

Local Government Association (LGA) Briefing, Fixed Odds Betting Terminals, Westminster Hall debate

Tuesday 26 April 2016



Key messages

- The LGA supports the reduction of maximum stakes for B2 gaming machines (Fixed Odds Betting Terminals/ FOBTs), to align them with maximum stakes for other types of machines freely available on high streets. The maximum stake for FOBTs (category B2 gaming machines) is £100, while the maximum stake for other types of machines allowed on high streets (category B3-D) is just £2.
- We are calling for the Government to deliver on its commitment to hold a triennial review of machine stakes. At the last review of stakes in 2013, the Government committed to complete the next review by 2016.
- The LGA is also calling for amendments to the Gambling Act to align it with other licensing legislation. A statutory cumulative impact test would enable councils to reject applications for new betting shops near existing clusters of shops, and a licensing objective to prevent public nuisance would help councils take anti-social behaviour issues linked to betting shops into account as part of the licensing process.

Background

The LGA has consistently highlighted the issue of the proliferation of betting shops and FOBTs on local high streets, and its impact on anti-social behaviour. Councils do not take an anti-gambling perspective, but are concerned about the anomaly of the significantly higher stakes permitted on FOBTs compared to other high street machines, and the evidence of harm and anti-social behaviour linked to them. Councils should also have stronger powers to prevent the opening of additional betting shops in areas that are already saturated with them.

FOBT stakes and the triennial review

Gaming machine stakes are set by regulations made under section 236 of the Gambling Act 2005. These were originally set in September 2007 when the Act came into force. There have been amendments to some, but not all, stakes in June 2009, July 2011 and January 2014.

The maximum stake for FOBTs (category B2 gaming machines) is £100, while the maximum stake for other types of machines allowed on high streets (category B3-D) is just £2. A maximum stake of just £5 applies to category B1 machines, which are only available in casinos. FOBT stakes are therefore significantly out of line with other gaming machines stakes. Although the last government introduced new player protection measures relating to stakes of more than £50, these do not address the fundamental anomaly of FOBT stake levels or council concerns about vulnerable residents losing money on high stakes betting machines.

Briefing

When the Government consulted on the triennial review process to assess gaming machine stakes, they found 'the re-introduction of a triennial review was supported by the majority of respondents, representing a breadth of interests'. They concluded: 'The Government considers that the reintroduction of a triennial review system is appropriate, and anticipates that the next formal review should conclude by 2016.'ⁱ

The LGA is calling upon the Government to put in place the next formal triennial review of gaming machine stakes in line with this timetable, and urges the Government to launch the review at the earliest opportunity.

Newham council's Sustainable Communities Act proposal to reduce FOBT stakes

In 2014, Newham council submitted a [Sustainable Communities Act \(SCA\)](#) proposal to reduce maximum FOBT stakes to £2 in order to tackle the issue of betting shop clustering in the borough. The Council argued that reducing the profitability of the machines would ensure that bookmakers consolidated their premises. The proposal was supported by nearly 100 councils from across the political spectrum, the largest ever SCA application.

The Government rejected Newham's proposal in summer 2015, prompting Newham to appeal to the LGA in its SCA role as 'selector.' At a hearing in November 2015, the cross-party LGA selector panel agreed to ask central government to [reconsider its decision](#) on the basis that the five criteria for resubmission had all been met. This triggered the SCA appeal process, and the Government is therefore required to formally negotiate with the LGA on this issue. We urge Government to continue this dialogue, and welcome further discussion of this issue in Parliament.

Gambling Act 2005 and betting shop clustering

The LGA has other concerns about the Gambling Act, and specifically the statutory aim to permit, which has helped lead to clustering of betting shops in some areas.

Although the total number of betting shops in Great Britain has remained relatively stable over recent years, it is accepted that there has been a change in the location of betting shops. The combination of the removal of the demand test¹ (which made it harder for betting shops to open near each other) and a growth in vacant high street premises linked to the recession has led to increasing 'clusters' of betting shops and a concentration of betting shops in certain, mainly urban areas. For example, Newham council saw a 29 per cent increase in betting shops between 2007 and 2013.

In discussions between the betting shop industry and LGA in 2014², industry representatives acknowledged that bookmakers actively seek to cluster alongside other operators in order to compete with them. Research published by the Responsible Gambling Trust in 2015 confirmed that '*areas close to betting shops tend towards higher levels of crime events, resident deprivation, unemployment, and ethnic diversity.*'ⁱⁱⁱ

Problematic gambling can impact on individuals and their families and carer's physical, mental and emotional health and wellbeing as well as having a wider

impact on society through crime and disorder. Conditions can present in a range of different ways, including physical and mental health problems as well as social care and financial issues. For this reason, we have said there is a need to rebalance the Gambling Act, so that councils have the power to refuse the opening of additional betting shops in areas where there are already a number of existing premises. We would support the reintroduction of the demand test, or an equivalent cumulative impact test to enable councils to reject applications for new betting shops near existing clusters. This would mirror the approach in equivalent licensing legislation, such as the 2003 Licensing Act. The Government is proposing to use the Police and Crime Bill to amend the 2003 Licensing Act by placing the concept of cumulative impact for alcohol premises on a statutory footing. Cumulative impact policies could be supported by the development of new research developed on behalf of Westminster and Manchester councils to identify areas vulnerable to gambling related harm.

The Gambling Act should have an objective to prevent public nuisance, in line with the Licensing Act 2003, given concerns about anti-social behaviour linked to betting shops.

Categories of gaming machines

Machine category	Maximum stake (from 2014)	Maximum prize (from 2014)	Type of gambling premise machine can be found in
A	Unlimited	Unlimited	<ul style="list-style-type: none"> • Super casinos • (none currently in existence)
B1	£5	£10,000	<ul style="list-style-type: none"> • Casinos
B2	£100	£500	<ul style="list-style-type: none"> • Betting premises • Casinos
B3	£2	£500	<ul style="list-style-type: none"> • Adult gaming centres • Bingo premises • Betting premises • Casinos
B3A	£2	£500	
B4	£2	£400	<ul style="list-style-type: none"> • Adult gaming centres • Bingo premises • Betting premises • Casinos
C	£1	£100	<ul style="list-style-type: none"> • Clubs with permits • Qualifying alcohol licensed premises • Family entertainment centres (with licence) • Adult gaming centres • Bingo premises • Betting premises • Casinos
D (five different stakes / prizes, including non-money prizes)	10p - £1	(value inc non-money prize) £5-£20	<ul style="list-style-type: none"> • Travelling fairs • Clubs with permits • Qualifying alcohol licensed premises • Family entertainment centres (with licence or permit) • Adult gaming centres • Bingo premises • Betting premises • Casinos

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- ⁱ Ref page 9, Government response to consultation on gaming machine stake and prize limits:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249311/Government_Response_to_Consultation_on_Gaming_Machine_Stake_and_Prize_Limits_FINAL.docx.pdf
- ⁱⁱ Responsible Gambling Trust press release:
http://www.responsiblegamblingtrust.org.uk/user_uploads/0159%20-%202015%2002%2020%20-%20with%20header.pdf