

Review of Gaming Machines and Social Responsibility Measures

A Submission from CARE

About CARE

1. CARE (Christian Action Research and Education) is a well-established mainstream Christian charity providing resources and helping to bring Christian insight and experience to matters of public policy and practical caring initiatives across the UK. **CARE's concern in responding to this call for evidence is to see reduction of the stakes for B2 machines.** For more information about this submission, please contact [REDACTED] CARE Public Policy Team, 53 Romney Street, London, SW1P 3RF, [REDACTED]

Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government's objectives set out in this document?

2. CARE warmly welcomes this Review to ensure balance between socially responsible industry growth and protection of consumers and the wider communities (para 1.4). However, we note that under section 1 of the Gambling Act 2005¹ none of the licensing conditions have as their objective to encourage industry growth. Rather they are to:
 - a) Prevent gambling from being a source of crime or disorder, being associated with a crime or disorder or being used to support crime,”
 - b) Ensure that gambling is conducted in a fair and open way; and to
 - c) Protect children and other vulnerable persons from being harmed or exploited by gambling.
3. We believe that these should be the principle concerns of the Government especially as there has been a consistent increase in the income from B2 machines (see Table 3, Annex C of Call for Evidence). We are particularly concerned about the impact that can and often does result from problematic FOBTs machine play – including, the risk of large debt and family and relationship breakdown. CARE has been calling on the Government to reduce stakes on FOBTs/Category B2 machines from a possible £100 (or £50 when unauthorised) to £2, in order to bring the maximum stakes on FOBTs in line with stakes on other gambling machines, with no change to the maximum prize of £500. Industry representatives suggest that the studies cannot definitively show that there is a causal link between problem gambling and FOBTs.^{2 3} However, CARE is of the view that the research evidence, such as that referred to below, indicates a *relationship* between the two which is more than sufficient to warrant a cautionary approach towards FOBTs.

Prevent gambling from being a source of crime or disorder, being associated with a crime or disorder or being used to support crime

4. FOBTs have been linked with both anti-social and criminal behaviour, with reports in the press showing:
 - gamblers vandalising FOBT machines after losing large sums of money;^{4 5 6 7}

¹ Section 1, Gambling Act 2005, <http://www.legislation.gov.uk/ukpga/2005/19/section/1>

² The Truth about Betting Shops and Gaming Machines – ABB Submission to DCMS Triennial Review, April 2013, pg 21
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/248922/Association_of_British_Bookmakers.pdf

³ William Hill Annual Report and Accounts, 2004, page 3, http://files.williamhillplc.com/media/1206/ar_2004.pdf

⁴ Gambling addict smashed up Ladbrokes gaming machine after losing all his money, *Birmingham Mail*, 26 May 2014
<http://www.birminghammail.co.uk/news/midlands-news/gambling-addict-smashed-up-ladbrokes-7171326>

⁵ Gillingham gambler Robert Deeming smashes up fixed odds betting terminals at William Hill and Coral in Chatham, *Kent Online*, 5 February 2016 <http://www.kentonline.co.uk/medway/news/chatham-gambling-addict-17672/>

- ex-betting shop staff recall feeling intimidated⁸ and scared⁹ when individuals lose money on FOBT machines;
 - betting shops accounted for more than 200 of the 523 serious robberies against commercial properties in London in 2015.¹⁰
5. The machines have also been associated with money laundering – an article in the *New Statesman* notes that the ability to “feed cash into FOBTs has made them an easy vehicle for money launders.”¹¹ They reference an article in *The Guardian* which details conversations with a drug dealer who states that FOBTs “turn dirty money clean.” The dealer, known as “James” runs through the process, stating that drug money is put into the machines - some is lost, but the vast majority is cashed out. The dealer is given a printed ticket, showing they have gambled that day so, if stopped by the police, the dealer has a seemingly ‘legitimate’ reason for having large sums of money.¹²
 6. In 2013, the Gambling Commission released a statement admitting that an individual had been able to launder as much as £90,000 in Coral betting shops and whilst staff had lodged a Suspicious Activity Report with the police, they did not challenge the individual despite having several opportunities to do so.¹³

Ensure that gambling is conducted in a fair and open way

7. FOBTs are distinctive in allowing for a particularly high speed of play, with it being possible for players to place a maximum £100 stake every twenty seconds¹⁴ – that is £18,000 per hour.¹⁵ It is consequently possible to lose large amounts of money very quickly. Derek Webb from the Campaign for Fairer Gambling suggests FOBTs are “irreconcilable with the three objectives of the 2005 Gambling Act.”¹⁶ He argues that the fact that players are not informed about the fast speed of

⁶ All bets off: Blackburn man banned from every bookies in the country after smashing up gaming machines in anger, *Lancashire Telegraph*, 16 May 2015
http://www.lancashiretelegraph.co.uk/news/12954333.ALL_BETS_OFF_Blackburn_man_banned_from_every_bookies_in_the_country_after_smashing_up_gaming_machines_in_anger/

⁷ Record number of punters smash up ‘crack cocaine’ fixed odds betting terminals, *The Sun*, 13 December 2015
<http://www.thesun.co.uk/sol/homepage/news/6800919/Record-number-of-betting-machines-being-vandalized.html>

⁸ Harry Vale, an ex- betting shop worker recalled quitting his job because a gambler had behaved in a violent and intimidating way towards him.
 ‘There’s always someone kicking off’: the perils of being a bookmaker, *The Guardian*, Friday 22 July 2016
<https://www.theguardian.com/society/2016/jul/22/theres-always-someone-kicking-off-the-perils-of-being-a-bookmaker>

⁹ The Big Gamble: The Dangerous World of British Betting Shops, *The Guardian*, 31 May 2016
<https://www.theguardian.com/business/2016/may/31/big-gamble-dangerous-british-betting-shops>

¹⁰ Betting shops odds-on favourites to be targeted by robbers, police warn, *The Guardian*, Friday 22 July 2016
<https://www.theguardian.com/uk-news/2016/jul/22/betting-shops-serious-crime-robbery-metropolitan-police-flying-squad>

¹¹ FOBTs – beyond regulation, Linda Hancock and Jim Orford, ‘Fixed Odds Betting Terminals: Are we gambling with our nation’s well-being?’ *New Statesman*, 16-22 May 2014, page 10
<http://www.newstatesman.com/sites/default/files/files/Fixed%20Odds%20Betting%20Terminal%20supplement.pdf>

¹² The Gambling Machines Helping Drug Dealers ‘turn dirty money clean,’ *The Guardian*, 8 November 2013
<http://www.theguardian.com/uk-news/2013/nov/08/gambling-machines-drug-money-laundering-bookies>

¹³ Public Statement: Weakness in anti-money laundering and social responsibility controls, Coral Racing Limited, Gambling Commission, 30 September 2013, <http://www.gamblingcommission.gov.uk/pdf/Press%20release%20-%20public%20statement%20re%20Coral%20Racing%20Limited.pdf>

¹⁴ Gambling Commission, Machine Standards Category, B2, June 2012, para 5.7
<http://www.gamblingcommission.gov.uk/pdf/machine%20standards%20category%20b2%20june%202012%20revision%202.pdf>

¹⁵ Curse of Modern Gambling Must be Curbed, *The Times*, 10 March 2016
<http://www.thetimes.co.uk/tto/opinion/columnists/article4709399.ece>

¹⁶ The most addictive form of Gambling, Derek Webb, ‘Fixed Odds Betting Terminals: Are we gambling with our nation’s well-being?’ *New Statesman*, 16-22 May 2014, page 6
<http://www.newstatesman.com/sites/default/files/files/Fixed%20Odds%20Betting%20Terminal%20supplement.pdf>

play on FOBTs and are not given proper information about playback percentages is inconsistent with the principle that gambling should be “fair and open.” Lord James in his intervention in the Policing and Crime Bill suggested that there should be audits of how FOBTs are operating to ensure they mirror physical roulette wheels and that they are operating at the correct speeds.¹⁷

Protect children and other vulnerable persons from being harmed or exploited by gambling

8. CARE is concerned that vulnerable people are being harmed or exploited by gambling because of the **links between FOBTs and problem gambling** :
 - In the last British Gambling Prevalence Survey (BGPS) in 2010 problem gambling prevalence figures were the third highest among FOBT users who had gambled during the past year at 8.8%; and sixth highest for those who used FOBTs regularly (at least monthly).¹⁸
 - Research has shown 26% of the days played on FOBTs were attributable to problem gamblers and 23% of all spend of FOBT machines was attributable to problem gamblers; both of these were the second highest percentage of all types of gambling.¹⁹
 - 37% of betting shop loyalty card users²⁰ said they had experienced problems with machine gambling.²¹ This is particularly disturbing. Loyalty card users tend to gamble fairly regularly. Are we happy to accommodate a leisure activity that if pursued regularly results in 37% of people getting into difficulties of the kind associated with problem gambling??
 - 23% of those calling GamCare in 2015/16 for help with issues associated with gambling cited FOBTs and for 20% of those in counselling FOBTs were the main activity discussed.²²
9. A 2016 study commissioned by the Responsible Gambling Trust and conducted by Geofutures, showed that problem gambling prevalence rates were higher among individuals living in close proximity to local betting shops.²³ The researchers mapped out areas with a high concentration of betting shops containing FOBTs and revealed that while causation could not be established, a

¹⁷ House of Lords, 9 November 2016, col 1227-9
<https://hansard.parliament.uk/lords/2016-11-09/debates/76525859-A403-484A-93CB-994F94C98B95/PolicingAndCrimeBill>

¹⁸ The British Gambling Prevalence Survey 2010, Heather Wardle, Alison Moody, Suzanne Spence, Jim Orford, Rachel Volberg, Dhriti Jotangia, Mark Griffiths, David Hussey and Fiona Dobbie, *National Centre for Social Research (Natcen)*, Table 6.4, page 96. The report shows that the first and second problem gambling prevalence figures were among those playing poker in pubs/clubs (12.8%) and those playing online slot machine type games (9.1%) respectively.
<http://www.gamblingcommission.gov.uk/PDF/British%20Gambling%20Prevalence%20Survey%202010.pdf>

¹⁹ A secondary study which utilised the results of the BGPS 2010 examined time and amount spent on gambling activity as useful indicators of problem gambling. What proportion of gambling is problem gambling? Estimates from the 2010 British Gambling Prevalence Survey, Jim Orford, Heather Wardle & Mark Griffiths, Schools of Psychology, University of Birmingham UK, *National Centre for Social Research (Natcen)*, London UK, *International Gaming Research Unit, Psychology Division, Nottingham Trent University*, Nottingham, UK, 21 May 2012
<http://www.stopthefobts.org/wp-content/uploads/2013/07/Jim-Orford.pdf>

²⁰ The researchers reported that loyalty card holder users were used because it gave them access to more information about the participants machine play. “People who signed up for a loyalty card from a bookmaker’s were heavily engaged in gambling. Compared with machines players identified in the British Gambling Prevalence Survey 2010, loyalty card holders were more likely to gamble at least once a week and to take part in more forms for gambling. They were also more likely to be of non-White ethnic origin and to live in deprived areas.” (Page 7)

²¹ Gambling Machines Research Programme, Report 2: identifying problem gambling – findings from a survey of loyalty card customers, Heather Wardle, David Excell, Eleanor Ireland, Nevena Ilic and Stephen Sharman, *Natcen*, 26 November 2014, Table 5.10, page 69

http://www.responsiblegamblingtrust.org.uk/user_uploads/pdfs/report%202%20identifying%20problem%20gambling%20-%20findings%20from%20a%20survey%20of%20loyalty%20card%20customers.pdf

²² Briefing Paper – GamCare Annual Statistics 2015-16
http://www.gamcare.org.uk/sites/default/files/file_attach/Briefing%20Paper%20-%20GamCare%20Statistics%202015-16.pdf

²³ Patterns of Shops, Patterns of Play: insight into how space may relate to behaviour, *Geofutures*, 25 May 2016
<https://www.geofutures.com/research-2/patterns-of-shops-patterns-of-play-insight-into-how-space-may-relate-to-behaviour/>

relationship was discovered between problem gambling and the clustering of betting shops with FOBTs for 'highly engaged' loyalty card gamblers.²⁴

10. We also note the recent data from the Gambling Commission that reports 450,000 children gamble every week. 16% of 11-15 year olds had spent money on gambling in the previous week. 1% said that they had spent money on gaming machines in betting shops, which are over 18-only premises.²⁵ Given that this data does not cover 16 and 17 year olds, it is likely that there are many more than 450,000 non-adults gambling every week.
11. CARE believes that there is a clear and pressing need for a policy solution that addresses the heart of the FOBT problem - the combination of the high speed of play and the ability to bet large stakes, every twenty seconds. The solution proposed by many concerned stakeholders and specifically by CARE, is to **reduce the amount that can be staked per spin from (a maximum) £100 to £2, bringing FOBTs into line with other gaming machines**. Reducing the stakes on FOBT machines from £100 to £2 is the best way to protect the vulnerable from harm - enabling gamblers to minimise losses and prevent anti-social behaviour and crime. An Australian study has highlighted the benefits of reducing stakes for those who particularly have a problem with their gambling – the research noted that problem gamblers spent less time and lost less money on machines which had been modified to ensure that the maximum bets were \$1 instead of \$10.²⁶ Reducing the stakes would also be the most effective way to meet, in particular, the first and third objectives of the Gambling Act 2005 and provides a clear way for gambling providers to uphold their social responsibility obligations. **We urge the Government to lower the stakes for B2 machines.**
12. There is substantial support for lowering the stakes of B2 machines:
 - A YouGov poll conducted in April 2014 revealed that 73% of those polled thought that the maximum £100 stake which can be placed on FOBT machines was too high and should be reduced. 61% of those polled would support a £2 cap on the amount bet per spin.²⁷
 - Newham Council conducted a public opinion poll on FOBT machines; the results of which revealed that 70% of individuals polled thought that the £100 maximum stake on FOBTs is too high.²⁸
 - 93 local councils have urged the Government to reduce the stakes on FOBTs from £100 to £2, under the Sustainable Communities Act.^{29 30}

²⁴ Secondary Analysis of Machine Data, Examining the effect of proximity and concentration of B2 machines to gambling play, *Geofutures Gambling & Place Research Hub*, 29 March 2016
<http://www.responsiblegamblingtrust.org.uk/media/1260/geofutures-secondary-analysis-of-machines-data-final.pdf>

LBO means Licensed Betting Offices.

²⁵ Young People and Gambling 2016, A research study among 11-15 year olds in England and Wales November 2016, page 8

<http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf>

And <http://www.gamblingcommission.gov.uk/Press/2016/New-report-indicates-450000-children-gamble-every-week.aspx>

²⁶ The Assessment of the Impact of the Reconfiguration on Electronic Gaming Machines as Harm Minimisation Strategies for Problem Gambling, A Report for The Gaming Industry Operators Group, Alex Blaszczyński PhD, Louise Sharpe PhD, Michael Walker PhD, *University of Sydney Gambling Research Unit, University of Sydney*, November 2001, pages 10-12

<http://stoppredatorygambling.org/wp-content/uploads/2013/04/Blaszczyński-Assessment-of-the-Impact-of-the-Reconfiguration-on-Electronic-Gaming-Machines-as-Harm-Minimisation-Strategies-for-Problem-Gambling.pdf>

²⁷ Overwhelming 70% of Brits want FOBTs restricted, *Stop the FOBTs website*, Campaign for Fairer Gambling
<http://www.stopthefobts.org/overwhelming-70-of-brits-want-fobts-restricted/>

²⁸ Newham Council leads 93 council in call to curb casino style gambling on the high street, *Newham London website*, 28 November 2014, <https://www.newham.gov.uk/Pages/News/Newham-Council-leads-93-councils-in-call-to-curb-casino-style-gambling-on-the-high-street.aspx>

²⁹ Sustainable Communities Act Submission. Also see Newham's Sustainable Communities Act proposal and Betting Shop Campaign, 2014

<https://www.newham.gov.uk/Documents/Misc/SustainableCommunitiesActBettingShopCampaign.pdf>

- The umbrella organisation, Local Government Association (LGA) which represents councils across England and Wales has also suggested that more needs to be done to enable councils to deal with the problems associated with FOBT use. Reducing stakes on FOBT machines was one of the three changes recommended by the LGA.³¹
- An open letter signed by academics and faith groups called for the reduction in stakes as recommended in Lord Clement Jones's Bill³² – signatories to a further letter published in March 2016, included MPs, Peers as well as current mayor, Rt. Hon. Sadiq Khan.³³ A ComRes survey published in April 2016 of 150 MPs showed that 72% of MPs felt that Fixed Odds Betting Terminals should be subject to tougher regulation.³⁴ In addition, 67% of MPs suggested that the £100 stake is too high.³⁵

Q2. To what extent have industry measures on game machines mitigated harm or improved player protections and mitigated harm to consumers and communities?

13. The central difficulty when considering the public policy challenges associated with FOBTs is that the industry has no incentive to change because the ability to bet large sums quickly has made FOBTs a significant source of income. Ladbrokes Plc's 2014 annual report for example, reveals that machine revenue per terminal per week was £996 over the year;³⁶ they also suggest that gaming and self-service machines "*drive growth*."³⁷ Similarly, the Gambling Commission's Gambling Industry Statistics report shows that FOBTs have seen an increase in numbers since 2011.³⁸ In addition, the report notes that category B2 machines were responsible for "66.7% of the total machines GGY"³⁹ for the period Oct 2014-Sept 2015" with increases in Gross Gambling Yield year on year.⁴⁰ When considering only machines in betting shops, B2 machines account for £1.69mn of GGY, 99.7% of GGY.⁴¹ In this context, **far from seeing the restriction of FOBTs, we have witnessed a continuing increase in the importance of these machines to high street betting shops.**
14. The Government has to date taken some limited action, enacting the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015 which require gamblers wishing to bet

³⁰ Government urged to reconsider reducing FOBT stakes, *Newham London website*, 21 December 2015 <https://www.newham.gov.uk/Pages/News/Government-urged-to-reconsider-reducing-FOBT-stakes.aspx>

³¹ Local Government Association Briefing: Fixed Odds Betting Terminals, 23 March 2015 <http://www.local.gov.uk/documents/10180/6869714/2015+03+23+LGA+Briefing+-+FOBTs.pdf/9ca968bb-d210-4b93-b124-fb05d79e59f2>

³² Betting shops bill, *The Times*, 5 July 2015 <http://www.thetimes.co.uk/tto/opinion/letters/article4488565.ece>

³³ Betting Bill Backed, *The Times*, 10 March 2016 <http://www.thetimes.co.uk/tto/opinion/letters/article4710118.ece>

³⁴ Calls for 'crack cocaine' gambling machines clampdown as MPs demand tougher regulations, *The Mirror*, 19 April 2016 <http://www.mirror.co.uk/news/uk-news/calls-crack-cocaine-gambling-machines-7789539>

³⁵ *Ibid.* See also http://comresglobal.com/wp-content/uploads/2016/04/Campaign-for-Fairer-Gambling_MPs-2016.pdf

³⁶ On Track, annual report and accounts 2014, *Ladbrokes Plc*, page 19 <http://www.ladbrokesplc.com/~media/Files/L/Ladbrokes-V2/Reports/annual-report-2014.pdf>

³⁷ *Ibid.*, page 1

³⁸ In April 2010-March 2011 the number of FOBTs was 32,862. In Oct 2014-Sept 2015 the number was 34,890 Gambling Industry Statistics, April 2011- September 2015, Published June 2016, *Gambling Commission* <http://www.gamblingcommission.gov.uk/docs/Industry-statistics-April-2011-to-September-2015.docx> And Excel data on statistics April 2008-Sept 2015 <http://www.gamblingcommission.gov.uk/docs/Industry-Statistics-April-2008-to-September-2015.xlsx>

³⁹ GGY- "Gross Gambling Yield." This is the total amount paid to the provider through stakes, plus additional monies that will be paid to the provider flowing from activities authorised by the licence, minus the amounts paid through prizes. See How do I calculate my annual Gross Gambling Yield, *Gambling Commission* <http://www.gamblingcommission.gov.uk/FAQs/Betting/How-do-I-calculate-my-Annual-GGY.aspx>

⁴⁰ Gambling Industry Statistics, *Op Cit*, page 7

⁴¹ *Ibid.*, page 10

more than £50 on B2/FOBTs to do so either through a verified account or via over-the-counter authorisation (OTC).⁴² The measure was recently evaluated to determine how well it was meeting its objectives to help gamblers “*stay in control of their gambling*” through account based play and staff interaction.⁴³

15. The Department for Culture, Media and Sport (DCMS) published its assessment of the impact of the regulations in January 2016. These revealed that only a limited number of stakes were being placed through verified accounts (between 8% and 11%) and that people placing bets with staff only occurred in around 1% of sessions.⁴⁴ Thus the uptake for stakes being placed through verified accounts and OTC authorisation was incredibly low and suggests that the Government’s attempt to track players has been unsuccessful. The £50 intervention has been criticised by the Campaign for Fairer Gambling who say that despite DCMS stating that the overall policy objective of the measure is to increase opportunities for staff to engage with players, the Government has been unable to provide information as to whether staff interaction is occurring and whether the intervention is actually effective.⁴⁵
16. In addition, the DCMS evaluation report noted that from 2014-2015 there had been a £6.2 billion reduction in the amount bet over £50 and a £5.1 billion increase in the amount staked between £40 and £50 – a decrease of roughly 10.1%.⁴⁶ This suggests that the intervention is simply changing the way that players play and not seriously curbing problem gambling with respect to FOBTs.

Q3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation?

17. CARE urges the Government to consider the evidence of *Impact on relationships and family life* of those who use FOBTs.
18. There are very real concerns about what effect problematic FOBT machine play can have on the individual gambler and his/her family life and jobs, and even in some cases, gamblers taking their own lives. These concerns are compounded as players do not have to chase their losses for very long before **losing significant sums of money**. Stories in the press have shown how problematic FOBT use can lead to financial problems and family breakdown.⁴⁷
19. Research in Liverpool reported that the impacts of problem gambling more generally include, “*impact on family life, relationships and employment, as well as financial impacts. Gambling took respondents’ time away from relationships, as well as their money, and they led to mistrust and arguments within the family, or with friends. Problem gambling can lead to problems with sleep, due to anxiety, and has a ‘ripple’ effect, as one person’s gambling problems can impact upon a lot of people. Staff who worked with people who had problems with gambling reported that their families were at risk of anxiety and depression.*”⁴⁸

⁴² Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015

<http://www.legislation.gov.uk/uksi/2015/121/contents/made>

⁴³ Evaluation of Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, *The Department for Culture, Media and Sport, January 2016*, page 1

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/493714/Evaluation_of_Gaming_Machine_Circumstances_of_Use_Amendment_Regulations_2015.pdf

⁴⁴ *Ibid*, pages 2 and 3

⁴⁵ Government FOBT Evaluation ignores betting shop FOBT crime, *Politics Home*, 28 January 2016

⁴⁶ Evaluation of Gaming Machines, DCMS, *Op Cit*

⁴⁷ Testimonials, Appendix M: Anecdotal Evidence of Problem Gambling, *Stop the FOBTs website*

<http://www.stopthefobts.org/testimonials/>

Also see, When the chips are down: what it’s like to gamble everything away, *The Guardian*, 18 February 2016
<http://www.theguardian.com/commentisfree/2016/feb/18/gamble-away-everything-fixed-odds-betting-terminals>

20. A study published in 2016 on addictive behaviours in 72 homeless adults in Westminster identified elevated rates of problem gambling in the group with 82.4% of those reporting problem gambling stated that their gambling preceded their homelessness. The authors reported that “*our homeless participants identified Fixed Odds Betting Terminals as the most problematic form of gambling.*”⁴⁹

Q4. What, if any, changes in the number and location of current gaming machines allocations support the government’s objectives set out in this document?

21. There is a concern that FOBTs are found in lower income areas. The BGPS 2010 showed that the unemployed were more likely to use FOBT machines in comparison to those in employment; retired; in full time education; or caring for the family. It also showed that high-time/high-spend gamblers who had a relative preference for betting on horse races, FOBTs and playing casino games were “*more likely to live in areas of greatest deprivation, live in low income households and be unemployed.*”⁵⁰
22. In 2014, Landman Economics was commissioned by the Campaign for Fairer Gambling to examine research conducted by the Local Data Centre Company (LDC) which revealed that the largest number of betting shop licences were in the most socially deprived areas.⁵¹ The number of betting shops in socially deprived areas is concerning because FOBTs are most often found in betting shops. The latest Gambling Commission Industry Statistics published in August 2016 show that of the 34,890 FOBTs which they recorded in the period Oct 2014–Sept 2015, all but 186 were found in betting shops.⁵² The Commission’s data shows that as of 31 March 2016 there were 8,809 betting shops premises. Using the most recent data on betting shops and B2 machines, it is possible to estimate that there are 3.9 FOBTs in each betting shop.⁵³ Gaming machines account for 56% of total betting shop GGY (Gross Gambling Yield).⁵⁴
23. CARE supports the call by local councils to have more control of the number of B2 machines that are in their communities by restricting the number of betting shops. CARE supports the LGA call for cumulative impact tests to be introduced to enable councils to reject applications for new betting shops where there are already existing clusters of shops and for licensing laws to be updated to allow councils to take health issues associated with problem gambling and anti-social behaviour concerns into account when considering applications.⁵⁵

Q5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation?

⁴⁸ Fixed Odds Betting Terminal Use and Problem Gambling Across the Liverpool City Region, *Liverpool Public Health Observatory Report No 95*, April 2014, pages 1–2
<http://researchonline.ljmu.ac.uk/1996/1/Problem%20gambling.pdf>

⁴⁹ Sharman S et al, Down and Out in London: Addictive Behaviors in Homelessness, *Journal of Behavioral Addictions* 5(2), pp. 318–324 (2016). Quote from page 322
<http://www.akademai.com/doi/full/10.1556/2006.5.2016.037>

⁵⁰ The British Gambling Prevalence Survey 2010, Heather Wardle, Alison Moody, Suzanne Spence, Jim Orford, Rachel Volberg, Dhriti Jotangia, Mark Griffiths, David Hussey and Fiona Dobbie, *National Centre for Social Research* (Natcen), Table 3.6, page 45 and 11
<http://www.gamblingcommission.gov.uk/PDF/British%20Gambling%20Prevalence%20Survey%202010.pdf>

⁵¹ New Research shows betting shops target areas of deprivation, Campaign for Fairer Gambling, *Politics Home*, 18 December 2014
<https://www.politicshome.com/document/press-release/new-research-shows-betting-shops-target-areas-deprivation>

⁵² See Tables 3, 6, 19 Gambling Industry Statistics, *Op Cit*

⁵³ *Ibid*, See Table 5, page 9. Note that the data on B2 machines is six months behind that of betting shops

⁵⁴ *Ibid*, page 10

⁵⁵ ‘Maximum stakes on fixed odds betting machines needs reducing, councils urge’, Local Government Association, 22 April 2016 http://www.local.gov.uk/media-releases/-/journal_content/56/10180/7799742/NEWS

24. In terms of FOBTs, since research published in April 2016 suggests that FOBTs *“are particularly attractive to unemployed people, with twice the proportion of people out of work playing them as those in work”* we would suggest that the social responsibility measures have had little effect on FOBT use. The authors of the research said *“we believe the high level of use among unemployed people is an issue that should be addresses by policy makers.”*⁵⁶
25. It is, however, vital to remember that machine use is not the only area of concern in relation to which social responsibility measures must be assessed. As Baroness Howe - speaking in the House of Lords on 17 December 2013 - pointed out, the figure for online problem gambling is much higher than for gambling generally. ‘Far from being 0.9% of the whole population (the general problem prevalence figure in the last GB survey in 2010), the problem figures for online slot machines are actually more than 9% and, measured on a monthly basis, are 17% of those who gamble.’ (See col 1232) It is hugely important that as well as taking FOBTs seriously, this review also takes the general problems associated with online gambling seriously.
26. In this context, during the passage of the Gambling (Licensing and Advertising) Bill, parliamentarians pointed out that one of the main social responsibility tools, ‘self-exclusion’ isn’t working in the online context. Self-exclusion means that on a strong day a problem gambler can visit the 4 or 5 betting shops in their area and self-exclude for a period of their choice, obliging the betting shop not to serve them for that period. They will have effectively cut themselves off from local gambling opportunity during which time they can try and get the help they need. However, although it is technically possible to self-exclude from online gambling, if you self-exclude from four sites there are still hundreds if not thousands of sites still available without even leaving your house. Online problem gamblers are, therefore, denied a comparable opportunity to cut themselves off from online gambling for a set period during which time they can get help.
27. The case was made very strongly for the introduction of a national remote gambling exclusion regime, sometimes called, multi-operator self-exclusion. This would enable a problem gambler to register their self-exclusion once with the Gambling Commission and then any sites with a Gambling Commission license would be required, by the terms of their license to respect the terms of the self-exclusion. (Problem Gamblers, and indeed everyone else, would, meanwhile, be protected from unlicensed sites by Financial Transaction Blocking, see below).
28. The Government sought to avoid votes on this matter in the Lords by announcing on 4 March 2014 that it aimed to “... mak[e] significant progress within six months towards the establishment of a national remote gambling exclusion scheme” for those online (see Hansard Mar 2014 : Column 1316). However, almost three years later there has been little concrete action to make multi-operator self-exclusion a reality. This situation is completely unacceptable. It is now imperative that the remote gambling multi-operator self-exclusion scheme be rolled out as quickly as possible and certainly within the next 6 months.
29. The other key social responsibility provision in this regard was the Government’s response to the point made by parliamentarians that the Gambling (Licensing and Advertising) Bill was completely without any kind of credible enforcement power. Amendments were tabled to make provision for statutory Financial Transaction blocking so that any site without a UK Gambling Commission license seeking to conduct a transaction with someone in the UK would be blocked. The Government again sought to avoid votes by announcing, again on 4 March, that

⁵⁶ Reed in Partnership, Gambling and Employment, April 2013, page 16
<http://www.reedinpartnership.co.uk/media/176839/gambling%20and%20employment%20report.pdf>
 And <http://www.reedinpartnership.co.uk/latest-news/gambling-report-2016>

the Gambling Commission would work with financial transaction providers on a voluntary basis to block transactions with illegal sites, thereby protecting UK consumers from unlicensed sites. (see Hansard 4 Mar 2014 : Column 1283) It is not clear whether this is working and CARE argues that if the Government is to take social responsibility seriously this arrangement should be based on a transparent statutory foundation.

Q6. Is there anything further that should be considered to improve social responsibility measures across the industry?

30. CARE believes that the socially responsible action would be to reduce the stakes on B2 machines to £2.
31. CARE believes that the Government must ensure that after three years delay the promised national remote gambling exclusion scheme is introduced, certainly within the next 6 months.
32. CARE believes that better care needs to be taken to protect people in the UK from foreign gambling sites without a UK license and that the current voluntary financial transaction blocking arrangements should be placed on a transparent, publicly accountable statutory foundation.

Q7. Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people for the possible harmful impact of gambling advertising?

33. Since the passage of the Gambling Act 2005, advertising for gambling has become the norm across all forms of media. From 2006-2013 there was a 600% increase in gambling advertising in the UK. In addition, the Gambling (Licencing and Advertising) Act 2014 opened the UK market still further to any online gaming website based anywhere in the world provided they obtain a Gambling Commission license. In short, we have been exposed to a dramatic increase in gambling advertising over a relatively short period of time – advertising which can be seen by impressionable and vulnerable groups such as problem gamblers and children, particularly during sporting events on television.
34. The Gambling Commission's most recent data on young people between the ages of 11-15 suggests that more are gambling than smoking or drinking: the overall rate of gambling among 11-15 year olds is around 16%. This figure compares to 5% of 11-15 year olds who have smoked and 8% who have drunk alcohol in the last week, while 6% have taken drugs in the last month. The fact that 75% say they have seen gambling advertised on TV, 63% on social media, 57% on other websites and 9% are follow gambling companies on social media all raises questions about the appropriateness of the current rules on gambling advertising.⁵⁷ CARE advocates banning advertising of gambling of any kind before the 9pm watershed, including around televised sporting events. It could also be argued that it would be appropriate to ban gambling advertising of any kind except in print media as was the case before the Gambling Act 2005 in order to minimise children's exposure.

Q8. Any other relevant issues, supported by evidence that you would like to raise as part of this review but there has not been covered by questions 1-7?

35. CARE is concerned about the proliferation of any unlicensed websites and especially those that encourage children. We are aware of the controversy surrounding the game *Counter Strike and Global Offensive* (CS:GO), which is run by Valve with their Steam gaming portal. We recognise the fact that many players are under 18 and are concerned that there is a trend towards being able to

⁵⁷ Gambling Commission Report, page 3, and Press Release, *Op Cit*

gamble on roulette and blackjack. Given that these are also the type of games that are found on Fixed Odds Betting Terminals (FOBTs), CARE is concerned that young people playing these games online will transfer to playing FOBTs leading to the associated problems that are documented above for these types of machines.

36. We are aware that two law suits that have been brought in the US District Courts of South Florida and Connecticut; and that it has been reported since these cases have been filed, that Valve has sought to shut down gambling sites. If this is the case, it is welcome. However, if the figures of how large the 'skins' market are to be believed and the amount being gambled is as large as authors say (for instance, estimated in *Understanding Skin Gambling*⁵⁸ to be \$7.9bn worldwide), we are sceptical that the market can be shut down overnight.
37. However, much of the information surrounding the stories of betting on sites associated with Steam and with eSports refers to large numbers of users, many apparently teenagers, and to vast sums of money involved, but with little or no reference to where these figures are from. CARE recommends that the Gambling Commission should report every six months on the evidence of the number of UK children and young people involved, the sums of money involved and the types of gambling and websites involved. This report should cover the number of online gambling websites that are operating without a licence and what is happening on enforcement. Such a report would increase transparency for parents and policy makers about what is happening in a rapidly changing market and provide the foundation for appropriate action for both constituencies.

⁵⁸ <http://www.esportsbettingreport.com/wp-content/uploads/2016/07/A-Guide-To-Skin-Gambling.pdf>