

# The economic contribution of the betting and gaming sector in 2023

Economic impact assessment

October 2024

# Contents

<b>1</b>	<b>Key findings.....</b>	<b>1</b>
<b>2</b>	<b>Approach.....</b>	<b>3</b>
2.1	Introduction.....	3
2.2	Definitions.....	3
2.3	Approach to estimating BGC members' economic contribution.....	4
2.4	Data and evidence sources.....	4
<b>3</b>	<b>Industry trends to 2023.....</b>	<b>5</b>
3.1	Trends in the composition of GGY.....	5
3.2	Sector trends since 2019.....	6
3.3	Number of LBOs.....	8
3.4	Number of Casinos.....	8
3.5	Employment.....	9
<b>4</b>	<b>Betting and gaming excise duties.....</b>	<b>11</b>
4.1	Betting and gaming duties.....	11
4.2	Trends in betting and gaming duty revenues.....	11
<b>5</b>	<b>The economic footprint of BGC members in 2023.....</b>	<b>14</b>
5.1	GVA contribution.....	14
5.2	Employment contribution.....	14
5.3	Tax contribution.....	15
5.4	Economic contribution by sector.....	16
5.4.1	Economic contribution of online betting and gaming.....	16
5.4.2	Economic contribution of LBOs.....	17
5.4.3	Economic contribution of casinos.....	18
	<b>Appendix A: Methodology and assumptions.....</b>	<b>19</b>
	About economic impact assessments.....	19
	Data collection and grossing-up.....	19
	<b>Appendix B: Comparison with previous estimates.....</b>	<b>21</b>
	GVA.....	21
	Employment.....	21

## DISCLAIMER

This Report was prepared by Ernst & Young LLP (i.e., Ernst & Young's UK firm, a member firm of Ernst & Young Global Limited) for the Betting and Gaming Council (the BGC), using market data provided by BGC members, and other publicly available data (e.g. ONS Supply-Use tables and sector Gross Value Added, HMRC tax receipts, GVA).

Ernst & Young LLP does not accept or assume any responsibility in respect of the Report to any readers of the Report (Third Parties), other than the BGC. To the fullest extent permitted by law, Ernst & Young LLP will accept no liability in respect of the Report to any Third Parties. Should any Third Parties choose to rely on the Report, then they do so at their own risk.

Ernst & Young LLP has not been instructed by its client, the BGC, to respond to queries or requests for information from any Third Party and Ernst & Young LLP shall not respond to such queries or requests for information. Further Ernst & Young LLP is not instructed by the BGC to update the Report for subsequent events or additional work (if any) performed by Ernst & Young LLP. Accordingly, without prejudice to the generality of the foregoing, Ernst & Young LLP accepts no responsibility to any Third Party to update the Report for such matters. Ernst & Young LLP reserves all rights over the Report.

# 1 Key findings

The report provides an analysis of the economic contribution from the members of the Betting and Gaming Council (BGC) to the British economy, from consumer spending on betting and gaming in Great Britain<sup>1</sup> in the period from January to December 2023 (referred to as 2023 in this report).

Key findings presented in the report include:

## **BGC members<sup>2</sup> contributed £6.8b to UK Gross Value Added (GVA) in 2023.**

- ▶ In 2023, BGC members contributed £2.6b in direct GVA, £2.9b in indirect GVA generated by their supply chain, and a further £1.3b in induced effects (spending generated by those employed by BGC members or their supply chains), together making up their £6.8b GVA contribution.
- ▶ This £6.8b contribution in 2023 represents a reduction from the contributions estimated in 2019 and 2021/22, of £7.7b and £7.1b respectively, driven by the pandemic, and the pressures associated with the increase in the cost of living over the last two years.
- ▶ In 2023, BGC members directly employed 55,000<sup>3</sup> people, which equates to 45,000 Full-Time Equivalents (FTEs). In total BGC members supported 109,000 FTE jobs in the UK<sup>4</sup>, with 45,000 FTE jobs with members and a further 64,000 FTE jobs generated through supply chains (largely in high productivity service industries) and through induced demand.

## **BGC members' contribution to Exchequer revenues accounted for a disproportionately high share of total tax receipts in 2023.**

- ▶ The £1.9b paid by BGC members in excise duties accounts for 3.8% of total excise duties<sup>5</sup>.
- ▶ BGC members contributed a further £0.9b in income tax, National Insurance Contributions (NICs) and corporation tax payments to the Exchequer<sup>6</sup>.
- ▶ Together with excise duties, the total direct tax contribution was £2.8b, which represents 0.3% of total tax receipts, and over double the revenue raised from the Bank Levy introduced in 2011<sup>7</sup>. This contribution is almost three times the sector's share of GVA, meaning that BGC members pay a larger share of tax relative to their share of total UK GVA than other sectors.

<sup>1</sup> Although the report refers to the UK economy, Northern Ireland is out of scope for this analysis due to a paucity of data for betting and gaming activities. The Gambling Commission is a key source of data for this work and its remit is betting and gaming in Great Britain; regulation of the industry is a devolved power in Northern Ireland.

<sup>2</sup> "BGC members" is used throughout this report to refer to the sectors covered by the BGC - online, casinos, and licensed betting offices (LBOs).

<sup>3</sup> Employment figures quoted throughout the text are rounded to the nearest '000.

<sup>4</sup> In this report the term jobs is defined as full time equivalents.

<sup>5</sup> HMRC Receipts, 2024. Excise duties are defined as tobacco duty, alcohol duties and fuel duty; together these generated £49.9b of tax receipts in 2023.

<sup>6</sup> Irrecoverable VAT has been excluded as the data is incomplete, but returns from operators indicate at least another £100m irrecoverable VAT borne by land-based operators.

<sup>7</sup> HMRC Receipts, 2024 - Total tax receipts estimated to be £818.9b in 2023, and Bank Levy of £1.3b.

- ▶ BGC members' total tax contribution, including taxes paid through the supply chain, and via demand induced by members, was £4.0b in 2023.

The composition of Gross Gambling Yield (GGY)<sup>8</sup> has changed since 2019, with an increasing share being generated by online operators, as GGY for land-based casinos remains 20% below pre-Covid levels.

- ▶ **Land-based GGY** in total has just recovered from Covid, where land-based GGY declined sharply in FY21 (April 2020 to March 2021). Licensed betting offices (LBOs) report GGY £60m above FY20 levels (+3%) in FY23, while casinos report GGY £207m below FY20 levels (-20%) in FY23.
- ▶ For **online betting** in FY23, reported GGY was only £16m above its pre-Covid FY20 level (+1%).
- ▶ **Online gaming** GGY remains up on its pre-Covid levels, FY23 GGY being £806m above FY20 (+25%).

<sup>8</sup> GGY used in this report is in line with the standard definition, the amount retained by gambling operators after winnings have been paid to the player, but before operational costs have been deducted.

## 2 Approach

### 2.1 Introduction

This study was commissioned by the Betting and Gaming Council (BGC) to provide an update on the previous economic impact reports published in November 2022 and in January 2021.

The period of economic contribution analysis covered is January - December 2023 (referred to as 2023 in this report).

In compiling this report, EY has drawn on information from BGC members, Gambling Commission statistics, HM Revenue & Customs (HMRC) statistics, UK national statistics and other external data sources to analyse industry trends and assess the economic contribution of BGC members.

This report encompasses:

- ▶ An analysis of trends in GGY and excise duties paid by BGC members between 2019 and 2023
- ▶ An analysis of the economic contribution of BGC members in 2023

This report adopts a standard economic impact assessment of the economic contribution of BGC members, consistent with the methodology used in the November 2022 report. This encompasses the direct effect of the activities of BGC members as well as the indirect effects from the industries supported in the supply chain, and the wider impact on demand in the economy arising from spending by direct and indirect employees. The impacts are presented in terms of GVA, employment and tax revenues.

### 2.2 Definitions

BGC members are casinos, LBOs and online operators (including online bingo). Where the January 2021 report separated high end casinos from other casino venues, this report combines all casinos into one sector<sup>9</sup>, consistent with the November 2022 report. Land-based bingo and lottery operators (who are not represented by the BGC) are not included within the scope of this analysis.

Direct impacts are GVA, employment and tax contributions attributed to betting and gaming operators. Indirect impacts are generated from spend by BGC members in their respective supply chains. Induced effects are activity generated by spending by those employed both within members and their associated supply chain.

GVA is a measure of the increase in the value of the economy due to the production of goods and services. Using the income approach for measuring GVA, it is commonly defined as compensation of employees plus gross operating surplus; effectively the value of outputs less operational (non-employment) costs. Here it is used in basic price terms, excluding taxes payable on the products, such as gambling duties.

GGY used in this report is in line with the standard definition; the amount retained by gambling operators after winnings have been paid to the player, but before operational costs have been deducted.

<sup>9</sup> This reflects data limitations; without this aggregation, data from an individual operator could be readily inferred.

### 2.3 Approach to estimating BGC members' economic contribution

The approach to this analysis is set out in Figure 1.

Figure 1: Approach to estimating the economic contribution of BGC members



### 2.4 Data and evidence sources

To produce the analysis in this report, a range of sources were drawn on (see Table 1), including Gambling Commission statistics, national statistics and information requests from BGC members. These information requests from BGC members included data on their revenues, costs, employment and taxes paid.

Table 1: Evidence sources by analysis and report section

Section	Evidence sources
Industry trends to 2023	<ul style="list-style-type: none"> <li>▶ Data from the Gambling Commission, Office for National Statistics (ONS) and the BGC, and evidence from a brief literature review</li> </ul>
Betting and gaming taxation	<ul style="list-style-type: none"> <li>▶ Information on tax rates and revenue data from HMRC</li> </ul>
The economic footprint of BGC members in 2023	<ul style="list-style-type: none"> <li>▶ Standard impact assessment model underpinned by ONS data, including Supply-Use tables.</li> <li>▶ Data from BGC members gathered between August-September 2024</li> <li>▶ Modelling assumptions by EY agreed with BGC</li> </ul>

For further detail on methods and approaches used in the modelling see Annex A: Methodology and assumptions.

### 3 Industry trends to 2023

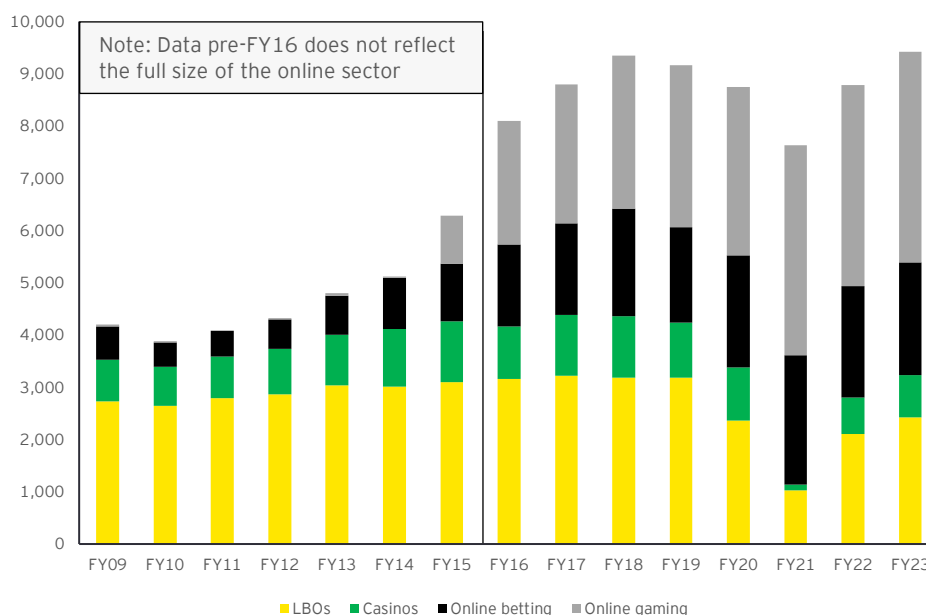
This section reviews trends in the betting and gaming industry to 2023 using Gambling Commission statistics, and other external evidence.

#### 3.1 Trends in the composition of GGY

GGY represents the revenue of betting and gaming operators related to betting and gaming activities. It is defined as the amount retained by gambling operators after winnings have been paid to the player, but before operational costs have been deducted.<sup>10</sup>

Total measured GGY for the industry in Great Britain increased significantly between FY14 and FY16 following the introduction of point-of-consumption taxes in FY15, with offshore operators now liable to pay duty on GB based customers, leading to a step-increase in measured GGY. FY20 saw the impact of Fixed Odds Betting Terminals (FOBT) regulations that reduced land-based GGY, and FY21 saw a large fall in land-based GGY due to the pandemic lockdowns.

Figure 2: GGY by sector (£ million)



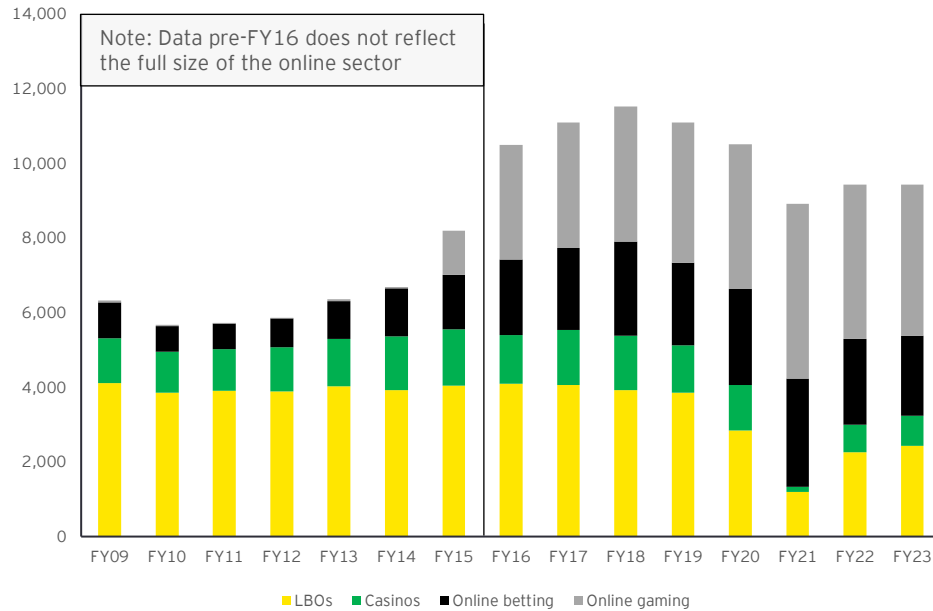
Source: The Gambling Commission years to FY23. FY period covers the 12 months to 31 March

FY22 and FY23 have seen a recovery in the LBO and casino sectors as venues reopened with LBOs recovering to their FY20 (pre-Covid) levels. Casino GGY, however, still remains below its FY20 (pre-Covid) level, £207m down. While online sectors fell back slightly in FY22, as consumers returned to physical premises, online GGY has increased in FY23 in line with the upward trend seen since FY15. Aggregate GGY for the four sectors was £9.4b, which was 8% above its FY20 (pre-Covid) level, and 1% above the previous peak in FY18.

<sup>10</sup> We note that GGY generally does not include the value of free bets, as this is only included where the customer has the unrestricted right to opt to receive a cash equivalent. [Regulatory returns guidance - Reporting gross gambling yield \(GGY\) on regulatory returns \(gamblingcommission.gov.uk\)](https://www.gamblingcommission.gov.uk/regulatory-returns-guidance-reporting-gross-gambling-yield-ggy)

High levels of inflation over this period have meant that while nominal GGY is at similar levels to FY18, in real terms this is significantly lower. Over the period between FY18 and FY23, prices in the UK as measured by CPI have increased by over 20%<sup>11</sup>. In real terms, overall GGY has declined by 18% since FY18, with only the online gaming sector having grown over this period.

Figure 3: Real terms GGY by sector (£ million, 2023 prices)<sup>12</sup>



Source: The Gambling Commission years to FY23. FY period covers the 12 months to 31 March

### 3.2 Sector trends since 2019

As described in section 3.1, the lockdowns in FY20 and FY21 saw a shift in betting and gaming activity from physical premises to the online sector.

Figure 4 shows the quarterly path of GGY over the period since the start of the pandemic across the different sectors and compared to its pre-Covid (FY20) levels.

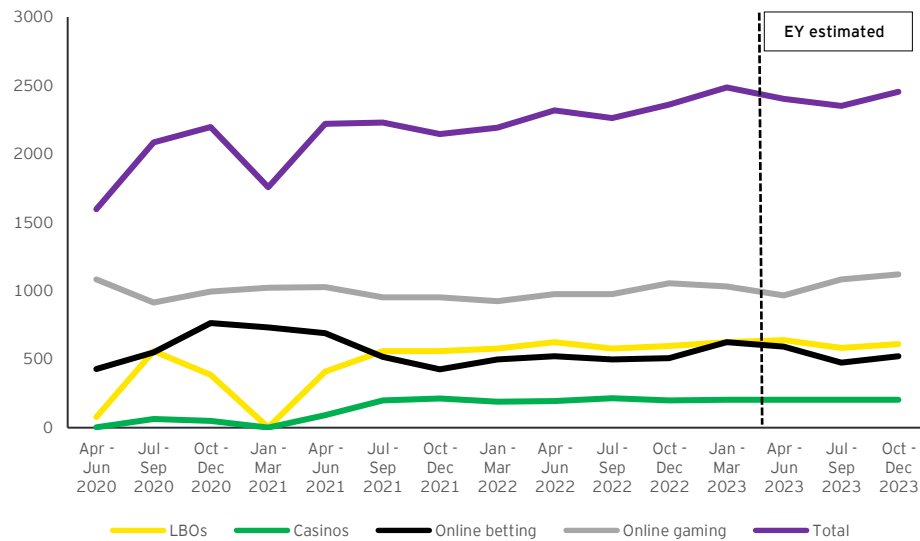
The data shown in Figure 4 is a combination of Gambling Commission Industry Statistics up until March 2023, with the remaining three quarters of 2023 being EY estimated GGY based on a combination of data received from operators, monthly data collected by the Gambling Commission for a subset of operators, and tax liabilities and receipts data from HMRC. These alternative sources are triangulated and compared to historical reported GGY to provide an estimate of the change over the remainder of the 2023 calendar year.

<sup>11</sup> [CPI INDEX 00: ALL ITEMS 2015=100 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/cpi/index00/allitems2015=100)

<sup>12</sup> Historical values inflated to



Figure 4: Quarterly GGY by sector, April 2020 - March 2023 (£ million)



Source: The Gambling Commission years to FY23, then EY analysis of BGC members' data for April-December 2023.

**Land-based:** Land-based GGY has still not recovered from Covid, with LBOs close to pre-Covid levels but casinos remaining well below (in the latest quarter nominal GGY in casinos is an estimated 20% below its pre-Covid average).

**Online:** Although land-based betting and online betting have had contrasting trajectories over time, online betting also declined during the pandemic. GGY in this sector did increase again during 2022 and the beginning of 2023, however, it has remained stable (and below 2021 levels) since. Online gaming has maintained a fairly constant level of GGY throughout the period.

The online sector declined significantly over FY22 - online betting and gaming together were 8% below the levels of the previous year, which reflected a shift back to land-based betting and gaming, as well as behavioural changes due to updated regulation. A recent report commissioned by the BGC on the size and cost of the black market has highlighted the prevalence of black-market operators, with 1 in 6 survey respondents being aware of at least one operator, and 1 in 12 using these sites for some or all of their gambling.<sup>13</sup> The report estimated the scale of the black market to potentially include stakes of up to £4.3b.

For comparison, while total GGY has been stable during 2023, nominal household disposable income and nominal retail sales have increased by 8% and 5%, respectively, although much of the nominal-terms increase in incomes and retail sales has been spent on higher energy and food bills following the rise in inflation in 2023. Once adjusting for inflation, retail sales volumes declined over this period, despite the nominal values rising.

By contrast, consumer spending on alcohol and tobacco has decreased by 3% and spending in the wider recreational and cultural goods and services sector (within which betting and gaming activities sit) has decreased by 2%<sup>14</sup>, suggesting that the betting and gaming sector has performed in line with the wider market.

<sup>13</sup> Measuring the economic impacts of black market gambling, Frontier Economics, ([report](#))

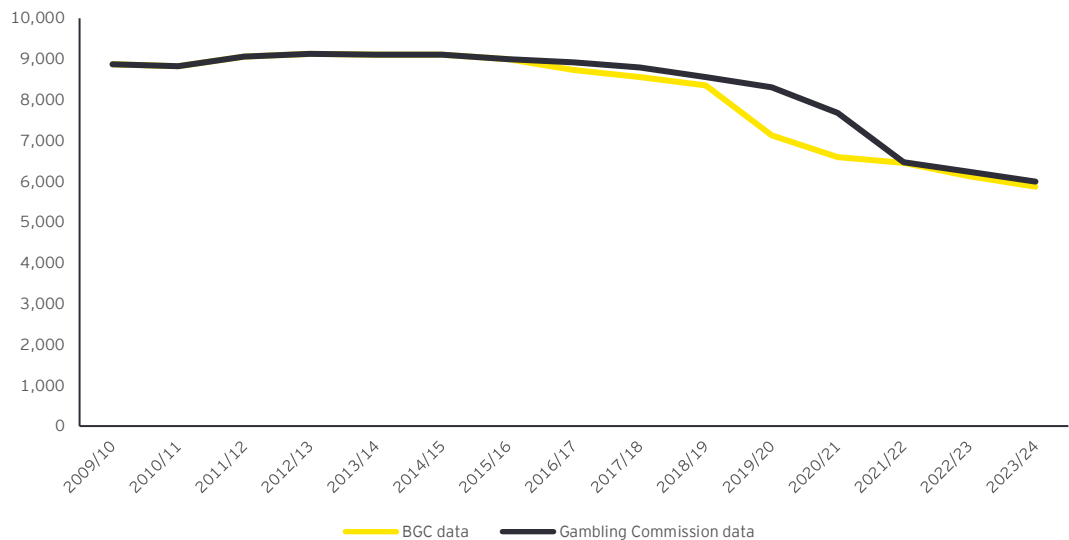
<sup>14</sup> Oxford Economics, Global Economic Databank

### 3.3 Number of LBOs

The number of operational LBOs has continued to decline. Figure 5 shows the number of betting premises operational as measured by the BGC and as reported by the Gambling Commission. As at March 2024 there were 5,870 premises operating according to BGC member data.<sup>15</sup> The BGC member data shows a significant fall in the number of premises in 2019, coinciding with the restrictions on the maximum stakes on Fixed Odds Betting Terminals introduced in that year. There was a similarly large fall in 2020, likely as a consequence of the Covid lockdowns. In total the number of LBOs has declined by 2,485 since March 2019 and by 3,230 since March 2014, a fall of 35%.

Data from the Gambling Commission data shows a slightly different pattern of decline than data from BGC members, albeit the two datasets align at the end of the period, with the Gambling Commission data apparently showing a later decline in the number of premises than BGC members' data.

Figure 5: Number of active LBO premises



Source: BGC members' data, The Gambling Commission, EY analysis

### 3.4 Number of Casinos

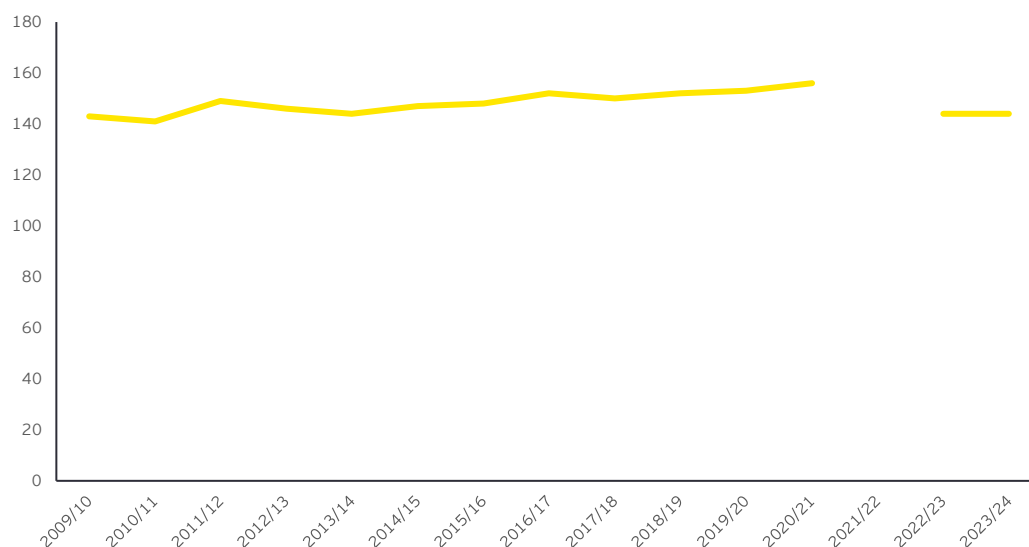
The number of active casinos in the UK has declined since the pandemic period, along with LBOs. There are currently 117 casinos in the UK, and as of FY23 there were 144 licensed premises. This is a reduction of 8% in the number of licenses from the previous maximum of 156 in FY19.

Within the high-end market in particular the reduction has been significant. Of the five casinos classified as high-end in previous analysis conducted by EY in 2021<sup>16</sup>, only three remain.

<sup>15</sup> BGC member data records premises active at the time of the survey, whereas Gambling Commission data records premises that have been active during the year.

<sup>16</sup> [EY 2021, The economic contribution of the betting and gaming sector \(bettingandgamingcouncil.com\)](#)

Figure 6: Number of active casino premises<sup>17</sup>



Source: The Gambling Commission, EY analysis

### 3.5 Employment

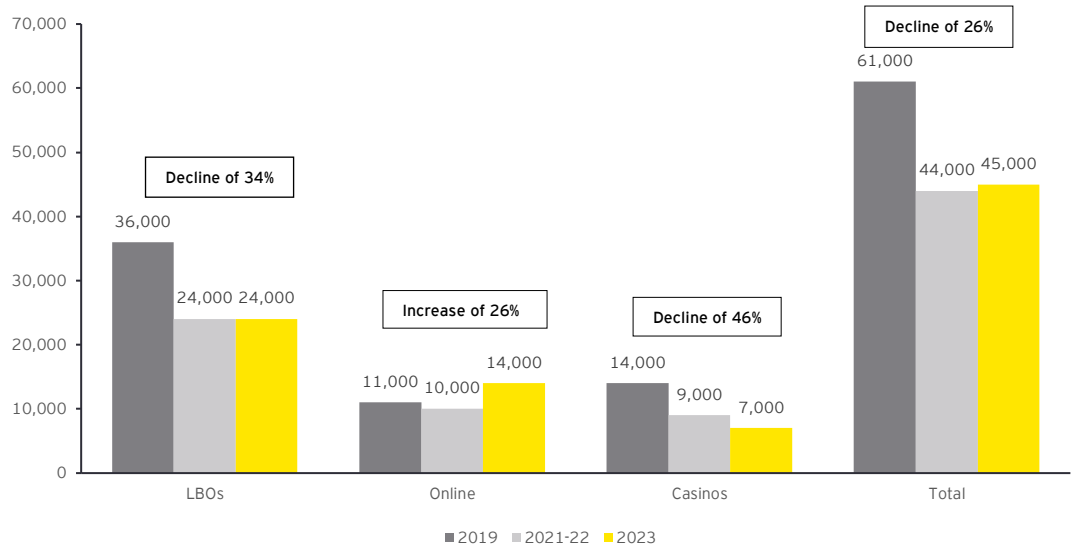
The number of workers directly employed by the industry has remained stable over the last few years, with a similar number of total FTEs employed in 2023 as in 2021. BGC members directly employ 55,000 people, but due to the increase in part-time roles, this equates to 45,000 FTEs (see Section 5 - Economic Footprint).

Considering the total number of FTEs employed directly by BGC operators, those employed by LBOs and Casinos have declined between 2019 and 2023, as shown in Figure 7 below. Casinos suffered the largest decline in percentage terms (a fall of 46%), but the number of jobs declined most in LBOs (a fall of 34%), in line with the trend in LBO premises (a fall of 35%) set out in section 3.3 above. Conversely, jobs in the online sector have increased by 26% since 2019 as online gaming has become more popular (GGY of online gaming has increased by 25% in this time). In absolute terms the employment footprint - and consequently the absolute increase in jobs - is small in the online sector relative to the land-based activities.

Overall, the number of direct jobs (FTEs) in the industry is estimated to have fallen by 26% between 2019 and 2023.

<sup>17</sup> No data was collected in 2021/22

Figure 7: No. of workers directly employed (FTEs)<sup>18</sup>



Source: BGC members' data, EY analysis

<sup>18</sup> Note that due to different data definitions used over time, these estimates are not fully comparable, and may overstate the reduction in employment particularly in the casino sector.

## 4 Betting and gaming excise duties

This section reviews trends in the excise duties paid by the betting and gaming industry to 2023 using HMRC statistics and other published evidence.

### 4.1 Betting and gaming duties

The betting and gaming industry makes a significant contribution to the UK Exchequer, with betting and gaming excise duty across the whole industry raising £3.3b in financial year 2023.<sup>19</sup>

The betting and gaming duties discussed subsequently in this report are limited to those listed in Table 2, which are most relevant for BGC members. Lottery duty, pools duty and bingo duty, which together account for around £1.0b of excise, are excluded because they are outside the scope of this report. The published monthly data is used to present these duties over the 2023 calendar year period (i.e. January to December), in line with the economic impact section of this report.

Table 2: Betting and Gaming excise duties, 2023 <sup>20</sup>

Duty	Rate	Excise duty receipts	Proportion
Remote Gaming Duty	21%	£1.0b	42%
General Betting Duty	15%	£0.7b	28%
Machine Games Duty	5% to 25%	£0.6b	24%
Gaming Duty	15% to 50%	£0.2b	6%
<b>Total</b>		<b>£2.4b</b>	<b>100%</b>
<i>Less on-course betting &amp; MGD paid by arcades etc</i>		£0.5b	
<b>BGC members' total</b>		<b>£1.9b</b>	

Source: HMRC

The excise duties in Table 2 combined account for around £2.4b in tax revenue in 2023. However, this slightly overstates the duties paid by BGC members, as it includes the Machine Gaming Duty paid by arcades, adult gaming centres and bingo halls, and also includes on-course betting duty. Adjusting for these, the estimated total falls to around £1.9b.

In addition to the excise duties paid by operators, a separate Horserace Betting Levy is also paid on profits from off-course betting on horse racing. This levy totalled £100m in FY23 to support the sport of horse racing.<sup>21</sup> A separate Research, Prevention and Treatment Levy was proposed by the previous government in 2023, with a 0.4% to 1% levy on betting and gaming activities to raise up to £100m per year once fully implemented.<sup>22</sup>

### 4.2 Trends in betting and gaming duty revenues

Taxes on the industry have increased in recent years, with key betting and gaming tax changes including the:

- ▶ Introduction of Machine Games Duty in 2013.<sup>23</sup> This applies to net takings equivalent to GGY from slot machines, fruit machines, quiz machines among

<sup>19</sup> HMRC UK Betting and Gaming statistics tables, March 2024.

<sup>20</sup> Stated rates exclude the duty on free bets. Free bets on sports have been taxed for many years, and duty was introduced on free bets on gaming in August 2017.

<sup>21</sup> [HBLB](#)

<sup>22</sup> [Consultation on the structure, distribution and governance of the statutory levy on gambling operators - GOV.UK \(www.gov.uk\)](#)

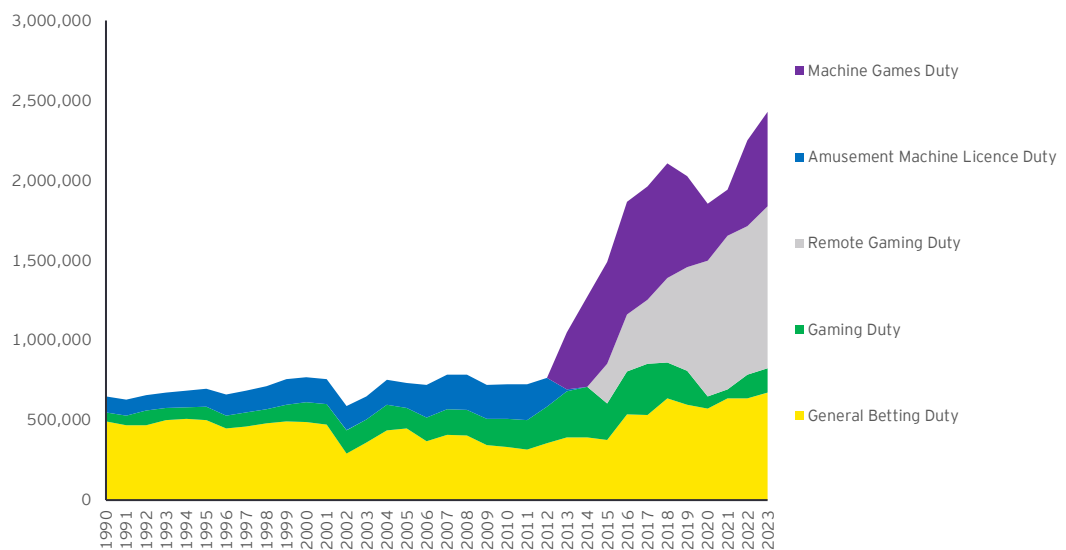
<sup>23</sup> This was part of a reform that removed AMLD / VAT as part of the reforms.

other types that give cash prizes on premises. Rates vary from 5% to 25% according to the type of machine

- ▶ Introduction of Remote Gaming Duty in 2014. This tax is paid on gaming provider profits linked to GGY from gaming played by a customer who usually lives in the UK. A tax rate of 15% was applied
- ▶ Increase in the Remote Gaming Duty rate from 15% to 21% after 1 April 2019

Consequently, betting and gaming tax revenues (excluding Lottery Duty and Bingo Duty) have risen sharply over the last decade (see Figure 8). Revenues more than doubled in nominal terms from £0.7b in FY10 to £2.0b in FY19, dipping to £1.9b in FY20 and recovering to £2.4b in FY23. In real terms, tax revenues in FY23 remain more than double their levels in FY12.

**Figure 8: Betting and gaming tax revenues (excluding Lottery, Pools and Bingo Duty), £000**

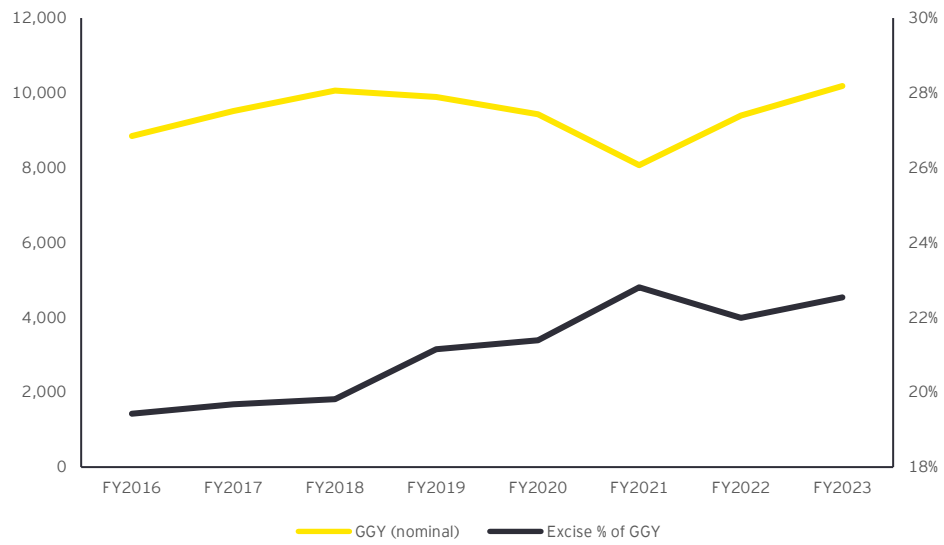


Source: HMRC

This increase in tax revenues in recent years can be seen in an increased share of GGY being paid in excise duty to the Exchequer up until FY21 (see Figure 9).<sup>24</sup> Since then duty as % of GGY has been stable, with slight movements reflecting changes in the mix (e.g. betting, which has a lower tax rate than other forms of gambling, recovering market share in FY22). The data also shows that GGY has recovered well since the effective tax rate has stabilised, and in FY23 surpassed its previous FY18 peak, suggesting that a stable duty environment over recent years has allowed the industry to grow and increase its contribution to the Exchequer.

<sup>24</sup> Effective rate includes the duty on free bets, which don't contribute to GGY. Free bets on sports have been taxed for many years, and duty was introduced on free bets on gaming from August 2017.

Figure 9: Betting and gaming excise (% of GGY)<sup>25</sup> vs nominal GGY (£ million)



Source: HMRC and Gambling Industry Statistics, The Gambling Commission

<sup>25</sup> Calculation includes MGD, Amusement Machines License Duty (AML), Remote Gaming Duty, Gaming Duty and General Betting Duty, and the denominator includes GGY from land-based and online gaming and betting, plus GGY from arcades. The timing of tax receipts and GGY do not entirely coincide, meaning the share each year is not necessarily the tax rate.

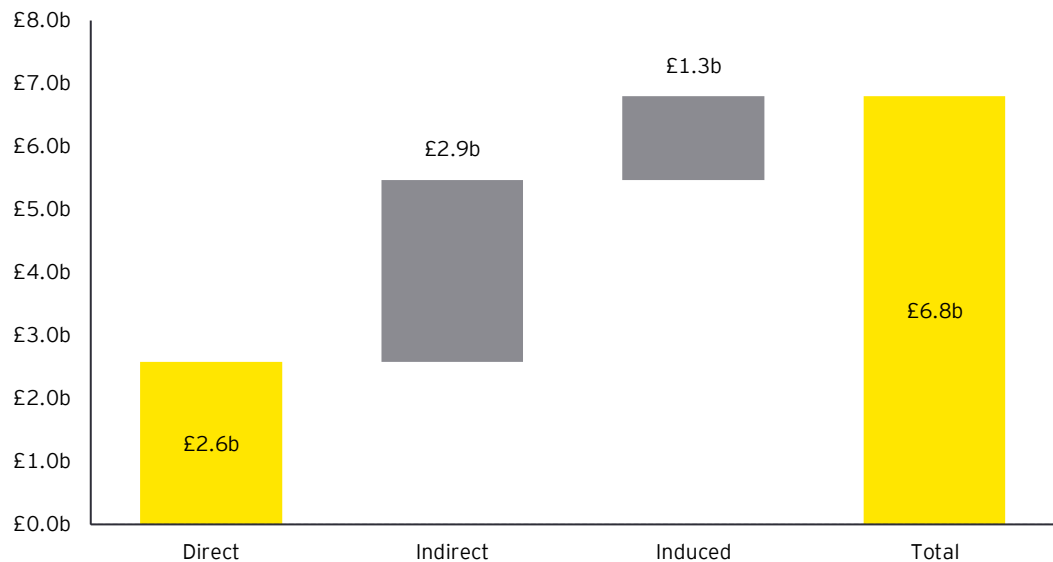
## 5 The economic footprint of BGC members in 2023

This section focuses on the 2023 (calendar year) economic footprint of the elements of the betting and gaming industry represented by the BGC.

### 5.1 GVA contribution

BGC members generated £6.8b in GVA in 2023. Of this figure, the direct contribution of BGC members is estimated to be £2.6b, with a further £2.9b of GVA coming from indirect (supply chain) activities, and £1.3b in induced activities arising from spending by those employed by BGC members and in their supply chain<sup>26</sup> (see Figure 10).

Figure 10: Economic impact (GVA) of BGC members in 2023



Source: EY analysis

This impact estimate includes the financial contribution made by operators to British sports, including horseracing. These sports are in turn crucial for betting and gaming, given the high proportion of betting activity that is on the outcome of sporting events. In 2019 this was estimated to be worth a minimum of £70m, and supported prize money, the careers of sportsmen and women, and the development of these sports at lower levels<sup>27</sup>.

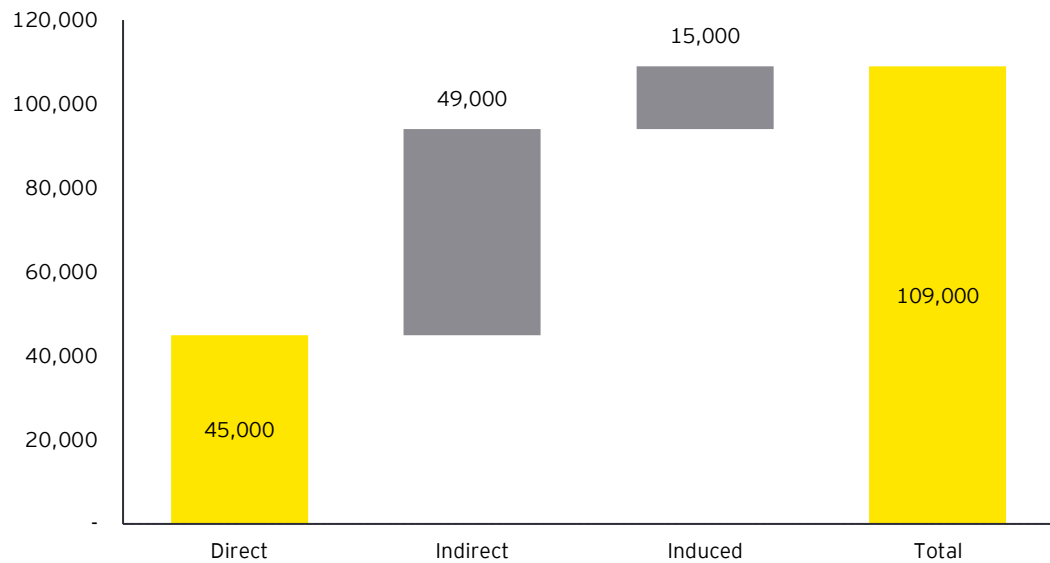
### 5.2 Employment contribution

Total FTE employment related to these activities was estimated to be 109,000 in 2023, with an estimated 45,000 direct FTEs, 49,000 indirect FTEs, and 15,000 induced FTEs (Figure 11). It can be seen that supply chain activities (i.e. the indirect contribution) generally generate higher GVA per head compared with direct activities, which reflects significant supply chain spend by BGC members in high productivity (high GVA per head) service sectors such as marketing.

<sup>27</sup> [EY 2021, The economic contribution of the betting and gaming sector \(bettingandgamingcouncil.com\)](#)



Figure 11: Employment (FTE) impact



Source: EY analysis

### 5.3 Tax contribution

Tax contributions<sup>28</sup> were estimated using data provided by BGC members, and publicly available data from His Majesty's Revenue and Customs (HMRC) and the Office for Budget Responsibility (OBR) on the total revenues for excise duties<sup>29</sup>.

As per Section 4, BGC members paid £1.9b in excise duties in 2023. Besides excise duties, an additional £0.9b in taxes were estimated to be paid directly by the sector, including corporation tax, PAYE, and national insurance contributions. The total direct tax contribution was therefore £2.8b (see Table 3)<sup>30</sup>.

Table 3: Estimated taxes paid in 2023 directly by sector<sup>31</sup>

Sector	Betting and gaming duties	Other taxes	Total taxes paid
Online	£1.3b	£0.4b	£1.7b
LBOs	£0.4b	£0.4b	£0.8b
Casinos	£0.2b	£0.1b	£0.3b
<b>Total taxes paid</b>	<b>£1.9b</b>	<b>£0.9b</b>	<b>£2.8b</b>

Source: EY analysis

Indirect and induced activities are estimated to contribute a further £1.2b in tax contributions. In total, BGC members and their supply chains are therefore estimated to have generated £4.0b in UK tax revenue in 2023 (see Figure 12).

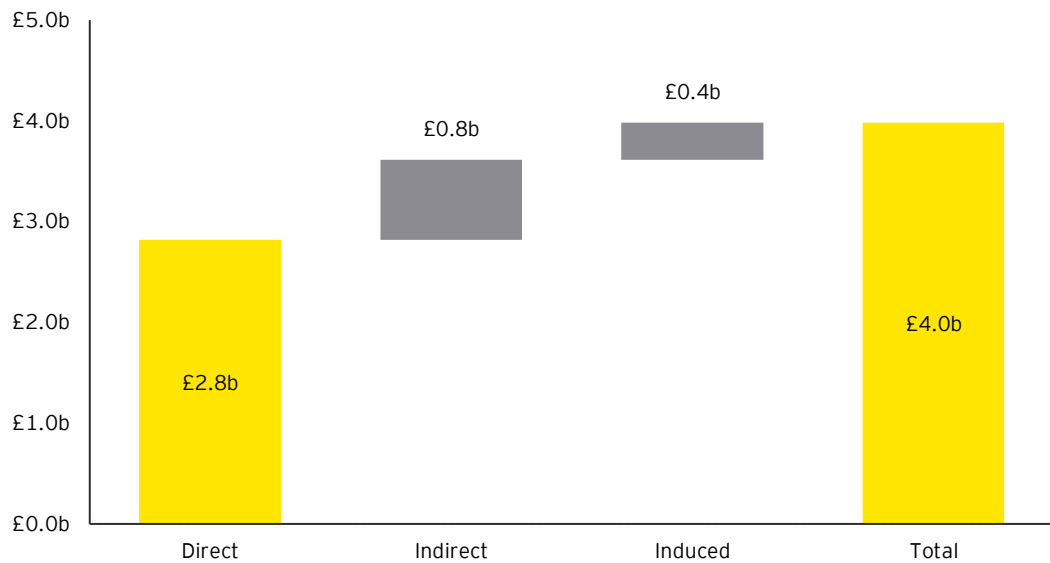
<sup>28</sup> Taxes include income tax, employers and employees' national insurance contributions, corporation tax and other taxes (e.g. stamp duty). VAT is excluded from this analysis - most of the sector's activities are exempt, with VAT paid only on membership, admissions and refreshments, and VAT may be reclaimed only on supplier costs that relate to these non-exempt activities. This means that BGC members will effectively pay some "stuck-VAT" in addition to the taxes calculated in this report.

<sup>29</sup> In this context Direct taxes refer to taxes paid directly by BGC members, and Indirect taxes refers to taxes paid by BGC members' supply chain (i.e. *not* the usual tax definition of direct taxes being taxes on incomes and indirect taxes being taxes on expenditure)

<sup>30</sup> The direct tax contributions are based on actual data provided by operators

<sup>31</sup> Figures may not sum due to rounding.

Figure 12: Tax contribution of BGC members



Source: EY analysis

BGC members' combined contributions to the Exchequer of £2.8b represent around 0.3% of total annual tax receipts. The direct contribution to GVA in 2023 was £2.6b, which is approximately 0.1% of total UK GVA.<sup>32</sup> The sector's tax contribution (as a % of total receipts) is therefore greater than its share of UK GVA, which reflects the impact of excise duties on betting and gaming, and means the betting and gaming sector is highly taxed relative to the rest of the economy. This contribution excludes the further £100m paid by betting companies for the Horserace Betting Levy.

## 5.4 Economic contribution by sector

This section disaggregates the overall BGC member economic contribution (GVA) totals presented earlier in section 5 by sector, with findings summarised in Table 4.

Table 4: Disaggregated economic impact by sector<sup>33</sup>

Sector	Direct	Indirect	Induced	Total
Online	£1.2b	£1.8b	£0.7b	£3.7b
LBOs	£0.9b	£0.9b	£0.5b	£2.3b
Casinos	£0.5b	£0.2b	£0.2b	£0.8b
<b>Total</b>	<b>£2.6b</b>	<b>£2.9b</b>	<b>£1.3b</b>	<b>£6.8b</b>

Source: EY analysis

### 5.4.1 Economic contribution of online betting and gaming

Online betting and gaming, also referred to as remote betting and gaming, is the largest of the three sectors in the market, with annual GGY of over £6.4b. While the customers are consuming the service in the UK, some of the operations of the larger firms in the market take place overseas, meaning that a portion of the economic activity serving UK consumers does not take place in the UK. For example, BGC analysis shows that, in the British overseas territory of Gibraltar, the gambling sector is 72% UK facing, with Gibraltar based firms paying c£450 million in UK gambling taxes on a point of consumption basis; and data provided to the BGC by

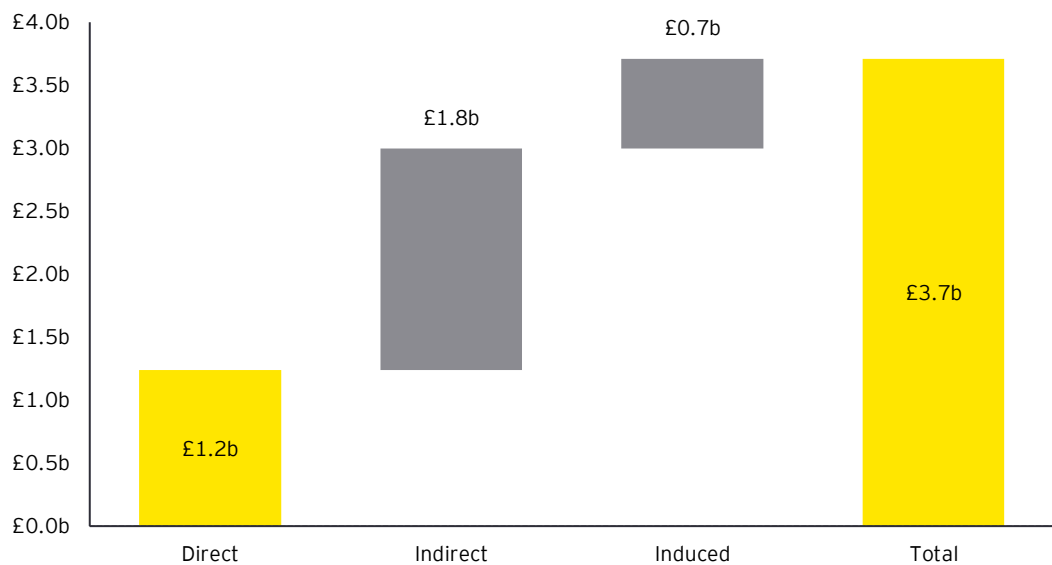
<sup>32</sup> Based on EY analysis and ONS data on UK GVA.

<sup>33</sup> Figures may not sum due to rounding.

the Gibraltar Gambling Minister shows that the gambling sector accounts for more than 25% of Gibraltar’s GDP. However, even allowing for this, the UK online betting and gaming sector activity accounts for around 55% of total UK betting and gaming GVA.

The direct contribution to GVA comes from earnings before interest, taxes, depreciation and amortisation (EBITDA), plus the compensation of employees in this sector. This is relatively low in comparison to the indirect and induced impacts (see Figure 13), reflecting that a portion of the economic activity is conducted overseas, and the high value of marketing spend with UK suppliers that is required to operate successfully in a highly competitive market.

**Figure 13: Economic impact (GVA) of online betting and gaming**



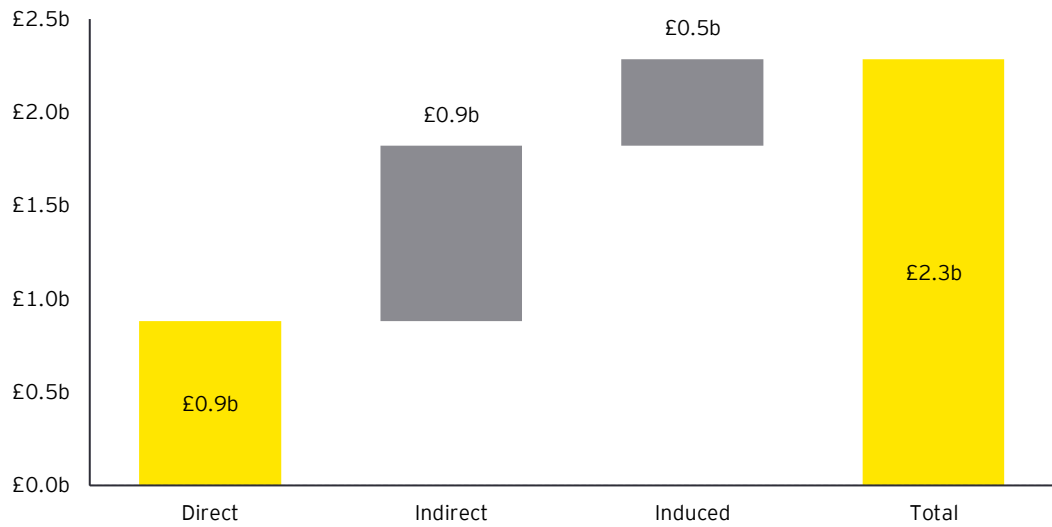
Source: EY analysis

### 5.4.2 Economic contribution of LBOs

The total contribution of LBOs to GVA was estimated to be £2.3b in 2023. The high levels of external operational expenditure for LBOs, particularly on content and in-house broadcasting, means that the indirect GVA contribution (£0.9b) is similar in scale to their direct contribution (see Figure 14).

LBOs remain the largest employers amongst BGC members, with an estimated workforce of almost 24,000 FTEs at the end of 2023 according to operator data.

**Figure 14: Economic impact (GVA) of LBOs**

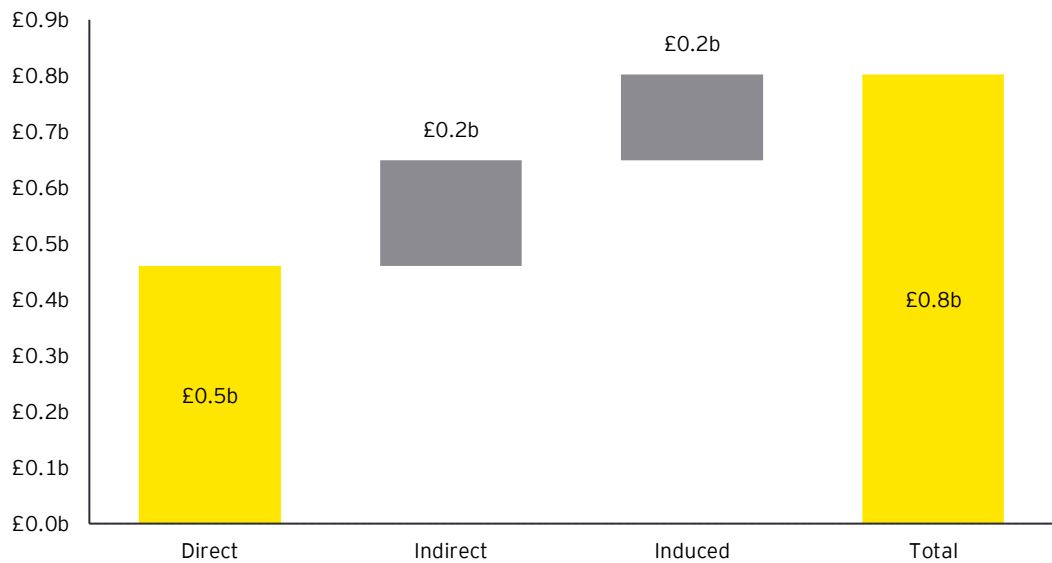


Source: EY analysis

### 5.4.3 Economic contribution of casinos

Casinos' total contribution to GVA was estimated to be £0.8b in 2023 (see Figure 15).

**Figure 15: Economic impact of casinos in 2023<sup>34</sup>**



Source: EY analysis

In 2023 casino operators employed 7,300 FTEs. Casinos' total contribution to employment in 2023 was 11,000, encompassing a further 3,700 jobs generated in the supply chain, and through demand induced by BGC members.

<sup>34</sup> Figures may not sum due to rounding

# Appendix A: Methodology and assumptions

## About economic impact assessments

Economic impact assessments (EIAs) require detailed sector information in order to understand the linkages that BGC members have with their suppliers, as well as the amount of value it adds to the economy.

A sector's economic impact is made up of three components:

### 1. Direct impact

This is the value added directly by betting and gaming, it requires data on the profitability and wages paid by BGC members, whether these are attributable to the UK or not, and data on the direct and indirect taxes paid, i.e. those that are not part of the price received by the operator, for example this includes gaming duties and VAT.

### 2. Indirect impact

This focusses on the impact that BGC members have on their supply chain, and therefore relies on relatively granular data on the suppliers for each betting and gaming company, so which sectors the companies are paying in order to operate and offer their services. This would include items such as payments of rent, payments to broadcast sporting events, spending on food and beverages to serve to customers in casinos, and marketing expenses.

### 3. Induced impact

This looks to identify the impact on the economy of the increased spending from the workers directly for BGC members as well as in the supply chain. As their jobs and salaries are attributable to activity in BGC members, their spending on other areas of the economy can also be classified as part of the economic footprint of BGC members.

## Data collection and grossing-up

To complete the EIA for this report, data were collected by means of a questionnaire sent to BGC members in summer 2024. This questionnaire requested the financial data described above, for 2023.

The data in responses was required to be collated and grossed-up to form a consistent view of the each of the sectors with the existing data on GGY from the Gambling Commission and with tax receipts from HMRC. This involved mapping the revenues and costs where available to comparable categorisations and using this information to estimate the values for those operators which did not provide data. The collation process was conducted separately for each of the sectors.

The EIA model uses the collated and grossed-up data from operators to estimate the economic impact of the BGC members. The revenues and tax payments are taken directly from the grossing up, and the operational costs are mapped to standard industrial classifications in order to calculate the multiplier effects of the spending.

In order to estimate the direct economic impact of BGC members, a GVA estimate must be calculated based on the data received. This first involves subtracting the indirect taxes - those that are not part of the price received by the operator, for example gaming duties - to convert the revenue from purchaser prices to basic

prices. Operational costs are then subtracted to move from the output of BGC members to the value added, which is equivalent to the compensation of employees and the gross operating surplus.

Many online operators providing services to UK based consumers are incorporated overseas, with employment split between the UK and its country of incorporation. The revenue generated by these companies is therefore apportioned between these two locations on the basis of number of employees. Some companies have a material proportion of their employees overseas, so revenue attributable to the UK is lower than the GGY reported by the Gambling Commission.

The indirect impacts are estimated by applying indirect GVA multipliers to the GVA of sectoral operational spending of the betting and gaming companies. The induced impacts are calculated as the GVA of operational spending multiplied by the induced GVA multiplier, less the indirect impact, plus the marginal propensity to consume multiplied by the post-tax compensation of employees.

## Appendix B: Comparison with previous estimates

### GVA

This section compares and explains the changes in estimated GVA in this report and in the two previous EY reports, published in January 2021 and November 2022. The 2021 report measured the economic footprint of the betting and gaming industry in the calendar year 2019, whereas the 2022 report measures the footprint in the year 2021-22 (i.e. July 2021 to June 2022). This report measures the footprint of the calendar year 2023.

Table 5: BGC GVA impact comparison, 2019, 2021-22 and 2023<sup>35</sup>

Sector	2019	2021-22	2023
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Casinos (inc. high-end)	1,100	800	800
LBOs	2,800	2,400	2,300
Online	3,800	3,900	3,700
<b>TOTAL</b>	<b>7,700</b>	<b>7,100</b>	<b>6,800</b>

Total direct GVA has increased by £0.3bn since the previous study as revenues have increased more than costs have increased. Direct GVA in Casinos has, conversely, decreased since the previous study as total costs have increased more than revenues. Indirect GVA has increased by £0.2bn as intermediate costs have increased, while induced GVA has decreased by £0.8bn as operator labour costs have decreased.

### Employment

This section compares and explains the changes in estimated FTE employment in this report, for 2023, and in the previous two EY reports, for 2019 and 2021-22.

Table 6: BGC employment impact comparison, 2019, 2021-22 and 2023<sup>36</sup>

Sector	2019	2021-22	2023
	<i>jobs</i>	<i>jobs</i>	<i>jobs</i>
Casinos (inc. high-end)	20,000	14,000	11,000
LBOs	55,000	42,000	42,000
Online	45,000	54,000	56,000
<b>TOTAL</b>	<b>119,000</b>	<b>110,000</b>	<b>110,000</b>

Total employment largely remains consistent with the previous study, with higher jobs in LBOs and Online, and fewer in Casinos. As opposed to induced GVA, induced employment has remained virtually unchanged as the labour productivity assumption is different for operator labour costs vs supply chain labour costs. There is a netting effect, so overall there is not much change in employment (i.e. you don't lose as much from operator labour costs as you gain from supply chain labour costs), while for GVA, you lose more from operator labour costs than you gain from supply chain labour costs.

<sup>35</sup> Figures are rounded to the nearest £100m. Figures may not sum due to rounding.

<sup>36</sup> Figures are rounded to the nearest '000. Figures may not sum due to rounding.

EY | Assurance | Tax | Strategy and Transactions | Consulting

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](https://www.ey.com).

**Ernst & Young LLP**

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2024 Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

[ey.com](https://www.ey.com)