

Report of Head of Licensing and Registration

Report to Licensing Committee

Date: 9th December 2014

Subject: Fixed Odds Betting Terminals

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. The concern with Fixed Odds Betting Terminals (FOBTs) is the rapid play and high stakes and prizes which have led to these machines becoming the most harmful type of gambling. The capping of FOBTs to 4 per premises has led to a proliferation of betting shops in deprived areas. This in turn leads to a loss of amenity in the high street, and potential crime and disorder which goes largely unreported.
2. London Borough of Newham has highlighted this issue with a proposal under the Sustainable Communities Act to limit the stakes on FOBTs to £2. The White Paper presented to full Council in November sought to support this action with a letter to Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism.

Recommendations

3. That Licensing Committee considers the contents of this report and provide comments to be included in the letter to Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism, recommending a reduction in the maximum bet per spin on FOBTs to £2 and officially supporting London Borough Newham's Sustainable Communities Act proposal to give local authorities the power to do the same.

1 Purpose of this report

- 1.1 To advise Licensing Committee of the background to the White Paper debated at Council on November 2014 and to provide the opportunity for Licensing Committee to provide comments to be included in the letter to Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism, recommending a reduction in the maximum bet per spin on FOBTs to £2 and officially supporting London Borough Newham's Sustainable Communities Act proposal to give local authorities the power to do the same.

2 Background information

- 2.1 Fixed Odds Betting Terminals (FOBTs) are touch screen electronic gaming machines found in betting shops across the United Kingdom. FOBTs provide a variety of games including casino games such as roulette, poker and blackjack, electronic slot games and virtual racing.
- 2.2 FOBTs are classified as Category B2 machines and have maximum stake of £100 and prize per spin of £500. Only betting shops are able to site FOBTs on their premises.
- 2.3 FOBTs came to prominence in 2002 when roulette was introduced. At that time, Fixed Odds Betting Terminals were not regulated or categorised by Government, therefore bookmakers sited them in betting shops without any clear operating parameters agreed with regulatory bodies such as the Gaming Board of Great Britain (GBGB). The GBGB took one bookmaker (William Hill) to court over this type of machine, but the matter was dealt with when the national bookmakers volunteered self-regulation in the form of a [Code of Practice](#).

3 Main issues

- 3.1 At November's full Council meeting a White Paper was presented which requests that the Chief Executive writes to Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism, recommending a reduction in the maximum bet per spin on FOBTs to £2 and officially supporting London Borough Newham's Sustainable Communities Act proposal to give local authorities the power to do the same.
- 3.2 FOBTs are unique; they were categorised as B2 Gaming Machines in the 2005 Gambling Act, but they contain two categories of game content. Casino games are referred to as B2 and slot games are B3. Both types of games are capped at £500 maximum prize per spin. You can bet up to £100 per spin every 20 seconds on casino games (B2) and up to £2 per spin on slot games (B3). No other gaming machine allows such high speed, high stake play.
- 3.3 In 2005 the then Minister of State at the Department of Culture, Media & Sport, Richard Caborn, said: "[High stake slot machines, including FOBTs, remain on probation and we will continue to adopt a cautious approach. Government will not hesitate to act should there be sound evidence of harm.](#)"

- 3.4 Between 2002 and 2012 the number of FOBTs has risen to over 34,000 and the profit generated for bookmakers has now reached over £1.4 billion per year (gross profit from FOBTs alone in 2012 according to Gambling Commission figures). Ladbrokes, William Hill and Coral make more than £900 per week profit from each roulette machine they operate and they are allowed to have up to four per betting shop.
- 3.5 Approximately 50% of all profits made by land based bookmakers are now derived from FOBTs. The game driving this explosion in profits is roulette, which accounts for approximately 90% of turnover and profit.
- 3.6 FOBTs have been a regular feature in the headlines over the last 10 years due to the highly addictive nature of electronic roulette games and this has led to them being described as the [“crack cocaine of gambling”](#). As Matt Zarb-Cousin outlines in this article for the [Guardian](#) in 2012 based on his experience of them, they are highly addictive and can have destructive consequences.
- 3.7 In 2008 a Gambling Commission report on the [Impact of high-stake, high-prize gaming machines on problem gambling](#):
- “while EGMs (FOBTs) appear to appeal to many ordinary gamblers, they seem to be particularly attractive to those at risk of problem gambling and to those with a gambling problem. The available research has identified the sort of features that appeal to gamblers (example: fast games, multi-stake, high payout ratio, free games) and that are therefore associated with higher levels of both gambling and gambling-related harm” (Parke and Griffiths 2007).*
- 3.8 In 2007 a scoping study for the Government advised that they should continue to monitor FOBTs in betting shops closely. No such monitoring has taken place and more worryingly, despite the increasing anecdotal evidence of the harm they cause, bookmakers have continued to expand their betting shop estates by focusing on the most deprived and vulnerable areas of the UK as highlighted by this analysis for the [Guardian](#).
- 3.9 In November 2012 Panorama revealed the scale of crime, disorder and problem gambling being caused by Fixed Odds Betting Terminals on our high streets. Before this, Dispatches revealed the extent to which bookmakers are targeting the most deprived and vulnerable communities across the UK.

(Information provided by Campaign for Fairer Gambling)

- 3.10 The situation in Leeds is that over the last ten years, the proliferation of betting shops has remained stable with a modest net increase from 98 in 2007 to 105 in 2014.

Converted	1/9/2008	1/9/2009	1/9/2010	1/9/2011	1/9/2012	15/4/2013	1/9/2014
98	99	101	106	103	105	106	108

- 3.11 However this doesn't tell the whole story. Although the numbers have remained stable, this doesn't show the increase of betting shops in the deprived areas. Bookmakers are closing premises to reopen them in a more profitable area which can be seen on the following table, which provides the number of betting shops by ward. The wards shown are those which have had a change in the number of betting shops. This does not show where a betting shop has moved within the ward.

Ward	1/9/2008	1/9/2009	1/9/2010	1/9/2011	1/9/2012	15/4/2013
Armley	4	4	4	4	5	5
Bramley & Stanningley	5	4	5	6	5	3
City & Hunslet	18	19	21	22	22	24
Crossgates & Whinmoor	3	3	4	4	5	5
Headingley	2	3	3	2	2	2
Horsforth	4	4	3	3	3	3
Middleton Park	3	4	4	4	4	5
Morley North	2	2	3	2	1	1
Morley South	3	3	3	3	4	3
Otley & Yeadon	5	5	5	5	5	4
Rothwell	3	3	3	3	4	4
Wetherby	2	2	3	1	1	2

- 3.12 Following the conversion of 102 existing betting shops into the new regime in 2007, there have been 32 new licence applications, 22 licences surrendered and 4 lapsed.
- 3.13 The concern is that the increase in betting shops, payday loan companies and pawnbrokers has led to an erosion of amenity on these high streets, and the businesses are preying on the most vulnerable in order to make a profit. There is also a concern that the use of FOBTs leads to crime and disorder in the area.
- 3.14 The London Borough of Newham is proposing to submit a proposal under the Sustainable Communities Act to reduce the maximum bet per spin on Fixed-Odds Betting Terminals (FOBTs) in on-street betting shops from £100 to £2.
- 3.15 The Sustainable Communities Act became law in 2007 and set up a new process of governance where councils can drive central government action and policy to 'assist councils in promoting the sustainability of local communities'. The philosophy behind the SCA is localist in nature and seeks to reduce the centrally imposed duties on councils and to allow councils to be more accountable to their electorate. The Government has a duty to try to reach agreement with councils, via the LGA 'selector' within a year of the application. For a submission to be successful, broad support from local authorities across the country is crucial.
- 3.16 The proliferation of high street betting outlets in Newham is an issue of grave concern to the London Borough of Newham and local residents due to the impact on the vitality of high streets and the increased anti-social behaviour and crime associated with clustering in one locality. Newham has one of the highest numbers of betting shops of any London borough with 86 currently in operation.

- 3.17 Councils are currently hamstrung in their ability to deal with the issue of high street clustering as the Gambling Act 2005 created a permissive licensing regime, removing any control from local government.
- 3.18 The Government is considering the impact of FOBT gaming through researching potential harm and is due to report in autumn 2014. In the meantime Ministers have published player protection measures and are consulting on giving betting outlets a separate planning use clause.
- 3.19 According to the Newham report, there are now more than 33,400 FOBTs offering casino content on high streets illustrating this is a nation-wide issue. There are also more than twice as many betting shops in the poorest 55 boroughs compared with the most affluent 115, which are equivalent by population.
- 3.20 Members can read more about Newham's proposal at: <http://www.newham.gov.uk/Documents/Misc/SustainableCommunitiesActBettingShopCampaign.pdf>. This document has been attached at appendix 1.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The matter of FOBTs and the clustering of betting premises has been of concern to Ward Members for some time. A White Paper was presented to full Council in November 2014 regarding this issue.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no implications for equality and diversity/cohesion and integration in this advisory report.

4.3 Council policies and City Priorities

- 4.3.1 The licensing regime contributes to the following Best Council Plan 2013-17 outcomes:

- Improve the quality of life for our residents, particularly for those who are vulnerable or in poverty;
- Make it easier for people to do business with us.

- 4.3.2 The licensing regime contributes to our best council objective:

- Ensuring high quality public services – improving quality, efficiency and involving people in shaping their city.

4.4 Resources and value for money

- 4.4.1 There are no implications with regards to resources and value for money associated with the recommendations in this report.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 There are no legal implications, or matters relevant to Access to Information and Call In associated with the recommendations in this report.

4.6 Risk Management

- 4.6.1 The risks associated with the recommendation in this report are low.

5 Conclusions

- 5.1 The concern with FOBT is the rapid play and high stakes and prizes which has led to these machines becoming the most harmful type of gambling. The capping of FOBTs to 4 per premises has led to a proliferation of betting shops in deprived areas. This in turn leads to a loss of amenity in the high street, and potential crime and disorder which goes largely unreported.
- 5.2 London Borough of Newham has highlighted this issue with a proposal under the Sustainable Communities Act to limit the stakes on FOBTs to £2. The White Paper presented to full Council in November sought to support this action with a letter to Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism.

6 Recommendations

- 6.1 That Licensing Committee considers the contents of this report and provide comments to be included in the letter to Helen Grant MP, Parliamentary Under Secretary of State for Sport and Tourism, recommending a reduction in the maximum bet per spin on FOBTs to £2 and officially supporting London Borough Newham's Sustainable Communities Act proposal to give local authorities the power to do the same.

7 Background documents¹

- 7.1 There are no unpublished background documents that relate to this matter.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.