

# Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures

The Government is consulting on reducing the maximum stake on Fixed Odds Betting Terminals, the most dangerous type of gaming machine. The consultation also covers “player protection measures” on gaming machines, online gambling and gambling advertising. The new consultation follows a call for evidence in late 2016, and is the Government’s response to growing concern about gambling.

**The consultation closes at midday on 23 January 2018.**

You can respond online at [www.bit.ly/gambling-consultation-2018](http://www.bit.ly/gambling-consultation-2018)

*The first few questions are about you. You can choose not to provide personal information. Below, we set out some background to the main questions and our suggested responses. You do not have to answer every question. If you also feel equipped to submit evidence via email as the online form suggests, please do so.*

## A) FOBTs – THE “CRACK COCAINE OF GAMBLING” – Q1, Q1a

Fixed Odds Betting Terminals (FOBTs), or category B2 gaming machines, have become the single most lucrative form of machine gambling in the UK. FOBTs generated £1.8bn for bookmakers in 2016/17.<sup>1</sup> Yet the harm they cause to individuals and communities is irrefutable. The consultation paper says the maximum stake of £100, which can be placed every 20 seconds, “can lead to significant losses in a short space of time”. The consultation also expresses concern about “the concentration of betting shops (and therefore B2 machines) in areas of high deprivation”.

The Christian Institute would like to see FOBTs abolished altogether (as planned in the Republic of Ireland). The consultation stops short of this. The Government proposes several options for reducing the maximum stake: £50, £30, £20 and £2. **We suggest you support £2**, the lowest option available.

The other options do not go far enough. Data in the consultation paper itself demonstrates this. For example:

- ▶ In approximately 99% of sessions the average stake is £50 or less. A cap of £50 would therefore make little difference.
- ▶ Where the stake is £20 or more, 42% of players are problem gamblers. Where the stake is reduced to £2, only 19% of players are problem gamblers.

CONSULTATION QUESTION		ANSWER
<b>Q1</b>	<b>Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced?</b>	<b>YES</b>
<b>Q1a</b>	<b>If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?</b>	<b>£2</b>

## B) STAKES AND PRIZES ON OTHER GAMING MACHINES – Q2-7, Q8

There are a range of other types of gaming machine, from jackpot machines that are only allowed in casinos to crane grabs in seaside arcades. The gambling industry is pushing for an increase in some stakes and/or prizes in these categories. The Government says it does not intend to make these changes. **Questions 2 to 7** of the consultation ask whether you agree with the Government’s proposal to maintain the status quo for these other categories of machine.

However, the status quo is causing problems. For example, in 2011 the Government increased the number of gaming machines allowed in bingo halls and raised the maximum stakes on category B3 gaming machines from £1 to £2.<sup>2</sup> The number of B3 machines has nearly doubled since 2011 to 24,008. The amount lost to these machines has more than doubled in the same time period, rising to £390.4m in 2016/17.<sup>3</sup> There is evidence of the harm this is causing, including some people incurring losses of thousands of pounds in an evening and reports that B3 machines can be just as addictive as FOBTs due to their faster play time.<sup>4</sup>

There is no easy way to answer questions 2 to 7. Answering “NO” could be taken as an indication you want to increase stakes and/or prizes. For this reason, **we suggest not answering questions 2 to 7.**

### Prize gaming

The gambling industry wants to increase the maximum stakes and prizes for ‘prize gaming’. Bingo played at seaside amusement arcades, where the prize is decided in advance by the organiser, is typical of this type of prize gaming. The Government says the activity is low risk and proposes to increase the maximum stake from £1 to £2 and the maximum prize from £70 to £100. However, gambling is wrong and should not be encouraged in any form. Increasing stakes or prizes sends the wrong signal. **Please answer “NO” to question 8.**

CONSULTATION QUESTION		ANSWER
<b>Q8</b>	<b><i>Do you agree with the government’s proposals to increase the stake and prize for prize bingo [gaming], in line with industry proposals?</i></b>	<b>NO</b>

## C) OTHER GAMING MACHINE ISSUES – Q9, Q10

**Question 9** asks about the numbers of gaming machines allowed in different establishments. The gambling industry has called for the rules to be relaxed. The Government proposes to maintain the status quo. **We suggest not answering question 9,** because the status quo is unsatisfactory but answering “NO” could be taken as support for relaxation of the law.

**Question 10** is about whether contactless payments should be allowed on gaming machines. At the moment, credit or debit cards cannot be used at all as a means of direct payment for gaming machines. Changing this would make it easier for vulnerable people to lose money. The Government says contactless payments should not be allowed. **We suggest you answer “YES” to question 10.**

CONSULTATION QUESTION		ANSWER
<b>Q10</b>	<b><i>Do you agree with the government’s proposals to bar contactless payments as a direct form of payment to gaming machines?</i></b>	<b>YES</b>

## D) ‘SOCIAL RESPONSIBILITY’ MEASURES – Q11, Q12, Q13, Q14

- ▶ Amid mounting evidence, the Government and the gambling industry have come under pressure to do more to reduce the harms of gambling and protect vulnerable people. Measures introduced so far have failed. They have allowed too much self-regulation by the gambling industry.
- ▶ This consultation suggests new measures to protect vulnerable people. These still do not go far enough. However, they are a step in the right direction.
- ▶ **Question 11** deals with “player protection measures” for gaming machines. These include time and spend limits and alerts when time and spend reach certain levels. The Government is still expecting the gambling industry to work on these measures. However, we suggest you support the proposals. **Please answer “YES” to question 11.**

CONSULTATION QUESTION		ANSWER
<b>Q11</b>	<b><i>On the whole, do you support this package of measures to improve player protection measures on gaming machines?</i></b>	<b>YES</b>

- ▶ **Question 12** is about “player protection measures” for online gambling. These are vague, but include a mechanism for people to ‘self-exclude’ from several online operators at once. Again, these proposals do not go far enough. Online gambling is rapidly expanding, allowing people to gamble quickly, easily and secretly from virtually any location if they have a mobile phone. All money staked is via debit/credit card, so a person cannot see what they are losing. However, we suggest you support the proposed measures as a first step. **Please answer “YES” to question 12.**

CONSULTATION QUESTION		ANSWER
<b>Q12</b>	<b><i>On the whole, do you support this package of measures to improve player protection measures for the online sector?</i></b>	<b>YES</b>

- ▶ **Question 13** relates to gambling advertising.
  - Prior to the Gambling Act 2005, casinos were banned from advertising and betting companies could not advertise on TV or radio. The Act led to a dramatic increase in gambling adverts on television, from 152,000 in 2006 to 1.4 million in 2012 – over 4% of all TV advertising.<sup>5</sup> Gambling firms spent a record £312m on advertising in 2016, including £150m on television and £160m online.<sup>6</sup>
  - The industry code says bingo, lotteries and sports betting during live televised sporting events can be advertised before 9pm.<sup>7</sup> This means sports betting adverts are routinely seen by children. ‘The latest live odds’ are pushed, for example, before football matches and during halftime. In 2012, 69% of bingo adverts were shown between 6am and 5pm.<sup>8</sup>
  - The Gambling Commission found that 80% of young people aged 11-16 have seen gambling adverts on TV, 70% on social media and 66% on other websites, while 55% of young people see gambling advertisements on TV at least once a week.<sup>9</sup>
- ▶ The Christian Institute believes betting companies should be banned from advertising except in print and casinos should be banned from advertising altogether (a return to the pre-2005 law). The consultation falls a long way short of this.
- ▶ Nonetheless, the proposed advertising measures should be an improvement on the current situation. The tone and content of adverts is to be addressed, and there will be more emphasis on raising awareness of the risks. While it remains to be seen how these are applied in practice, they can be welcomed. **Please answer “YES” to question 13.**

CONSULTATION QUESTION		ANSWER
<b>Q13</b>	<b><i>On the whole, do you support this package of measures to address concerns about gambling advertising?</i></b>	<b>YES</b>

- ▶ As mentioned above, the Government has largely been expecting the gambling industry to regulate itself. This trend continues in this consultation. However, **Question 14** asks if the Government should consider stronger steps if the gambling industry does not do enough. This should be supported. **Please answer “YES” to question 14.**

CONSULTATION QUESTION		ANSWER
<b>Q14</b>	<b><i>Do you agree that the Government should consider alternative options including a mandatory levy if industry does not provide adequate funding for research, education and treatment?</i></b>	<b>YES</b>

## E) LOCAL AUTHORITY POWERS – Q15

The Local Government Association (LGA), which represents English councils, has called for restrictions on high street bookmakers, including powers for councils to combat ‘clustering’.<sup>10</sup> Bookmakers are limited to four FOBTs on each premises. This has led to clustering of betting shops on the high street as bookmakers get around the limit by simply opening more shops.<sup>11</sup> The 2005 Gambling Act made this possible by repealing the requirement for betting companies to prove unmet demand before opening a shop (‘the demand test’).

Gambling machine users who live near clusters of bookmakers are over 25% more likely to be problem gamblers.<sup>12</sup> There is clear evidence that clustering tends to take place in poorer areas.<sup>13</sup> A survey of gambling loyalty card holders found that people who were not working, on a lower income or living in more deprived areas played machines more frequently.<sup>14</sup>

Despite the LGA's concerns and the evidence of clustering, the Government believes local authorities have all the powers they need. We believe the Government needs to do more to tackle this issue. Local authorities are at the coalface, and if they believe they need stronger powers then there is a strong case for change. Local authorities can try to deny planning permission for betting shops, but the 2005 legislation favours bookmakers. Since January 2017, local authorities in England have attempted to refuse planning permission for bookmakers on five occasions. All five have been overturned by the Planning Inspectorate.<sup>15</sup>

**We suggest you answer "NO" to question 15.**

CONSULTATION QUESTION		ANSWER
<b>Q15</b>	<b>Do you agree with our assessment of the current powers available to local authorities?</b>	<b>NO</b>

## References

- <sup>1</sup> *Industry statistics: April 2014 to March 2017*, Gambling Commission, November 2017, page 9; Almost 60% of the gross gambling yield of non-remote gambling comes from gaming machines, and over half of this comes from FOBTs. One reason they are so profitable is that they require little interaction with staff.
- <sup>2</sup> Department for Digital, Culture, Media & Sport, Press Release, *Arcades and bingo halls to get boost*, 7 June 2011
- <sup>3</sup> *Industry statistics: April 2014 to March 2017 - Spreadsheet Supplement*, Gambling Commission, November 2017, page 2
- <sup>4</sup> *BBC News online*, 8 November 2016, see <http://www.bbc.co.uk/news/uk-37872831> as at 21 December 2017; Parke, J, Parke, A, Harris, A et al, *The Role of Stake Size in Loss of Control in Within-Session Gambling*, University of Lincoln, 2015, page 14
- <sup>5</sup> Ofcom, Press Release, *Ofcom publishes research on TV gambling adverts*, 19 November 2013; *Trends in Advertising Activity - Gambling*, Ofcom, November 2013, pages 5 and 71
- <sup>6</sup> *The Times*, 21 August 2017
- <sup>7</sup> *Gambling Industry Code for Socially Responsible Advertising, Industry Group for Responsible Gambling*, August 2015, paras 30-34; *The Daily Telegraph*, 25 October 2016
- <sup>8</sup> *Trends in Advertising Activity - Gambling*, Ofcom, November 2013, page 15
- <sup>9</sup> *Young people and gambling 2017: A research study among 11-16 year olds in Great Britain*, Gambling Commission, December 2017, page 31
- <sup>10</sup> Local Government Association (LGA) Briefing, *Fixed Odds Betting Terminals*, Westminster Hall Debate, 26 April 2016
- <sup>11</sup> *BBC News online*, 1 February 2014, see <http://www.bbc.co.uk/news/uk-25996435> as at 22 November 2016
- <sup>12</sup> *Secondary Analysis of Machines Data: Examining the effect of proximity and concentration of B2 machines to gambling play*, Geofutures, March 2016, page 23
- <sup>13</sup> *The Guardian online*, 6 June 2017, see <https://www.theguardian.com/society/2017/jun/06/tories-fobt-gambling-labour> as at 21 December 2017; Wardle, H, Keily, R, Astbury, G et al, "Risky Places?": Mapping Gambling Machine Density and Socio-Economic Deprivation', *Journal of Gambling Studies*, 30(1), 2014, pages 201-212
- <sup>14</sup> *Gambling machines research programme - Report 2: Identifying problem gambling*, NatCen, November 2014, page 8
- <sup>15</sup> *The Guardian Online*, 21 November 2017, see <https://www.theguardian.com/society/2017/nov/21/councils-bookmakers-poor-fixed-odds-betting-terminals-planning-permission> as at 21 December 2017