The costs to government associated with problem gambling
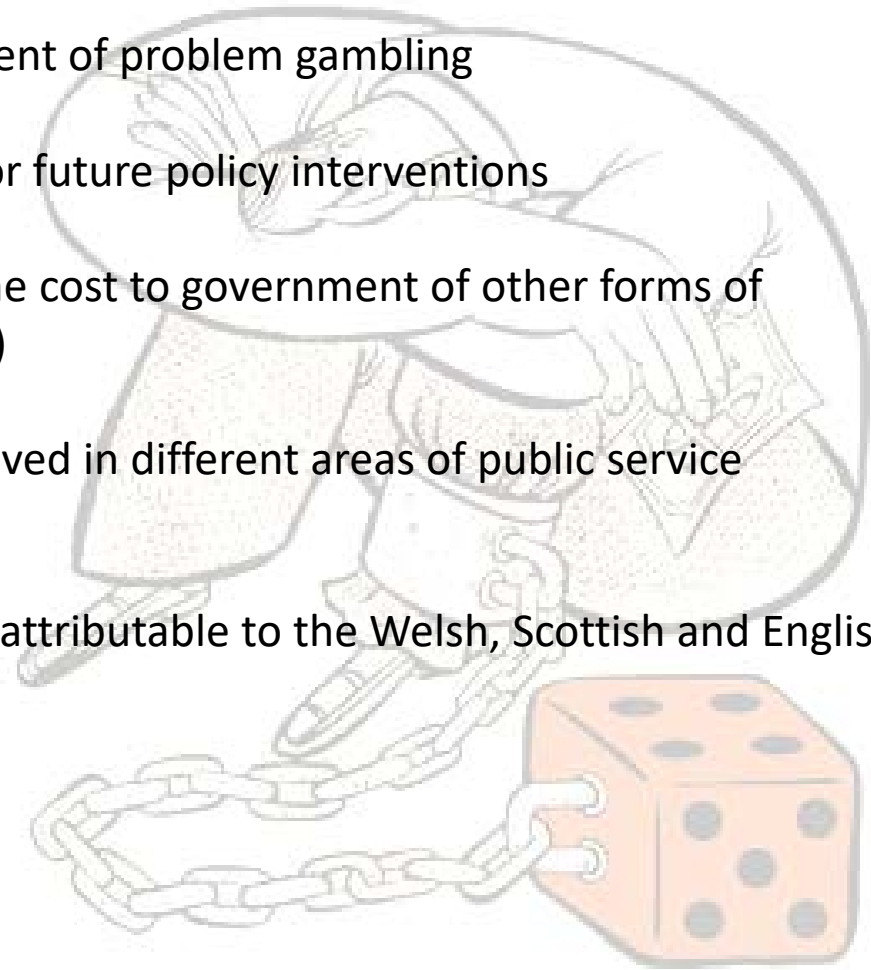
GambleAware Conference 2016
Wednesday 7th December
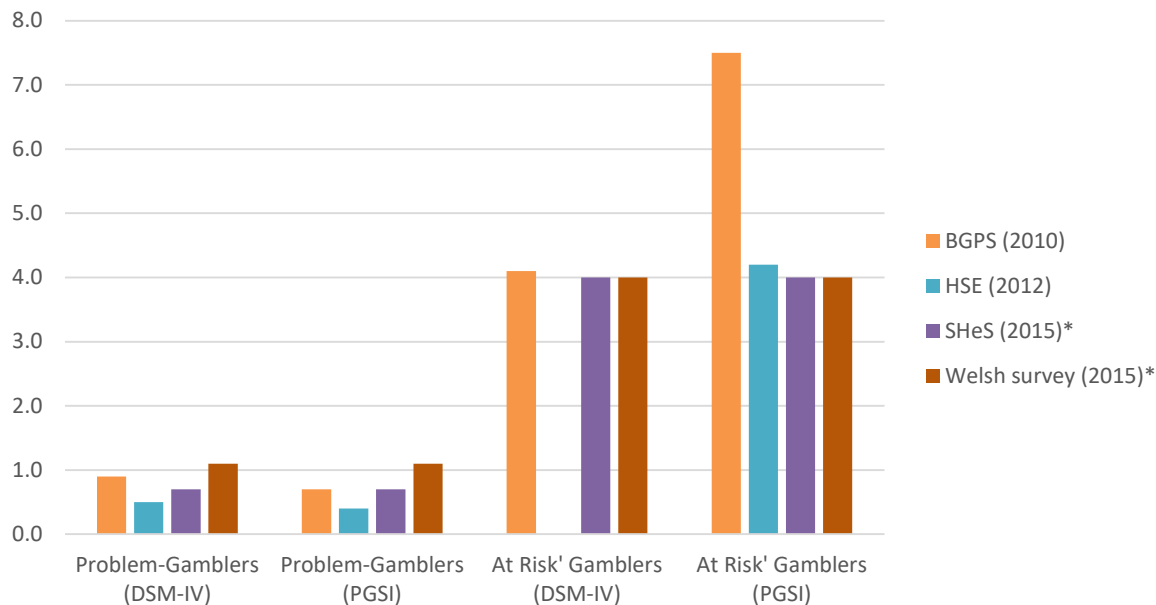
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the aims of our study

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- to identify a cost to the UK government of problem gambling

- provide part of the empirical basis for future policy interventions

- Follow the lead set by studies into the cost to government of other forms of addiction (such as substance misuse)

- To identify the individuals costs involved in different areas of public service provision

- To identify the separate (total) costs attributable to the Welsh, Scottish and English populations

- NOT a cost-benefit analysis

problem gambling in Great Britain

Chart legend:
- BGPS (2010)
- HSE (2012)
- SHeS (2015)*
- Welsh survey (2015)*

Categories: Problem-Gamblers (DSM-IV), Problem-Gamblers (PGSI), At Risk' Gamblers (DSM-IV), At Risk' Gamblers (PGSI)

Up tp

three

quarters

of the British adult population gamble to some degree each year (61-73 per cent)

- British Gambling Prevalence Survey (2010)
- Health Survey for England (2012)
- Scottish Health Survey (2015)
- Welsh Problem Gambling Survey (2015)

0.4–1.1 % of

the British adult population are problem gamblers

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The likelihood of an individual being a problem gambler is strongly associated with certain socioecoconomic and demographic characteristics:*

Gender

Men are **five times** more likely than women to be problem gamblers

Age

While young people are the least likely to gamble, they are the most likely to be problem gamblers

Problem gambling rates

- **2.1 % of 16-24s**

- 1.5% of 25-34s

- 0.2% of 65+

Income

While people with lower incomes are less likely to gamble, they are mosre likely to be problem gamblers

Problem gambling rates

- 0.6% in quintile 1

- **1.8% in quintile 4**

Ethnicity

Problem gambling is more likely among some ethnic minority groups

Problem-gambling rates

- **2.8% of Asian/Asian British**

- 1.5% of Black/Black British

- 0.8% of White/White British

* Statistics taken from BGPS (2010), although are largely consistent across HSE (2012); SHeS (2015) and WPGS (2015)
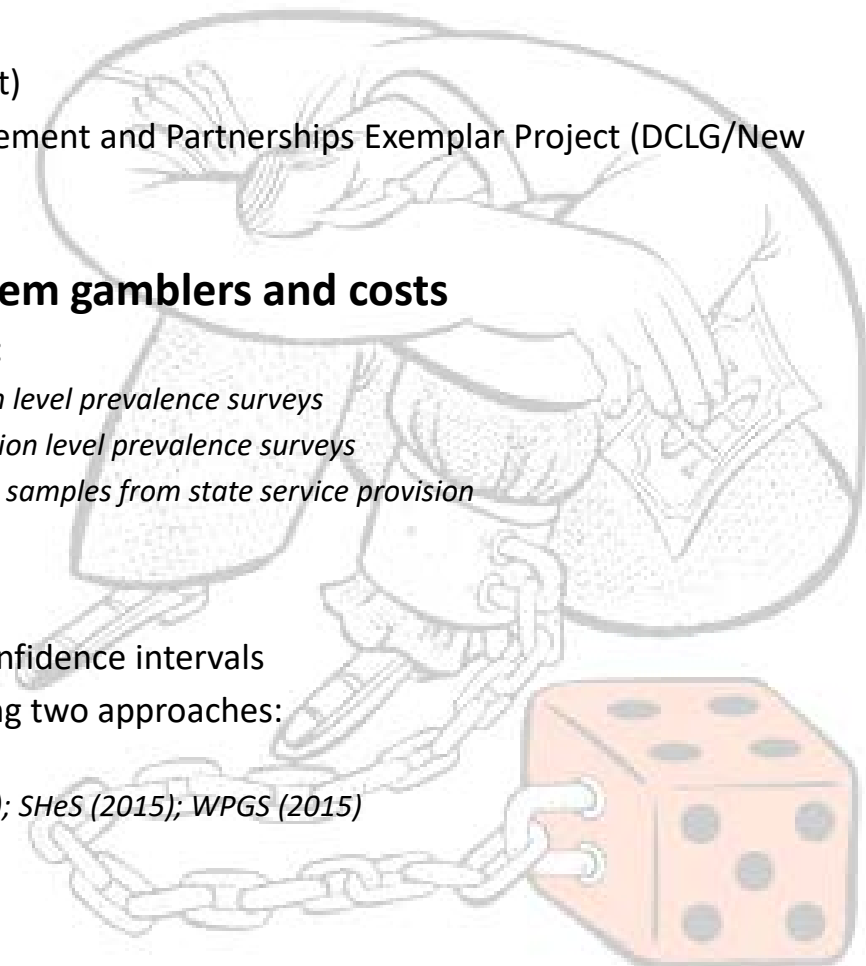
Estimating unit cost

- Fiscal cost (not economic or social cost)
- Unit cost database – Investment Agreement and Partnerships Exemplar Project (DCLG/New Economy)

Estimating associations between problem gamblers and costs

- Mixed approach, three step hierarchy:
    1. *Academic modelling using population level prevalence surveys*
    2. *IPPR econometric analysis of population level prevalence surveys*
    3. *Academic analysis using convenience samples from state service provision*

Estimating prevalence

- Range generated using 95 per cent confidence intervals
- Range for Great Britain estimated using two approaches:
    1. *Upper bound from the BGPS (2010)*
    2. *Lower bound from sum of HSE (2012); SHeS (2015); WPGS (2015)*

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Data limitations

- Only able to provide estimates where data is available
- Different sources for different types of service interaction and service unit costs
- No time series data, all cross sectional
- Small sample sizes

Causality

- Confounding variable bias
- Reverse causality

Illustrative estimates

- Necessarily large range
- Costs associated with people who are problem gamblers, not problem gambling per se

Source: IPPR adaptation of Australian Productivity Commission (1999) data
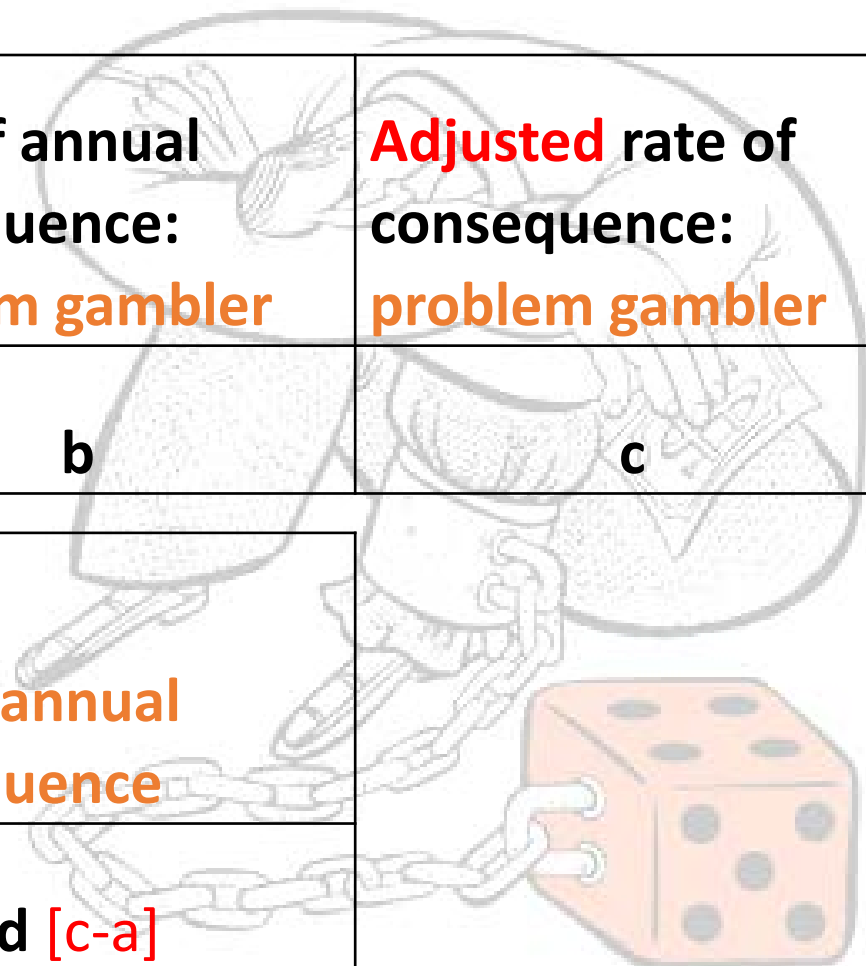
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It is possible to identify six particular interactions for which there is a primary association between an area of cost to government and an individual being a problem gambler, and for which there is sufficiently relevant and robust data. There are likely to be additional costs across a greater number of interactions, but where there is currently insufficient data to demonstrate this robustly.

Health costs	Welfare and employment costs	Housing costs	Criminal justice costs
• Primary care (mental health) services • Secondary mental health services • Hospital inpatient services	• JSA claimant costs and lost labour tax receipts	• Statutory homelessness applications	• Incarcerations

* Statistics taken from BGPS (2010), although are largely consistent across HSE (2012); SHeS (2015) and WPGS (2015)

Rate of annual consequence: **non-problem gambler**	Rate of annual consequence: **problem gambler**	**Adjusted** rate of consequence: **problem gambler**
a	b	c

Excess annual consequence
d [c-a]

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Excess annual consequence	Population	Annual fiscal value
d [c-a]	e	f

Excess cost
g [d*e*f]

IPPR

Rate of annual consequence: non-problem gamblers

On average, **3 per cent** of adults access secondary mental health services (counselling/therapy) each year

Excess annual consequence (after adjustment): problem gamblers

The figure for problem gamblers is around **24 per cent**, giving an excess consequence of **21 per cent**

National prevalence of problem gambling

Between **140,000 and 620,000** individuals classified as problem gamblers in Great Britain

Unit cost

Average cost of provision for adults suffering from mental health disorder is around **£900 per year**

Total excess cost

Individuals who are problem gamblers incur a cost to secondary mental health services, over and above otherwise similar groups of adults in the population, of **between £30 million and £110 million per year**

- A **first step** along journey to understanding the total cost to government associated with problem gambling in Great Britain
- A **starting point** for future estimates as more data is collected

1) Urgent need to fill gaps in the available evidence base

2) A government strategy to tackle problem-gambling and reduce gambling-related harm

3) Government must ensure that local areas have the systems in place and the resources available to tackle problem gambling locally