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Is the writing on the wall for football shirt sponsorship?

Northridge Law's **Melanie Ellis** looks at what may be on the way in the UK's Gambling Act review, and how it might affect sponsors and sport

The eagerly awaited review of the UK's Gambling Act 2005 is now expected to be published in the next few weeks, but recent reports have indicated that the Government's proposals may be "watered down". Online stake limits, perhaps subject to affordability checks, seem set to be the headline proposal, with an industry levy potentially shelved for the time being.

It seems that a last-minute change may be being made to the draft white paper to strike out proposals for a ban on gambling companies sponsoring Premier League football clubs. However,

this is likely to be only on the basis that a voluntary agreement is reached with the clubs to end front of shirt advertising by gambling companies. Negotiations between the Government and football clubs on this issue may now be the only matter holding up publication of the white paper.

From a legal perspective, an outright ban is very likely to mean existing sponsorship agreements cannot be enforced, whereas a voluntary agreement may not give grounds for the clubs to terminate their contracts with gambling operators. This will depend on the terms of each sponsorship agreement, but it



would be reasonable to assume that any voluntary agreement with the Government will provide for the possibility that clubs may not be entitled to walk away before the term of the agreement expires. A voluntary agreement with the Government is therefore likely to involve a gradual phasing out of gambling sponsorships, as existing agreements come to an end, rather than an abrupt stop.

In the 21/22 season, nine of the 20 premier league clubs were sponsored by a gambling company, a similar proportion to the last few years. This number may already reduce in the 22/23 season, as clubs realise the direction of travel. Notably Crystal Palace recently announced that they will be replacing W88 on the front of their kits with cinch, an online car marketplace. Regardless of what steps the Government takes, it seems that the writing is on the wall.

Timing

Whether the change comes in the form of a legislative provision or voluntary agreement, it now seems unlikely that it could come into effect before the 22/23 football season. When the House of Lords Select Committee recommended an end to front of shirt sponsorship by gambling operators in 2020, it suggested that the ban should not take effect before 2023. Given that we are now midway through 2022 with the white paper remaining unpublished, a change coming into effect before the start of the 23/24 football season seems most likely, with the possibility of a more gradual phasing out.

Other leagues and sports unaffected

It appears that clubs in leagues below the Premier League will be unaffected by any ban or voluntary agreement, on the basis that the financial support from gambling sponsors is vital to their survival. The same argument will almost certainly protect other sports, particularly horse racing and greyhound racing, from any similar restrictions.

To assist in its consideration of the financial impact of a sponsorship ban on sports, the House of Lords Select Committee received evidence from Professor David Forrest of the University of Liverpool Management School. This evidence indicated that, although the Premier League had the highest overall value sponsorships, its dependence on this income was low. In contrast, teams in lower leagues, along with teams playing less

high-profile sports, were thought by Professor Forrest to face difficulty in finding alternatives to gambling sponsors, due to lower exposure to potential customers of other industries.

This evidence is likely to be compelling to the Government, although it is possible that if a ban on Premier League sponsorships is deemed to be successful in reducing problem gambling without significant impact on the sport, it could be extended to lower leagues and other sports in the future.

Is the proposal evidence-based?

In his evidence to the Select Committee, Professor Forrest admitted that the limited research that had been carried out on the link between sponsorship of sports teams and problem gambling offered “weak evidence”. Research found an increased awareness of gambling brands which sponsor sports teams and a correlation between awareness of brands and intention to bet. Professor Forrest was unaware, however, of any research pointing to an effect on actual behaviour.

On 17 May 2022, the House of Lords debated proposed gambling reforms and it was noted that, despite a call for evidence on the impact of gambling advertising as part of the Gambling Act review, Public Health England “did not find evidence that exposure to advertising and marketing was a risk factor for harmful gambling”.

Black market risks

Of course this article wouldn't be complete without consideration of the increased risks of customers turning to the black market. The ability for Gambling Commission licensed operators to advertise in Great Britain is both a key incentive for them to become regulated here and a key driver of customers towards licensed operators. If awareness of licensed brands is no higher than awareness of unlicensed brands due to the inability of either to advertise, it seems inevitable that a number of customers will (perhaps inadvertently or perhaps driven by better offers) find their way to illegal sites.

Despite industry fears, these risks are surely being taken into account by the Government in considering what approach to take to the Gambling Act review. A “watered down” Gambling Act review means these concerns have been addressed, at least to some extent.

Melanie is a gambling regulatory lawyer with 13 years' experience in the sector. Melanie advises on all aspects of gambling law including licence applications, compliance, advertising, licence reviews and changes of control. She has acted for a wide range of gambling operators including major online and land-based bookmakers and casinos, B2B game and software suppliers and start-ups. She also frequently advises operators of raffles, prize competitions, free draws and social gaming products.

Melanie has a particular interest in the use of new technology for gambling products and novel product ideas.

