

Re: Submission to the Triennial Review of Gaming Machine Stakes and Prizes

I am writing to you to provide a response to the DCMS document *Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits*. This submission relates in particular to Chapter 4 of the document *Social Impacts and Problem Gambling*.

B2 content (stakes in excess of £2 and/or games based on casino table games such as roulette and blackjack) on betting shop FOBTs are not in compliance with the prevention of harm to children and vulnerable person objective.

B2/FOBT machines are also in contravention of the objective of keeping crime and disorder out of gambling. I wish to highlight added concern about money laundering via high stake machines of which the highest staking machines, B2, have the greatest capacity for facilitating money laundering. The correlation between prevalence of B2 gaming machines in deprived areas and those areas of greater drug use is extremely worrying. Betting shop clustering has been associated with increased crime and highlighted by Local Authorities such as Newham and others who are seeking powers to curb the proliferation of betting shop clustering and consequently B2 machines.

There is clear evidence that the betting industry targets areas of deprivation and communities where addictive gambling behaviours can be cultivated. The clustering of B2 machines in these locations is a specific approach to draw in and retain those customers likely to display addictive gambling behaviours. Because it is the industry norm to cluster, the impact is that targeted locations will suffer disproportionately from crime or disorder and problem gambling.

Research commissioned by Dispatches and carried out by Geofutures found there to be more than twice as many betting shops therefore B2 gaming machines in areas of high unemployment than in areas of low unemployment. This trend clearly suggests that bookmakers are targeting the poor.

Betting shop licenses are granted on the basis that over-the-counter (OTC) betting is the primary activity. No rational business owner or judge would suggest that anything other than either turnover or net profit should be used to determine the primary business activity. But B2/FOBTs are now the primary activity of betting shops by both measures, so most betting shops are in breach of license. The recently published Ladbrokes Annual Report 2012 highlighted that 83% of betting shop turnover is derived from B2 machines versus 17% from traditional sports and race betting.

The accessibility of high street roulette to a new player demographic, on the B2 platform in high stake, high prize format that has driven demand rather than the bookmakers claim "to meet a growing customer demand". As the Government already acknowledges "the association between gaming machines, particularly high stake, high prize machines and gambling-related harm is widely accepted" therefore B2 content with a £100 stake capacity, unique from all other Category B machines at £2, must represent the most damaging potential in gambling related harm.

I am also concerned about the impact that betting shop clustering is having on local economies. One of the contributory factors in the decline of local community pubs is the drift of machine revenue from soft gambling on category 'C' pub machines to hard gambling on B2 machines in betting shops. This impact on local community pubs is also reflected across other local traders.

I do not agree with the Government's assessment of industry proposals and enclose the attached submission to the consultation which provides evidence relating to FOBTs. I would urge the Government to consider this evidence in the review of Gaming Machine stakes and prizes.

I look forward to learning the outcome of the Triennial Review and would be pleased to assist in any way to provide further information should this be required.

Yours sincerely,

David Lammy MP

Submission to the Triennial Review of Gaming Machine Stakes and Prizes:

David Lammy MP

This is a consultation response to the DCMS document Gambling Act 2005: Triennial Review of Gaming Machine Stake and Prize Limits. In particular it relates to the Chapter 4 Social Impacts and Problem Gambling and refers to selected text as follows.

4.1 The Gambling Act 2005 is underpinned by three licensing objectives. These are:

- **To prevent gambling from being a source of crime and disorder, being associated with crime or disorder or being used to support crime;**
- **To ensure that gambling is conducted in a fair and open way;**
- **To protect children and other vulnerable persons from being harmed or exploited by gambling.**

Fixed Odds Betting Terminal (FOBT) content - stakes in excess of £2 and/or games based on casino table games such as roulette and blackjack - on betting shop B2 machines is not in compliance with the prevention of harm objective.

B2/FOBT machines are also in contravention of the objective keeping crime and disorder out of gambling. Recent evidence highlighted in Hackney identified that 262 crimes over a one year period; equating to 5 crimes a week where directly attributable to betting shops. The data showed that criminal damage accounted for 74.4% of offences reported and 'FOBTS were damaged in 80% of reports for criminal damage offences. Rowdy / inconsiderate behaviour was raised in 42.4% of incidents.

4.6 A qualitative assessment of the relative risk across the different machine categories has been undertaken by government with reference to the threat of problem gambling both in the vulnerable adult population and amongst children. This will be refined through the responses to the questions in this consultation and data supplied by the Responsible Gambling Strategy Board.

The DCMS assumption that the status quo on B2s implies no increase in risk to player protection is false. It assumes that there are no players that have not already been exposed to B2s, no players who will increase their engagement with B2s, no growth in the number of B2s, no extension in the hours of operation of B2s and no changes in B2 game content that could cause extra risk.

There is ample evidence that B2s are strongly associated with problem gambling as in the following professional academic research documents and we would like to bring to your attention the following evidence relating to Betting shop B2/FOBT machines:

This research paper "Disordered gambling and gambling involvement in the British Gambling Prevalence Survey 2007" describes betting shop B2s [FOBTs] as "**virtual gaming machines (e.g. virtual roulette) at a bookmaker's location**" and describes them as having "**the strongest association with gambling related problems**" and identifies that as a **four-fold level of association**.

The Summary of this research "The 2007 British Gambling Prevalence Survey: Considering Gambling Involvement" states in the results that "**When controlling for involvement, gambling via virtual gaming machine [betting shop B2s - FOBTs] was the only gambling type that remained significantly and positively associated with disordered gambling.**"

A research paper "What Proportion of Gambling is Problem Gambling? Estimates from the 2010 British Gambling Prevalence Survey" has not yet been published but is summarised in the document "People with Gambling Problems are making a Massive Contribution to Gambling Profits."

This summary provides an estimate that the amount lost by betting shop B2/FOBT problem gamblers was at least **£297 million** in 2010, being more than the estimated total of problem gambled losses at several other leading gambling activities combined. It also indicates that the percentage of total betting shop B2 losses from problem gamblers was **23%**, being over double the collated estimate of the percentage of total losses from problem gamblers at the other leading gambling activities.

Also there is relevant evidence in the NatCen research, released in March 2013 by the Gambling Commission. The last section of the Machines in bookmakers' summary identifies the typical betting shop B2 player profile and states that this profile is more vulnerable to gambling-related harm. It states that the "**Prevalence of past year participation on bookmakers' machines has increased since 2007. Greatest increases were observed among men aged 16-34, where past year estimates increased from 9% in 2007 to 14% in 2010**".

The same NatCen Report has highlighted that "**The profile of people who played machines in bookmakers remained similar in 2007 and 2010, though the gap between men and women widened, the age profile became younger and a greater proportion were from lower income groups, though this was related to age.**"_ This correlation with lower income groups even determined by age is borne out by the obvious clustering of betting shops and B2 machines in more deprived areas.

The type of gambler that is most vulnerable to problem gambling harm, male, young, unemployed or on low income is also the type of gambler who is most likely to cause harm to individuals and society as a result of problem gambling. Therefore the socio-economic cost of betting shop B2s is likely to be higher per gambler than any other gambling activity. As the total amount lost by gamblers on betting shop B2s is now exceeding the total amount lost by gamblers on any other gambling activity, then the total socio-economic cost of betting shop B2s is far higher than that of any other gambling activity.

Summary of recommendations

In light of the above empirical evidence, all the DCMS proposals in respect of B2 machines are incorrect. The evidence provided suggests that the B2 category should be discontinued.

Existing B2 machines could easily be converted to B3s by removal of the B2 content.

The game content which includes copies of casino table games such as roulette and blackjack and allows stakes above £2 (the FOBT content) would be removed. B3 content that is themed on casino table games such as roulette or blackjack would still be allowed.

The B3 stakes and prize limits would remain at the Package 4 current B2 and B3 levels of a £2 maximum stake and a £500 maximum prize.

Links to relevant studies/information:

- [Gambling Commission Industry Stats March April 2009 – March 2012- December 2012.pdf](#)
- [Examining machine gambling in the British Gambling Prevalence Survey March 2013.pdf](#)
- [Professor Linda Hancock's submission to the DCMS review of the Gambling Act 2005: A Bet Worth Taking.pdf](#)
- ["Disordered gambling and gambling involvement in the British Gambling Prevalence Survey 2007".pdf](#)
- [BASIS: "The 2007 British Gambling Prevalence Survey: Considering Gambling Involvement".pdf](#)
- ["People with Gambling Problems are making a Massive Contribution to Gambling Profits".pdf](#)