterisation may owe something to basic moral disapproval as well as hyperbole (and fails to discriminate between more and less ethically-guided corporations). Nevertheless, the spate of high-profile regulatory sanctions for licensing failures between 2017 and 2018 (mainly but not exclusively for remote operators) involving aggregate settlements and fines of £32m, suggests that there may be a question of culture to address.

In 2018, Richard Flint, chief executive of Sky Betting & Gaming, one of the country’s largest remote gambling businesses admitted: *“In the past, our industry has also not done itself any favours... in its attitude towards harmful gambling”* (Menmuir, 2018). Flint’s successor, Ian Proctor later commented, *“A few years ago, everybody who worked in the [remote gambling] industry would have considered that it was up to the customer as an adult to make choices. That was the mantra. The shift has been to an almost paternalistic model where there is a moral obligation to think about affordability”* (Wright, 2018). Such comments suggest that – at least among some operators – there has been in the past limited awareness of the harmful effects of excessive gambling and the role for operators in preventing

them. It seems likely that the Government's decision to make domestic (point of consumption) licensing effectively optional prior to 2014 has influenced this.

Had Budd's proposal for a more rigorous personal licensing system been adopted, it is possible that a more socially responsible operator culture might have emerged - particularly in the remote sector where companies are physically dislocated from their customers (something that may diminish empathy and encourage objectification).

In considering the process for awarding personal licences, Budd noted: *"As part of the competence test, we envisage that applicants may be tested about their knowledge of problem gambling and the help that can be offered to people who get into difficulty"*. Consequently, the report's Recommendation 10 states that *"the licensing procedure should include provisions relating to socially responsible gambling...and on an individual basis it should test the applicant's awareness of their responsibilities arising from these programmes"*. (Budd et al., 2001, p.193).

Although some operators do require personal licence applicants to undertake specific training and to sit examinations, the practice is not mandatory; and while it is a licence condition for operators to offer social responsibility training, there are currently no standards or testing processes. In 2019, Recommendation 10 has not yet been adopted.

The dog that did not bark? Budd's casino reforms

It was the area of casino reforms that attracted the greatest interest and excited the most fevered controversy in the period between the Budd Report's publication in 2001 and the full implementation of the 2005 Act (which came into force in September 2007). Many of the proposals for liberalisation were watered down or lost in translation to legislation. While some elements of the casino industry have argued that this represented a missed opportunity to shift Britain's gambling market away from convenience (low supervision, high dispersal, prone to impulse consumption) and towards destination (high supervision, concentration and predetermination to gamble), others argue that Budd's proposals would have created massive and uncontrolled expansion of machine gaming – and that this would have fuelled further problems.

While dreams of resort casinos were never realised, Budd did prompt a number of significant reforms, including an increase in the number of gaming machines per casino (raising the limit in most casinos from ten to 20 and in a handful to as many as 150), rescinding the '24-hour rule' (which had required new casino customers to observe a 24-hour cooling-off period between registration as a member and play), dispensing with the 'demand test' and the concept of 'permitted areas' (which together had restricted the development of casinos to specific parts of the country and only where unsatisfied and unstimulated customer demand could be proven), permitting live entertainment and allowing alcoholic drinks to be consumed on the gaming floor. As these reforms were not evaluated, we do not know what effect they have had on problem gambling; but in the period following the full implementation of the 2005 Act, they have excited little public interest or concern (although it should be noted that an effective moratorium on the ability of local authorities to award new licences from April 2006 rendered the abolition of the demand test and permitted areas largely irrelevant).

Looking back – views from a selection of experts

In order to test Budd's recommendations against current thinking, we asked a panel of experts from across a range of disciplines (economics, sociology, psychology, treatment services and 'responsible gambling' practice) and

jurisdictions (Australia, Canada, Great Britain and the United States of America) to consider the appropriateness of 20 of the recommendations from the report. These comprised of the seven recommendations that appeared under the heading ‘*Researching, limiting and treating problem gambling*’ in addition to 13 related to either a loosening or tightening of commercial freedoms.

Views were solicited by email, using the following form of words: “*Please read the recommendations and indicate whether you agree or disagree that the recommendation is reasonable and proportionate (i.e. that it might be effective from a harm minimization perspective and would not unduly penalize recreational gamblers)*”. The process took place during January 2018.

The results indicated strong or moderate support (at least five of the seven respondents expressing agreement) for 18 of the 20 recommendations. One of the exceptions related to recommendation 60: “*We recommend that further research should be commissioned to examine the impact of machine gaming by children and that the government should formally review the position in five years time to determine whether any such gaming by under 18s should continue to be permitted, or whether Great Britain should come into line with other jurisdictions and ban it.*” (Budd et al, 2001, p.196)

In this instance, four respondents agreed but two considered that a further review was unnecessary and that machine gaming by minors should simply be banned. These scores reflect respondent views in 2018 rather than in 2001 when the Report was produced.

The one area where the balance of opinion disagreed with a recommendation was in relation to recommendation 54: “*With the exception of direct use in gaming machines, we recommend that credit cards should be permitted for gambling.*” (ibid., p.195)

On this point, four respondents disagreed with Budd, considering that credit cards should not be permitted for any form of gambling; two respondents were unsure and only one supported the recommendation.

Perhaps fortuitously, the Report’s proposal to permit gambling on credit card was not adopted within legislation for most forms of gambling. Strangely, it has been permitted for the mode of gambling that excited some of the greatest concerns at the time – online gambling. In 2019, this anomaly is the subject of a Gambling Commission consultation.

In total, just seven of the 20 recommendations that we selected were adopted within legislation under the 2005 Act. An additional four were incorporated either within the 2005 Act or the Licence Conditions and Codes of Practice in the period from 2013 to 2015 – but not necessarily comprehensively. The remaining nine recommendations have not been implemented.

While we accept that this is a subjective test of the wisdom of Budd’s recommendations with regard to problem gambling, the picture that emerges is one of apparently sound policy proposals that were on balance ignored by legislators at the time. With one or two exceptions, the Budd Report seems to have weathered the test of time remarkably well – particularly given the large gaps in evidence available to its authors. Nearly 18 years after its publication, it still offers useful insights for how vulnerable people and children might be offered better protections in respect of gambling-related harm. As one respondent (responsible gambling practitioner, USA) commented, the Budd Report was “*a seminal and far-sighted effort and given the state of the industry then the recommendations on the whole were very well done.*”

Table 3
Expert views on selected recommendations from the Budd Report

Recommendation	Agree	Disagree	Unsure/ not answered
48 – We recommend that the 24-hour rule (where new customers were required to register with a casino or bingo club a minimum of 24 hours prior to play) should be abolished.	6	0	1
49 – We recommend that the statutory membership requirement for casinos and bingo clubs should be abolished, but there should be a statutory requirement on casinos to require positive identification of all those who enter a casino.	5	1	1
50 – With two limited exceptions (National Lottery games and low stake machines), we recommend that there should be a minimum age of 18 for all gambling.	5	1	1
54 – With the exception of direct use in gaming machines, we recommend that credit cards should be permitted for gambling.	2	4	1
55 – We recommend that the location of ATMs should be required to be such that players have to take a break from gambling to obtain more funds.	6	0	1
60 – We recommend that further research should be commissioned to examine the impact of machine gaming by children and that the government should formally review the position in five years time to determine whether any such gaming by under 18s should continue to be permitted, or whether Great Britain should come into line with other jurisdictions and ban it.	4	2*	1
143 – We recommend that all punters who register to play on-line should be properly identified before they are permitted to play. The Gambling Commission should issue guidelines to ensure that identification standards are comparable with those of off-line casinos.	7	0	0
145 – We recommend that any prizes won by minors (online) should be forfeited.	6	0	1

146 – We recommend that on-line operators set up clocks and counting systems that are displayed on-screen a regular intervals.	7	0	0
147 – We recommend that on-line operators should be required to set up facilities that enable players to set maximum stakes and limits, and to self ban.	7	0	0
148 – We recommend that on-line gambling sites provide information about problem gambling treatment and services, and links direct to those services.	7	0	0
149 – We recommend that the Gambling Commission establishes a portal on its website, listing licensed on-line gambling providers. In addition, regulated sites should display the Gambling Commission’s kitemark. It should be an offence for an operator to claim falsely that a site is licensed by the Gambling Commission, or to make unauthorised use of the kitemark.	7	0	0
150 – We recommend that only on-line gambling sites that are licensed by the Gambling Commission should be permitted to advertise in Great Britain.	5	0	2
153 – We recommend that research is carried out to monitor the effect on problem gambling of changes in regulation	7	0	0
154 – We recommend that the Gambling Commission should have a duty to respond to findings concerning changes in problem gambling. In the light of those findings, it should make appropriate adjustments to the regulations it governs, and should advise the Government on other changes that are necessary but are outside its control.	6	1	0
155 – We recommend that research is carried out to understand the nature of normal, responsible, gambling behaviour; and research is carried out to understand the development of, and risk factors for problem gambling	7	0	0

156 – We recommend that research is undertaken to evaluate which forms of treatment for problem gambling are most effective. Such research should include the development of treatment programmes and should build on existing knowledge.	6	1	0
157 - We recommend that the Gambling Commission should issue formal codes of social responsibility to which operators should adhere as a condition of the licence.	7	0	0
158 – We recommend that increased funding should be made available by the NHS for the treatment of problem gambling; that problem gambling should be recognised as a health problem by the Department of Health; and that Health Authorities should develop strategies for dealing with problem gambling.	6	0	1
159 – We recommend that the industry should set up a voluntarily funded Gambling Trust. We recommend that the government should reserve powers to impose a statutory levy, possibly linked to gross profit, if such a Trust is not established or subsequently ceases to operate.	5	1	1

* Two respondents simply responded that machine gaming by minors should be banned without the need for further research

Conclusion

The Report of the Review Body in 2001 presents a considered view of the issues of problem gambling and gambling-related harm. In line with their overall approach, the authors identified areas for regulatory tightening and also suggested measures that might be used to offset potential harm arising from the expansion of gambling.

While changes to consumer behaviour and advances in technology in the intervening years have caused profound changes to the nature of gambling in Great Britain, the Budd Report's recommendations for minimising harm remain relevant today. It is difficult to find fault with any of the recommendations for specific 'responsible gambling' measures – and it should perhaps be a cause for sober reflection that so many of the report's recommendations were implemented after long delays and then only in part. More than 18 years after its publication, the Budd Report still offers valuable insights for harm minimisation.

Perhaps the most important aspect of the report was its implicit acknowledgement that its proposals (often made with very limited access to data and insight) might be wrong. As a consequence, the authors proposed that a series of checks and reviews be incorporated within revised legislation to ensure that the rules remained aligned with policy objectives.

These checks included a review of machine gambling by children after five years (due in 2006); mandatory evaluation of the effects of major regulatory

changes (which has only recently started to come into practice albeit in a rather haphazard way); an ongoing assessment of the effects of greater advertising freedoms; a full review of the effects of legislative and regulatory change and their relevance to policy objectives in 2011 (the period of reference for the Review Body was 2001 to 2011); and of course the requirement that all gambling operators (including online companies) should be licensed in Great Britain.

In 2019 as a variety of organisations consider how Britain's gambling laws may be recalibrated (or overhauled) in the interests of harm prevention, it may be wise to reflect on the insights and proposals carefully and patiently assembled within the Budd Report.

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