



EFL Response to DCMS Review of Gaming Machines **and Social Responsibility Measures**

About the EFL

Formed in 1888 by its twelve founder members, The English Football League (EFL) is the world's original league football competition and provides the template for leagues the world over. With 72 member clubs, it is also the largest single body of professional clubs in European football and is responsible for administering and regulating the Sky Bet Football League (which consists of the Sky Bet Championship, Sky Bet League 1 and Sky Bet League 2), the EFL Cup and Checkatrade Trophy, as well as reserve and youth football.

EFL clubs deliver competitive, exciting professional football in towns and cities throughout England and Wales to a dedicated fanbase of passionate supporters. With 16m admissions every season, more people watch EFL matches than any other sporting competition in the UK.

Professional football clubs are an integral part of the towns and cities from which they take their name and, in many, deliver the biggest single form of communal activity in their local area. They also play an active part in improving the lives of local people through the work of the EFL Trust and club Community Trusts. The EFL Trust is a registered charity that governs, advises and audits the charitable trusts associated with the professional clubs of the EFL, who employ more than 2,500 members of staff including teachers, coaches, professional health and social workers. Using the 'Power of Football', The Trust continues to flourish, delivering life improving projects, which engage with over a 1.5 million people per year, focusing on education, sport, inclusion and health.

Traditionally the breeding ground for the stars of the future, The EFL continues to play a key role in identifying and developing the next generation of footballing talent and its clubs invest more than £90m every year in this area. There are more than 8,500 young footballers between the ages of 8 and 18 on the books of EFL clubs.

On behalf of its clubs, the EFL generates the commercial revenue that sustains football's growth through the sale of collective rights, sponsorship, licensing and other commercial activity. EFL matches are beamed into the homes of football supporters in every corner of the globe and are shown in more than 180 countries every week, reaching approximately 290m homes. As a result, clubs generate more than £700m of revenue annually and contribute £300m in taxation to the exchequer. Clubs employ more than 2,000 full time professional footballers, 1,300 apprentice footballers and approximately 20,000 full-time and part time staff.



EFL Response

The EFL is pleased to have the opportunity to respond to the Government's call for evidence on these matters. While we are not a gambling operator or a consumer of gambling products, we do nonetheless have a historic and important relationship with this industry.

Given we are not an interested party with regard to the debate about gaming machines we will not seek to provide any evidence in relation to questions 1-4 of the consultation. Equally, we are not directly involved in the provision of betting products, therefore it is not our intention to provide evidence on questions 5 and 6.

Instead the evidence we will provide will ultimately relate to question 7, namely:

Q7: Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?

Before seeking to answer the above question more specifically, it would be helpful to set out the nature of the commercial relationship that exists between professional football and gambling operators, as this provides the context to the EFL's views.

Football has a long standing commercial relationship with the gambling industry from the Football Pools through to official partnerships with individual bookmakers. Overall, this partnership has been beneficial to both industries, as well as fans, many of whom enjoy putting on a bet as part of their matchday experience.

Completely separate to these agreements, and obviously not the matter at hand here, are a set of arrangements that enable the game to monitor and receive information about alleged suspicious betting behaviour in order to help it protect the integrity of the sporting spectacle. Alongside this is a complete prohibition on participants in domestic football, both on and off the pitch, betting on football.

For our part, the EFL's league competition consisting of its three divisions of 24 clubs is sponsored by Sky Bet an online only UK based gambling operator, in a multi-million pound agreement that is now in its 4th year (of at least six). In that time, Sky Bet has been a very good partner to football. In addition, more than 60 of our clubs also have co-existing official arrangements with competitor betting brands (some including front of shirt sponsorship) and beyond that many carry paid-for advertising on pitchside perimeter boards and in matchday programmes. Outside of the EFL, many other football organisations have similar official partnerships with bookmakers ranging from the FA's agreement with Ladbrokes through to William Hill's partnerships with the Football Supporters' Federation and the Football Writers' Association. As such the investment made by the gambling industry into the sport of football is a crucial element of the game's financial model - the maintenance of which is a key aim for the football authorities.

While there is a common perception that *"Football is awash with broadcasting and sponsorship money"* to quote the new Chair of the CMS Select Committee, Damian Collins MP, this is not necessarily the case for many professional clubs, some of whom struggle to remain financially sustainable. As demonstrated by the fact that according to the most recent set of accounts for our 72 member clubs, only 20 recorded a profit during the 2014/15 season, while their collective loss was £278m.

Therefore the commercial relationships that football clubs have with partners from various industries are critical to their ongoing viability. In the case of the betting industry, while the EFL does not have sight of individual club deals, it would seem reasonable to suggest that its investment into EFL clubs totals somewhere between £10m



and £20m per season. Additionally, professional football receives significant funding from domestic broadcasters who recoup some of their significant outlay through the sale of advertising and sponsorship opportunities to betting companies.

Ultimately, were government intervention in this matter to lead to a reduction in investment by betting companies and broadcasters in our competition, the effect would be felt directly by clubs. In particular, by the EFL's smallest clubs where every penny matters.

The DCMS will also remember that the EFL contributed fully to its recent Expert Working Group on Supporter Ownership and Engagement which, amongst other things, sort to identify barriers to supporter ownership of clubs. In our view the single biggest barrier to successful supporter ownership would be a financial model in which professional clubs could only be sustained by investment from a benefactor, rather than through their own means, as the five supporter owned clubs in our competition would readily testify.

Our unique pyramid of 92 professional football clubs is admired worldwide with clubs providing exciting matches week in, week out in front of a total annual audience of more than 30 million attending supporters with millions more watching matches on television. Beyond that EFL clubs play a crucial role in the towns and cities from which they take their name delivering a sense of civic belonging as well as important community work through our network of 72 club community trusts that deliver health, education, inclusion and sports participation initiatives to more than 1.5m people every year, including many from disadvantaged backgrounds.

It would be naïve to believe that some of the significant investment currently being made by gambling operators into professional football is not predicated on the ability to activate those commercial partnership by advertising their services to the targeted market of football supporters that watch matches on television, with the demographic of the betting and football audiences being largely similar. Betting is an industry for which sponsorship has to deliver custom as well as brand awareness to be cost effective. Advertising during sporting events is pivotal to this, particularly in terms of promoting 'in play' betting opportunities.

Therefore the current exception to the Gambling Industry Code for Socially Responsible Advertising which permits advertising of sports betting to be shown around televised sporting events remains a fundamental part of the game's financial model.

It should not be assumed that the income football receives from the betting industry can easily be replaced by alternative commercial relationships with companies from other industries. The sports sponsorship market is becoming an ever tougher environment for sport governing bodies and competition organisers. In the 2014/15 the FA Cup, a highly attractive property for potential commercial partners, went unsponsored for a whole season. In terms of our own competitions, the EFL Cup (formerly the League Cup) will run for the whole of the current campaign (2016/17) without a sponsor, the first time this has happened since the competition became the first to carry a sponsors' name back in 1981 following a ground breaking agreement with the Milk Marketing Board. A period of some 35 years. In seeking to attract a new partner the EFL approached more than 600 brands before finally agreeing a three-year deal to begin in 2017/18 with Thai owned energy drink Carabao in the last few weeks. The failure to find sponsors for these two competitions for a season apiece has cost domestic football a figure in the region of £15m. Money that would otherwise have been distributed throughout the professional game and down into the grassroots game (from both competitions).

Football also believes that it is right that gambling operators should make a financial contribution back to a sport from which they make significant profits. In previous times football has lobbied Government for the



establishment of a 'Sports Right', similar to the Horse Racing Levy which is crucial to the funding model of that particular sport. Ultimately, Government has not been persuaded by this argument with one of the bookmakers key lines of argument being that it contributes its 'fair share' back to the sport through a range of commercial arrangements with the football authorities and clubs. Therefore, any government intervention that leads to a reduction in the amount of money re-distributed back to football would come as something of a double whammy and could lead to renewed calls for a Sports Right.

Having set out the reasons why the investment made by gambling operators into football is so important to the game, it is also the case that football is a socially responsible industry and therefore were there compelling evidence that the existing rules on gambling advertising around sporting events were not appropriate for the protection of children and vulnerable people from harm, we would fully understand the requirement for some form of Government action in this area. However it is our view that this is not currently the case.

Firstly, it would appear to be the case that levels of problem gambling remain relatively low (at about 0.7% of the adult population) with the Gambling Commission reporting in 2014 that, *"Overall, problem gambling rates in Britain appear to be relatively stable."* Such risks are effectively managed by the Gambling Commission and the industry itself through measures designed to identify vulnerable people, or what it refers to as problem gamblers.

Clearly the Gambling Commission can only regulate UK licensed bookmakers, like our partner Sky Bet. Therefore any further restrictions on the ability of properly regulated bookmakers to advertise in the UK are likely to lead to unregulated companies that are not subject to the same level of scrutiny seeing an increase in their public profile relative to the regulated end of the sector. This cannot be a good thing.

As recently as September 2016, the Gambling Commission produced a report into the in-play betting market and one of its key conclusions was that it did *"not consider, at this time, that in-play betting represents such a significant risk to the licensing objectives that additional measures are required"*. Whilst the Commission accepts that some harm can come from an increased ability to bet, it based its conclusions, in part on the already stringent licensing conditions it has in place to help identify the types of behaviour that may trigger a problem gambling interaction.

In terms of its effects on children, we would place particular weight on the October 2014 review of the gambling advertising landscape by the independent Advertising Standards Authority which included research into consumer attitudes to gambling advertising and its regulatory regime. This research found that *"Children's exposure to sports betting was not seen as a significant problem"*. It also reported that participant did not think that gambling advertising *"should be restricted from appearing around sporting events"* before concluding that *"Given the relatively low number of cases we receive that relate to scheduling or targeting, and the agreement of focus group participants with the ASA's general approach and specific decisions in this area, we can conclude that the existing provisions are providing appropriate levels of protection."*

This review and the response to it by the Industry Group for Responsible Gambling were both welcomed by the Government in August 2015. It would seem unlikely that consumer attitudes have changed significantly in the period since.

According to research conducted by Ofcom in 2012, sports betting adverts made up just 6.6% of the total advertising of gambling products and in terms of children's exposure to gambling advertising, it found that



annual gambling advertising impacts for children were on average 211 -- around 4 adverts per week. Since that study, the number of advertising impacts for children has declined by 12% to 3.6 ads per week.

Further research by that same body into children's media usage has demonstrated that total TV viewing hours are in decline among all children – with no live sports events being in the top twenty programmes watched by children.

Additionally, the current advertising regime and sports own practices ensure that gambling advertising does not appeal to young people in a number of different ways:

- The Industry Group for Responsible Gambling's Code for Socially Responsible Advertising states that gambling advertising "should not be specifically and intentionally targeted towards people under the age of 18 through the selection of media, style of presentation, content or context in which they appear";
- The Committee of Advertising Practice rules state that gambling advertising should not "be likely to be of particular appeal to under 18s, especially by reflecting or being associated with youth culture" and should not "exploit the susceptibilities, aspirations, credulity, inexperience or lack of knowledge of children, young persons or other vulnerable persons";
- Gambling advertising should also not feature anyone gambling or playing a significant role in the advert if they are under 25 years old;
- FA regulations relating to Academy teams prevent young players from wearing kit featuring the branding of betting companies. While first team players under the age of 18, as well as any other players who have other reasons (e.g. moral or religious beliefs) are given the option not to wear shirts with Sky Bet sleeve badges for matches. Betting logos are also not included on children's replica shirts.
- Members of the Senet Group, which promotes socially responsible gambling standards, dedicate a proportion of their TV, press, radio and digital advertising to responsible gambling messaging;
- Where children do try to access online gambling services as a result of gambling advertising the industry's age verification measures are designed to ensure they are unable to do so.

Finally, as the above make clear, we do not believe that there is a need for change at the current time. However, we would request that if the Government does decide to alter the status quo with regard to the rules relating to sports betting that it works collaboratively with the EFL to enable us to try and mitigate the effects on our clubs.

Contact

For further Information relating to this submission please contact:

