

Gambling Policy – Fixed Odds Betting Terminals

1. EXECUTIVE SUMMARY

- 1.1 Concerns have been raised nationally and locally in regard to Fixed Odds Betting Terminals (FOBT) and the potential harm associated with their use.
- 1.2 The following report was considered at the meeting of the Argyll and Bute Licensing Board held on 28th November 2014. The decision of the Board was that the report should be presented to this committee for consideration and action as appropriate.
- 1.3 The purpose of the report is provide a review of the issues linked to the use of FOBT, as well as recommending consideration of a range of options which the Council may wish to adopt as a means of mitigating the potential negative impact of FOBT in Argyll and Bute.
- 1.4 Financial implications are limited to those associated with the cost of commissioning local research, as detailed at section 6.2 below.

2. INTRODUCTION

- 2.1 A FOBT is a type of gaming machine, normally found in betting premises, that allows players to bet on the outcome of various games and events with fixed odds. They are usually touch screen operated and cover a variety of games; ranging from casino games such as Roulette, Poker and Black Jack, to electronic slot games and virtual racing.
- 2.2 FOBTs were introduced in Britain in 2001, but came to prominence in 2002 when roulette was introduced. At that time, FOBT were not regulated or categorised by the Government. Bookmakers were therefore able to introduce them into betting shops without any clear operating parameters agreed with regulatory bodies, such as the then Gaming Board of Great Britain. However these machines are now categorised under the 2005 Gambling Act; casino games are within the B2 and slot games are included as B3 (see below).

3. RECOMMENDATIONS

- 3.1 Members are requested to consider the content of this report and consider whether to adopt any of the measures detailed in Section 6 below, as they deem appropriate.
- 3.2 If agreed, Members are asked to refer this report to the next suitable meeting of Argyll and Bute Council for consideration and action, as required.

4. DETAIL

- 4.1 Concerns have been expressed regarding the potentially addictive impact of FOBTs and there have been claims that a customer can bet up to £100 per spin every 20 seconds on casino games; no other gaming machine allows such high speed, high stake play.
- 4.2 The Campaign for Fairer Gambling claims that spending on FOBT is particularly high in poorer areas with high levels of unemployment. Their published statistics indicate that:-
- Between 2002 and 2012 the number of FOBTs increased to over 34,000 and the profit generated for bookmakers has now reached over £1.4 billion;
 - There are more than 4000 FOBTs in bookmakers' premises in Scotland;
 - There are 11 licensed betting premises, with approximately 40 FOBT, in Argyll and Bute
- 4.3 The Association of British Bookmakers have responded to criticisms by introducing the facility for customers to set time and money limits when using FOBT.
- 4.4 In April 2014 the UK government set out plans for improved player protection measures on FOBT. New measures include:
- requiring FOBT customers who want to bet over £50 in one play to pay over the counter before they can begin to play; meaning that they have to interact with staff
 - changing the rules so that, at the start of play, machine users must be presented with a choice to set limits on how much they want to spend and how long they want to play for
 - requiring larger operators to offer customer accounts and encourage take up, so that players can track and monitor their spend via statements
 - provide regular warning messages and pauses in play, to encourage players to be more aware of their gambling

- strengthening the voluntary self-exclusion system so that players can make a single request to be banned from betting shops on a wider basis
- 4.5 In June 2014, a report commissioned by Glasgow City Council recommended that gambling should be approached from a public health perspective. This approach is adopted in a number of other countries (e.g. New Zealand and Canada) where gambling is seen as a public health issue and regulated accordingly, rather than solely as a leisure activity or entertainment.
- 4.6 In August 2014 the Scottish Government published proposals to alter planning legislation, which also included measures relating to betting premises. However they recently concluded that they '*...do not anticipate therefore that increasing planning controls on betting offices would displace activity, such as FOBT, to other premises which might then start to cluster.*' It seems apparent then that the Scottish Government is not actively considering any intervention in regard to FOBT at this time.

5 LEGAL ISSUES

- 5.1 Gambling regulation is a reserved matter managed by the Department for Culture, Media and Sport and is subject to Gambling Act 2005 (the Act) and subsidiary legislation.
- 5.2 The Gambling Commission is responsible for the issue of operators' licences and the local authority is responsible for the issue of premises licences.
- 5.3 Although the local authority may attach conditions to premises licences it should be noted that there are specific types of conditions which cannot be attached, these are:
- any condition on the Premises Licence which makes it impossible to comply with an Operating Licence condition;
 - conditions relating to gaming machine categories, numbers, or method of operation;
 - conditions which provide that membership of a club or body be required (the Act specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated); and
 - conditions in relation to stakes, fees, winning or prizes.
- 5.4.1 Under s172 of the Act, FOTB are allowed to offer content classed as Category B2, Category B3 as well as Category C content. Category B Category games are then divided into various subcategories. However, the differences between B1, B3 and B4 games are mainly the stake and prizes as referenced above.

5.4.2 Again, under s172 of the Act, betting premises are allowed up to four terminals, although this number also includes traditional slot machines. Most betting premises favour the new FOBTs over the traditional slot machines.

6. CONSIDERATION OF POTENTIAL ACTIONS

6.1 One measure which had been suggested was that the Council could restrict the number of FOBT in use within their area. However it is clear from the provisions of the Act that this action is not within the Council's remit (see 5.3(b) above).

6.2 The Council may commission independent research to provide robust data on the use and impact of FOBT within the council area to allow informed decisions on future action (e.g. addressing gambling behaviour, problem gambling, addiction, health and harm and identification of possible links to payday lending issues)

6.3 This Committee could request that the Council lobby the Scottish Government to consider applying their devolved powers to reduce the impact on our communities of gambling generally and the use of FOBT in particular. This approach could support a regime which would protect public health rather than merely controlling a leisure activity.

6.4 The Committee could request that the Council lobby the UK Government to:

- Establish a regulatory link between problem gambling and public health, e.g. to control irresponsible advertising of gambling activities, prevent clustering or allowing local authorities to consider over-provision of betting shops *and / or*
- Reduce the maximum number of FOBT in betting shops fixed odds betting terminals and to reduce the stakes available for games *and / or*
- Establish a role for local authority or Gambling Commission inspection of the machines once they are on site *and / or*

A model motion (published by the Campaign for Fairer Gambling), which could be considered for amendment for use by Argyll and Bute Council, is attached as Annex 1.

6.5 The Committee could request the Council to implement arrangements to support the work of existing advice and other relevant agencies to deal more effectively with this issue; e.g. to identify and record the consequences of problem gambling, to help increase public awareness of problem gambling and of the support which is available. Initial contacts have been made on this basis with the Council's debt counselling service, Money Advice Scotland and the Citizens Advice Bureau.

- 6.6 The Committee could request that the Council refer the issue to COSLA via the Spokesperson For Community Wellbeing in order that the issue can be considered at the Community Wellbeing Executive Group and seek a coordinated approach from the Scottish local authorities to the Scottish Government and UK Government.

7. CONCLUSIONS

- 7.1 International and national reports and statistics indicate that FOBT can have a significant detrimental impact on individuals and communities. However, there is no robust data to confirm the extent of this perceived problem within Argyll and Bute.
- 7.2 Both the UK and Scottish governments do have scope to influence and control the use of FOB. However, there is little scope for local authorities to do so directly.
- 7.3 By implementing one or more of the measures identified in Section 6 above (other than 6.1), the Council may be able to address some of the concerns raised in relation to FOBT.

8. IMPLICATIONS

- 8.1 Policy - Argyll and Bute Council has approved the Licensing Board's policy statement in relation to the Act and the content of this report is consistent with that policy statement.
- 8.2 Financial – expenditure will be incurred if research is commissioned in terms of section 6.2 above but the extent of those costs would be closely aligned to the scale and scope of the research brief agreed.
- 8.3 Legal – it is not envisaged that implementation of any of the proposed actions would exceed the powers of the Licensing Board or Argyll and Bute Council.
- 8.4 HR – limited staff resources may be required to assist Council members in the implementation of agreed actions.
- 8.5 Equalities – it is not envisaged that implementation of any of the proposed actions would result in a breach of the council's Equality duties.
- 8.6 Risk – it is not envisaged that implementation of any of the proposed actions would result in any associated risk for the council.
- 8.7 Customer Service – this report incorporates a range of options designed to improve the health and well-being of local communities and to gain a better understanding of issues which may have a negative impact. It is suggested that the options detailed in this report would therefore assist in improving services to the council's customers.

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Annex 1: Model Motion published by Campaign for Fairer Gambling

This council notes:

1. The prevalence of Fixed Odds Betting Terminals (FOBTs) in betting shops, often referred to in the media as “the crack cocaine of gambling”.
2. That, unlike fruit machines in pubs, bingo halls and amusement arcades where cash stakes are limited to £2, gamblers can bet with cash or via a debit card up to £100 every 20 seconds on FOBTs, more than four times as fast as the rate of play in casinos.
3. That in 2012, over £1.5bn was lost on FOBTs across the UK. More profit was made from FOBTs than from the National Lottery, when according to the most recent British Gambling Prevalence Survey, 56% of the population play the Lottery, but just 4% play FOBTs.
4. Empirical evidence that suggests FOBTs are the most addictive form of gambling.
5. Research carried out by Geofutures, which found there to be four times as many betting shops in areas of high unemployment than in areas of low unemployment.
6. Research carried out by 2CV in Newham, which found that the average bet per spin on FOBTs is £17, and the average amount of cash inserted into the machine is £55 per session, with one in five putting in over £100 a time.
7. Nationally, more than 80% of turnover in betting shops and more than half of profits are derived from FOBTs. Less than 20% of stakes in betting shops are over the counter.
8. A recent economic analysis undertaken by Landman Economics, commissioned by the Campaign for Fairer Gambling, which assessed the impact of FOBTs on local economies and across the wider economy. The report concluded that every £1bn spent on FOBTs produces a net reduction of 13,000 jobs, compared to if spent in the wider consumer economy. The projected doubling of revenue from FOBTs by 2023 could cost a further 23,000 jobs across the economy.
9. Concern that the Government has not addressed the issues caused by FOBTs, and the announcement made by Maria Miller MP, Secretary of State for Culture Media and Sport, on 10th October 2013 in response to the Triennial Review of gaming machine stakes and prizes, where the stakes on FOBTs were unchanged.
10. The Government has proposed measures that will require players who wish to stake over £50 per spin to seek permission from staff. This wrongly implies stakes up

to £50 are safe, and that staff intervention is an effective means of ensuring player protection.

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Annex 1 (continued)

11. The position in the Republic of Ireland where the Government has introduced legislation to outlaw FOBTs in betting shops.

This council believes that the increase in FOBTs is causing significant problems and believes that the Government should either use the existing legislative framework, or introduce legislation to outlaw B2 casino games in betting shops. At the very least, local authorities should be given the powers to protect the local amenity and wellbeing of communities by (1) stopping the proliferation of betting shops and (2) reducing the maximum stakes and slowing down the speed of play.

This council therefore requests that the Chief Executive writes to the relevant UK government minister recommending a reduction in the maximum bet per spin on FOBTs to £2