



Response by Done Brothers (Cash Betting) Ltd t/a Betfred to the Government's 'Review of Gaming Machines and Social Responsibility Measures'

December 2016

Introduction - The Betfred Group

The Group operates Betfred, Totepool and Totesport. The Group also operates 1360 Licensed Betting Offices on Britain's 'High Streets', pool betting on 58 racecourses, 51 retail betting shops on-course and online / mobile betting.

The Company was founded by brothers Fred and Peter Done who started with just one shop in Salford in 1967. Back then Betfred differentiated itself by offering excellent customer value and excellent service. These principles are still at the heart of the business today, and no other bookmaker offers daily bonuses and price boosts like Betfred.

In early 2017 the number of Licensed Betting Offices will increase to 1,682 after the acquisition of 322 shops from Ladbrokes Coral as part of their merger. This acquisition shows that Betfred still believe in betting shops, and still believe in Britain's 'High Streets'.

This acquisition is on the back of Betfred buying the Tote from the Government in 2011. That deal included 517 Licensed Betting Offices together with the exclusive licence to run pool betting on horse-racing until 2018. As part of the deal Betfred committed to pay racing 9m a year in direct contributions. Last year the contribution was 13.3m and Betfred have surpassed the 9m commitment every year since 2011. In September 2015 to 2016 as part of this direct contribution, the Betfred group paid racing 7m in sponsorships. This equates to nearly 700 races a year and the Betfred Group is horse racing's biggest supporter.

On top of this direct contribution the Betfred Group also pay levy; last financial year the amount paid was just under 10m plus media rights. The payment to the two picture suppliers last financial year, Turf TV and SIS, totalled 43m.

The Betfred Group does not just support horse racing. For example it has just extended its sponsorships with Nottingham, Sheffield and Kinsley Greyhound stadiums until 2019. And Betfred is also proud to be the headline sponsor of the World Snooker Championships from the Crucible in Sheffield. This association began in 2009 and has been recently extended until at least 2019.

From 2017 Betfred have also entered into an agreement with Rugby League to become the headline sponsor of the Super League in a 3 year deal.

In addition Betfred have entered a three year contract with the SPFL to sponsor the Scottish League Cup which has been rebranded the "Betfred Cup". Betfred has also sponsored World Title Boxing matches and since 2009 has sponsored the Annual Boxing Writers' Dinner.

All these sponsorships across a number of sports show that the Betfred Group is a great supporter of sport and contributes large amounts to Britain's sporting landscape.

The Betfred Group is also an investor in people. The Betfred Group is a growth story and employs over 10,000 people; this will obviously grow further with the acquisition of 322 shops from Ladbrokes Coral.

Finally the Betfred Group makes a significant contribution to the exchequer which is detailed below.

Amount Paid In Taxes/Duties	
	FY16
	£'000
Betfred Group (Includes Petfre)	
Gaming Duty	£45,868
MGD	£66,563
Employer's NIC	£9,200
Corporation Tax	£7,710
Total	£129,341
Horse Betting Levy	£9,942

Government is particularly asked to bear all of these points in mind during the course of its review.

Q1. What, if any, changes in maximum stakes and or prizes, across the different categories of gaming machines support the governments objectives set out in this document? Please provide evidence to support this position.

1. The Company believes (for all of the reasons set out in this Response) that the existing maximum stake and prize levels on gaming machines for B2 and B3 games already supports the Government's objectives, as set out in its 'call for evidence'. Accordingly, the Company does not propose any change to maximum stake and prize limits. In support of its position, the Company wishes the Government to take into account the following factors.
2. It is widely accepted that problem gambling rates amongst the UK population remain very low, which indicates that the existing regulatory regime has struck the right balance; enabling the enjoyment of the majority who gamble without experiencing harm, with the protection of a small minority who may be at risk. According to the recent Gambling Commission research published on 23rd February 2016, rates of problem gambling are not only very low; they are also static. Their research confirmed that 0.5% of those interviewed during their survey could be classified as problem gamblers (problem gambling status being defined by reference to the short form Problem Gambling Severity Index) (PGSI). Significantly this figure was unchanged from the research it carried out in 2014 (0.5%) and 2015 (0.5%).

3. At paragraph 1.28 the Government states that there has been an increase in the number of gaming machines in licensed betting offices; 34,807 presently, up from 34,673 in 2013/4. Of itself this is a small and statistically insignificant increase. Nevertheless if this increase were to be seized upon by those advocating significant changes in stake and prize levels, then as the research from the Gambling Commission makes clear, rates of problem gambling are not only very low, they remain static, notwithstanding this small increase. Indeed the Company submits that nothing in the available data demonstrates that problem gambling rates have risen, since B2 content on gaming machines has been made available in the early to mid 2000s.
4. The level of problem gambling in this Country is also very low when compared to other countries such as Australia and China, which suggests that the current regulatory framework is achieving the right balance between protecting the vulnerable, without unduly restricting the freedom of adults to choose how and where they spend their leisure time and money. The legal framework and in particular the LCCP that all Bookmakers are expected to adhere to, is also predicated on the basis that there will be an element of problem gambling, and operators are therefore expected to have measures in place to deal with it (self-exclusion policies being just one example). The intention behind the legislation therefore is not to eliminate problem gambling altogether, but ensure that it is managed in accordance with the Licensing Objectives.
5. Campaigners who advocate a drastic reduction in stake and prize levels describe the problem in this country with gambling as an 'epidemic'. That is deliberately misleading and does not represent the true factual position. They would have the public believe that the stories they highlight are representative of an average player's experience when playing B2 content on a gaming machine in a betting shop. They are not. Given the enormous popularity of this product opponents will always be able to find isolated and extreme examples in order support their call either for a greater degree of control or for abolition.
6. An analysis of player data on B2 and B3 content on its gaming machines also support the retention of existing stake and prize levels. Particularly when judged against the back drop of misleading and inflammatory statements that continue to be made in the media (and elsewhere) by opponents of the existing regulatory regime. The Company is keen to ensure that there is an evidenced based balanced debate surrounding the future of B2 and B3 content on gaming machines in high street betting offices; hence its reliance on data and not drama. Best illustrated by the Gambling Commission who, in its formal advice to Government during the last Triennial Review in 2013 said that the often cited figure of an £18,000 loss per hour on B2 content on a gaming machine was 'astronomically improbable'.

And then more recently Sarah Harrison, the Chief Executive of the Gambling Commission said at the ABB's AGM in March 2016 that the debate must remain objective and evidence based. In contrast to some of the press coverage in anticipation of this Triennial Review, which has been characterised by alarmist rhetoric peppered with misleading sound bites which fails to represent the true position.

7. An important and significant factor that the Company relies on is its average stake per spin. In other words, the amount a player on average wagers against one spin of the wheel/reel on a gaming machine. Half yearly historic stake per spin figures for the past three years are set out in **Table 1**. Overall the average stake per spin on a

gaming machine in one of the Company's betting shops presently stands at just £4.01; down from £4.73 in the first half of the financial year 2013/14. Compared with the average stake per slip for over the counter business (horses, dogs, football, numbers and virtual betting) which was, for the Company's last financial year, £7.15; over 50% higher. It is also significant that the average stake per spin on B2 content is also well below what the public believes it to be; it has only increased by 9% since the last Triennial Review.

Table 1 – Historic Stake per Spin (Half Yearly)

	HY1 13/14	HY2 13/14	HY1 14/15	HY2 14/15	HY1 15/16	HY2 15/16
B2	£15.52	£15.86	£16.36	£15.54	£16.25	£16.85
B3	£0.93	£0.91	£0.92	£0.91	£0.88	£0.86
Total	£4.73	£4.67	£4.60	£4.16	£4.08	£4.01

8. The Company also relies upon further player data and in particular (1) the average session duration (i.e. on average the amount of time a customer plays on a gaming machine in one of its shops) (2) the cash in per session (i.e. the amount of new money staked by a customer during an average session; and (3) the average turnover per session (i.e. the amount of money that is staked by a customer during an average session which consists of 'new' money and winnings). All three indicators show that the Company's customers stake relatively modest amounts and remain in control of their playing behaviours.

9. Average Session Duration (minutes)

Table 2 shows the average session duration month by month for the Company's last financial year. The average session duration across the whole of the year was just 10 minutes 21 seconds.

Table 2 – Average Session Duration (xx min : xx sec)

- Oct 2014 to Sept 2015 - 09:59
- Oct 2015 to Sept 2016 - 10:21

10. Average Cash in Per Session

Table 3 shows the amount of cash in per session month by month across the Company's last financial year, but it has been separately identified with reference to B2 and B3 content. The total figure shows that throughout the year customers, on average, wagered £58 per session of their own money, in contrast to the total amount wagered which on average stood on £212 (see below). With an average session lasting 10 minutes 21 seconds, customers were therefore, on average, staking approximately £5 of their own money per minute during an average session. But this figure does not represent the amount lost by a customer, as this data takes no account of the monies won by a customer during an average session. Indeed the average turnover for a session is £212 (see below) and from that amount, whilst the Company's gross win for its last financial year was approximately £7.70 (3.65%) the return to player amounted to £204.25 (96.35%).

Table 3 – Average Cash In per Session (£)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	FY 15-16
B2	64.2	64.4	68.4	66.4	67.0	67.6	66.9	68.7	68.3	70.6	71.4	70.4	67.9
B3	40.7	39.6	39.3	39.6	39.3	39.9	40.5	41.3	39.5	41.1	40.5	41.0	40.2
Total	56.4	55.9	57.8	57.0	57.2	58.1	57.8	59.0	57.8	59.7	59.7	59.6	58.0

11. Average Turnover Per Session

With an average session lasting just 10 minutes 21 seconds **Table 4** shows the amount staked on average during a session, again month by month during the Company's last financial year. The average turnover per session across the whole of the year was therefore £212.00. But this is not the amount lost by a customer. It represents the amount wagered or staked on average by a customer during one session, which will include winnings from plays across the entire session. This equates to an average turnover figure of approximately £20 per minute; well below the alarmist figures which are often quoted by opponents of gaming machines in betting shops advocating either their abolition or a drastic reduction in stakes and prizes.

Table 4 – Average Turnover per Session (£)

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	FY 15-16
T/over	209	210	212	211	210	211	212	215	210	217	217	216	212

Indeed because the pay-out rate on B2 content on gaming machines is unusually high, the amount of money put into a machine by one of its customers is almost 30 times greater than the amount retained by the Company. There is a crucial distinction between 'the churn' (the amount wagered) and 'the drop' (losses to customers minus winnings) which appears to have alluded much of the media. Failing to make this fundamental distinction, between money staked and money lost, creates the misleading perception that the Company's customers, in common with the players of these machines, spend vastly more than they really do.

However average turnover does not represent the Company's profit but represents the total turnover or churn in a gaming machine. The Company in contrast is presently working at a gross profit percentage of 3.65% which equates to 67p gross win for each minute played or £7.70 gross win for an average player's session (or £5.77 after the deduction of MGD), before the payment of salaries, rent, rates, overheads and supplier costs.

12. The Company trusts that Government, when formulating its proposals, will attach due weight to the data and statistical analysis provided by the Company as regards patterns of play, and that it will not allow itself to be swayed by alarmist rhetoric which has no evidential basis.

13. The Company contends that the focus of the Government's efforts, in seeking to achieve its objectives, should be on further enhancing player protection measures rather than reducing maximum stake and prize levels. Principally because of the success of the measures adopted by the industry to date in tackling gambling related harm associated with the use of gaming machines. As the Responsible Gambling Strategy Board (RGSB) said in its 'National Responsible Gambling Strategy 2016-17 to 2018-19':-

'The gambling industry is now committing significant resources to harm minimisation, over and above its voluntary contributions to the Responsible Gambling Trust'.

And at paragraph 15 they said:-

'... there has been a marked change in the approach of the gambling industry to the responsible gambling agenda. There is a visibly greater willingness to engage constructively, encouraged strongly by the Gambling Commission. Industry leaders show growing recognition that the sustainability of their business models depends on doing more to promote responsible gambling, despite any short term impact on profitability - not least because the alternative might be a more intrusive regulation'.

Indeed the RGSB identifies in its paper, as Government will know, 12 priority actions in order to help achieve its stated objectives and yet nowhere does it state that a reduction in stake and prize levels should amount to one of its priority actions. Moreover, this approach resonates with the stance adopted by the Gambling Commission in its formal advice to the Secretary of State in March 2015. They said that the Responsible Gambling Trust (RGT) research (at that time) supported the case for 'more targeted methods of regulating gambling that place more emphasis on the way players interact with gambling products and environments' which in turn may improve the prospects of protecting players while allowing the gambling industry to innovate and grow.

14. At that time the Gambling Commission recommended encouraging operators to promote account based play, which was of course subsequently introduced via the mandatory scheme which came in to force on 6th April 2015 pursuant to The Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015.

Significantly however in its advice to the Secretary of State on stake size, the Gambling Commission said that while this can be a factor in gambling related harm the RGT research reinforced the Commissions view 'that interventions focusing on stake size exclusively are unlikely to be effective'.

Government is also asked to bear in mind that studies on problem gambling appear to show that it is not "caused" by specific gambling products; problem gamblers are attracted to gambling in many different forms and so the introduction of account based play at £50 was one measure designed to help problem gamblers, without infringing unduly on the rights of the majority.

15. For all of the reasons therefore put forward and in the light of the data it has made available, the Company believes that Government's objectives can be achieved without reducing the maximum stake or prize levels particularly having regard to the Company's response to Question 2 below.

Q2 To what extent have industry measures on gaming machines mitigated harm or improved player protection and mitigated harm to consumers and communities? Please provide evidence to support this position.

1. Although the introduction of account based play in April 2015 was a significant and important step in helping establish a comprehensive industry led harm minimisation strategy, the Company believes that it would be helpful if it briefly set out below all of the industry measures taken since the last Triennial Review and the Company's response to them. It believes that will help inform the debate thereby removing any suggestion that machine gambling has been allowed to grow unchecked in recent years.

2 Player Protection Measures

2.1 On **1st January 2014** the Company adopted in its entirety the ABB's Code for Responsible Gambling published in September 2013. The measures set out in the Code represented a marked shift in focus and emphasis regarding player protection measures.

2.2 Since implementation, the Code has been effective in helping the Company focus on the importance of player protection measures including (1) the ability to recognise a wider range of problem gambling indicators (2) enhancing customer engagement through walking the shop floor and (3) Compliance Objectives added to performance appraisals for Area and Regional Managers.

2.3 As from **1st March 2014** the Company also embraced additional measures proposed by the ABB on accessibility and advertising which specifically included:-

1. A voluntary restriction on trading hours from 7am to 10pm
2. No advertising of B2 machine content in shop windows
3. No external (media) advertising of machines in shop windows
4. 20% of shop window advertising to be given over to responsible gambling messages
5. The Gamble Aware (RGT website) and The National Problem Gambling Helpline to be more prominently displayed.
6. Responsible gambling adverts broadcast on the Company's in-house TV channel.

2.4 Part of the Code was also concerned with the functionality of an FOBT and, in particular, suspension in play if voluntary time and money limits were reached, and mandatory alerts to tell customers when they had been playing for 30 minutes or when £250 had been spent.

2.5 Additional measures were then introduced in **November 2014** by the ABB which were embraced by the Company. These included requiring customers to make a choice as to whether they wanted to set a time and/or money limit via a mandatory message on the FOBT screen. Coupled with the sending of an automated machine alert after 30 minutes of game play or following the loss of £250.

2.6 The industry has therefore responded to the concerns that were raised at the time of the last Triennial Review in a responsible manner, and the measures outlined above clearly demonstrate a commitment to uphold the licensing objectives. Opponents of the current regime fail to recognise and acknowledge the considerable steps that have been taken in recent years in enhancing and improving player protection measures.

2.7 In **September 2014** William Hill, Ladbrokes, Coral and Paddy Power founded the SENET Group to further demonstrate the industry's commitment to the promotion of Responsible Gambling Standards, and to ensure that the marketing of gambling is carried out in a socially responsible way. It's priorities for 2016 are:-

1. Educate to prevent harm
2. Improve the effectiveness of self-exclusion
3. Promote good practice on social media
4. Identify and alert potential problem gamblers

Although not a member of the SENET Group the Company endorses its approach and abides by its standards.

2.8 On **8th May 2015** a number of important changes to the Gambling Commission's Licence Conditions and Codes of Practice (LCCP) came into force and which the Company are obliged to adhere to as the holder of an Operating Licence. These amendments came about following a number of consultations on Social Responsibility issues that were carried out between 2014 and 2015.

2.9 In the context of this debate the following new or amended Social Responsibility Code Provisions are relevant:-

1. Information to players on responsible gambling
2. Mandatory time and monetary thresholds for customer and staff alerts when using FOBTs
3. Time out facilities (for up to 6 weeks) to be offered to customers
4. Enhanced customer interaction strategies and training
5. Improved and enhanced Self-exclusion Policies and Procedures

2.10 These changes reflected to a large extent the voluntary Code based measures that the Company and other operators had already implemented, but they were put on a Statutory Footing to enable the Gambling Commission to take formal action in the event of non-compliance.

2.11 The **6th April 2016** also saw the introduction of two further measures that now appear in the LCCP:-

1. An obligation to participate in Multi Operators Self-exclusion Schemes so that customers who self-exclude are offered the ability to self-exclude from other shops in a particular locality, (see the answer to Q 5 below) and
2. The carrying out of a site specific risk assessment, so that in every location where the Company has a betting shop, it is obliged to assess local risks to the Licensing Objectives and record them.

2.12 In **July 2016** the Company, in common with all other bookmakers, introduced an amendment to the voluntary code first introduced in March 2014 (see point 2.4 above) which reduced the triggers for mandatory alerts to 20 minutes and £150. A further enhancement of player protection measures implemented as part of a precautionary approach.

- 2.13 As these initiatives and new measures demonstrate, the Company has adopted and continues to adopt a socially responsible approach to the issue of player protection. Although the Company does not accept that there is a clear and obvious link between gambling related harm and the playing of B2 content on gaming machines (as the previously referred to data evidences), these measures represent a prudent, constructive and responsible approach to the disquiet and concerns that have been expressed in some quarters.
- 2.14 In summary therefore, betting shops are highly regulated and represent a closely monitored and appropriately supervised adult only environment which already strikes the right balance between freedom choice and the prevention of harm.
3. Any debate concerning the mitigation of harm in this context, particularly to local communities, should also include reference to changes to the Planning Use Class Order that were implemented in April 2015. Those changes and their impact should not be overlooked. Again the following points in this context are relevant.
- 3.1 In 2015, despite widespread opposition from the betting industry, Government pressed ahead with its changes to planning legislation. Accordingly, betting shops now fall outside the A2 Use Class Order and are regarded as a 'sui generis' use in their own right. This change has had a very considerable impact on the applications that operators have been able to make for the grant of new betting premises licenses, and very few new applications are now being made because of the hurdles that operators face in the planning process. This was evidently Government's desired intention.
- 3.2 Development of the Company's estate has now virtually stagnated. In 2013 the Company were granted 35 new betting premises licenses. That number fell to 17 in 2014 and to 10 in 2015 and to 5 in 2016 (year to date). The Company's experience is not unique. All operators are now struggling to obtain the necessary planning consents to enable them to make applications.
- 3.3 Moreover, all operators on the high street face challenging economic times and this has meant in recent years many of them closing shops that are no longer economic. In 2014 the Company closed 17 shops; in 2015 it closed 24 shops, and in 2016 the Company has closed 13 to date. The Company anticipates closing additional shops even if the current regulatory framework were to remain unaltered following this Triennial Review. Other operators have also recently announced shop closures.
- 3.4 All this translates into a shrinking number of high street betting shops across the country. At the beginning of 2015 there were 8,975 betting shops; in its call for evidence Government put the figure at 8,809 and the latest figures from the Gambling Commission show that in September 2016 there were just 8,709, representing a decrease of 1.8% from March 2015. The UK currently has fewer betting shops than at any time since 2003 and barely half as many as it had in the 1960s, despite significant population growth since that time. Under no reasonable definition can it be said that betting shops have 'proliferated'. In fact DCMS data shows that there were 8,732 licences in force in 2000, which demonstrates that in the years since the advent of gaming machines with B2 content, the number of licensed betting shops across Britain has actually fallen. Giving a lie to the false and misleading impression that abounds regarding the so called proliferation in the numbers of betting offices across the Country.

4. As for the 2015 Regulations that introduced account based play, the Company wishes to make the following observations:-

4.1 An explanatory memorandum to the Regulations said that customers would benefit from ‘improved interaction and more conscious decision making’;

‘7.5 account based play gives players access to up to date and accurate data in the form of activity statements and real time information about their session of play. This can reduce biased or irrational gambling related decisions and help people to maintain control....’

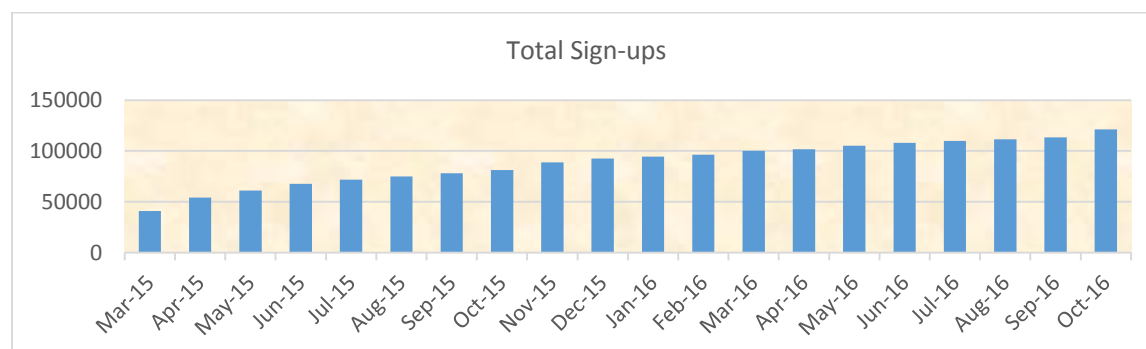
4.2 This has been the Company’s experience as an analysis of the available data below will demonstrate.

4.3 The implementation of these Regulations also required the Company to undertake a comprehensive program of training across its entire retail estate involving all of its retail staff. For the first time the Company delivered this dedicated training programme ‘off-site’ which involved all employees in the retail estate attending a training session away from their normal place of work. The costs associated with the delivery of this extensive training programme were in the order of £1m. This exercise also enabled the Company to once again raise the profile of this important area of compliance, with a view to making sure that staff are, at all times, aware of the need to make sure that customers using its machines stay in control of their gambling behaviour. Training is also on going through the induction of new starters and refresher training for all staff. A summary and time line showing the extent and nature of the player protection training undertaken by the Company is at **Appendix 1**.

4.4 The Company chose to implement account based play through a new membership scheme and **Table 5** shows the steady growth in membership month on month since its introduction. Presently the Company has 121,361 members all of whom have signed up so as to enable them to track their spend and take advantage of the benefits that membership brings.

Table 5 – Cumulative Membership Sign-ups

	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Sign ups	40,817	54,057	61,205	67,702	71,686	75,027	78,204	81,102	88,816	92,496
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16
Sign ups	94,425	96,301	99,971	101,733	105,264	107,851	109,890	111,421	113,448	121,361



- 4.5 For the Company's last financial year the total value play attributable to members accounted for 10.02% of the overall total. A significant achievement given that prior to April 2015 there was no membership scheme in place and all machine play was entirely anonymous. The Company will continue to promote account based play and anticipates that its membership will continue to grow as more players recognise its advantages.
- 4.6 Members also have the ability to access their own membership statements, either on the terminal itself, or via website which the Company have developed and which allows players to access their player data remotely. The Company understands that this is a unique feature of the way in which the Company has gone about introducing account based play. Player statements contain details of their play histories, thereby enabling them to monitor and check up on their historical playing patterns and levels, which may well have an influence on their future playing patterns and levels. During the Company's last financial year members accessed their statements utilising both methods on 260,687 occasions.
- 4.7 The Company have also progressed with the account based Player Awareness System which is used to highlight those players at risk of harm, based on markers identified by the Responsible Gambling Trust research. The 3 key markers are frequency of play, net expenditure and duration of play and the players identified are monitored and tracked. The Company communicates with them via responsible gambling text messages and machine alerts. For those players that are at the highest risk level the personal licence holder, being the relevant Area Manager, will conduct a direct interaction with them in the shop. The quality of the direct interaction is key in helping establish any environmental or personal factors to the player's profile. The Player Awareness System now forms an important part of the Company's harm minimisation strategy.
- 4.8 Since the introduction of account based play the Company has also seen a considerable reduction in the number of sessions when a player stakes more than £50. During the Company's last financial year the number of sessions across the entire retail estate when a player's session included a stake of more than £50 averaged 8,463 sessions per week. This however is to be compared with the weekly average for the 5 month period prior to the introduction of account based play, when that figure stood at 39,000 sessions on average each week. A reduction of 78%. At just 8,463 sessions per week, that represents an average of 6 sessions per shop per week across the entire retail estate; less than one per week. The introduction of account based play for stakes in excess of £50 has therefore had a conspicuous impact on moderating player behaviour and to that extent can be judged a success.
- 4.9 An argument against account based play is that some players who have wanted to maintain their anonymity, or stake to the same levels, have circumvented the authorisation of higher staking limits by playing to the same overall level but at stakes below £50 over a longer period of time thereby increasing the duration of their playing sessions. This however is not borne out by the Company's analysis of the available data since the advent of account based play. **Table 6** shows the average session duration in minutes for the Company's last financial year. Whilst the average session duration for all players is 10 minutes 21 seconds (see point 9 in question 1 above) significantly, once the data relating solely to members is extrapolated it shows that the average session duration for members (i.e. those authorised to stake amounts over £50) is higher at 15 minutes 9 seconds. Membership brings with it certain benefits and advantages and this is likely to be driving average session duration rather than staking limits. Indeed maximum staking limits do not appear to

influence the amount of time a player spends on one of the Company's gaming machines.

Table 6 – Average Session Duration by Period (xx min: xx sec)

	Oct- 15	Nov- 15	Dec- 15	Jan- 16	Feb- 16	Mar- 16	Apr- 16	May- 16	Jun- 16	Jul- 16	Aug- 16	Sep- 16	FY 15- 16
Members	14:52	14:56	15:29	15:28	15:49	15:56	15:34	15:43	14:47	15:23	13:48	14:01	15:09
Total	09:56	10:10	10:14	10:05	10:15	10:13	10:10	10:23	10:16	10:23	10:20	10:13	10:21

4.10 The Company therefore favours the retention of account based play at a staking level of £50 particularly having regard to (1) the encouraging early signs to date (2) the valuable customer information and data generated which has enabled the Company to monitor trends patterns and behaviours (3) the impact it appears to have had on higher staking customers and (4) the fact that such a measure (at £50) is entirely consistent with the other initiatives that have been introduced (see above) and which are designed to improve controls and protections; something that lies at the heart of Government's stated objectives.

4.11 In its response to the last Triennial Review Government said that it was adopting a precautionary approach. That it agreed with the Gambling Commission's assessment when it said 'the industry must make rapid progress in developing better targeted harm mitigation measures in order to build the public confidence needed to support growth and innovation in the gambling industry'. As the points made an answer to Question 2 make abundantly clear, the industry has risen to that challenge; considerable progress has been made and Government is respectfully invited to have that in mind.

Q3 What other factors should Government be considering to ensure the correct balance in gaming machine regulations? Please provide evidence to support this position.

1. It is the Company's contention that the correct balance in gaming machine regulation has already been achieved, particularly in the light of the harm mitigation measures and player protection measures referred to in answer to Question 2 above.
2. In support the Company wishes to emphasise (in addition to the points already made) some additional factors. In particular, staff training and staff awareness and the role played by Licensing Authorities.

Staff Training and Staff Awareness

3. The Company is committed to providing customers with a responsible safe and enjoyable betting experience on the high street. The Company has no interest whatsoever in permitting, allowing or encouraging problem gambling; the Company's procedures and policies are designed specifically to ensure that vulnerable persons are not harmed or exploited by the betting facilities that it provides. Central to the Company's commitment to socially responsible gambling are the staff employed by the Company.
4. The Company has a dedicated training department responsible for delivering a comprehensive program of staff training, both on induction and then throughout the life time of their employment.

5. Staff are all expected to be fully conversant with and apply the principles set out in the Company's Social Compliance Manual, a copy of which is maintained in every shop.
6. Their knowledge and awareness is then tested and audited on a regular basis by a network of Regional, Area and Cluster Managers and Area Supervisors through the completion of online assessments and questionnaires.
7. Further specific measures in the shops also include:-
 1. Think 21 best practice
 2. Serve legal independent test purchasing
 3. Membership of the BAVA (Bookmakers Age Verification Alliance)
 4. CCTV
 5. Entry control system
 6. Conditions relating double manning (at peak times)
 7. Prominently displayed notices and signage appropriate both for underage and Gamcare
 8. The maintenance of logs on the shop portal (an online system) for the recording and reporting of underage refusals, incidents in the shop, customer interactions and self-exclusions
 9. The careful design of the frontage and any promotional literature used to advertise the shop's facilities
 10. A dedicated responsible gambling team for staff and customers alike in the Company's customer services department.
8. In addition the Company also operates two further measures specifically designed to ensure that customers stay in control of their betting:-
 1. The customer interaction policy and
 2. The Company's self-exclusion procedure

In combination these policies are aimed at helping staff recognise and identify indicators of problem gambling with specific advice on customer interaction in response to specific behaviours, with appropriate referral and follow up processes.
9. All of these policies and procedures, which reflect best practice across the industry, have been approved by the Gambling Commission.
10. Consequently the Company wishes to emphasise that retail Bookmakers are already highly regulated and socially responsible businesses, and that betting shops represent a perfectly safe and entirely appropriate adult only environment within which to allow customers to play gaming machines at existing stake and prize levels.

The Role of Local Licensing Authorities

11. The Company recognises and accepts that gambling operators have a particular responsibility for harm minimisation, not least because of their licence obligations. As the RGSB notes in their April 2016 strategy paper at paragraph 40 (vii):-

'It is they who operate and promote gambling, they who have the relationship with the customer, they who design and market new products. It is their companies which profit from losses incurred by customers who have a problem with their gambling'.

12. However, it is only because a betting premises licence issued by a Licensing Authority is in force that a bookmaker is entitled to operate a betting shop and thereby provide 4 gaming machines for its customers to use. Government should therefore carefully reflect upon the role played by local Licensing Authorities (and whether their powers are sufficient and/or are being properly used) when considering whether it has achieved the correct balance in gaming machine regulation. Not least because addressing gambling related harm is a public health issue and all organisations and agencies have a role to play.
13. The powers of regulation that Licensing Authorities have been given (under the Gambling Act 2005) are factors in this respect that ought not to be overlooked. Particularly bearing in mind the substantial business rate revenues received by Local Authorities from bookmakers who between them operate 8,709 betting offices in high streets across the country.
14. Government will be aware that in November 2014 Newham Council lodged a proposal with the Department for Communities and Local Government (DCLG) demanding that Government reduce the maximum stake on B2 machines to £2. The proposal was supported by 93 Councils; 31 from London and 62 others from around the country.

Government rejected the proposal on 15 July 2015 and in the context of this debate it is worth quoting from the letter sent to Newham Council by Marcus Jones, Minister for Local Government who said:-

'The Government currently does not support calls set out in the submission for a reduction in stake size on B2 machines. We are not convinced that Local Authorities have yet made the most of the powers that are already available to them under either planning or gambling law.

In terms of gambling....it is perhaps an uncomfortable reality that every one of the betting shops that have collectively given rise to the concern at the heart of the submission relies on a premises license granted by the Local Authority itself. While Local Authorities are bound by law to aim to permit gambling in so far as reasonably consistent with the licensing objectives....the licensing process gives authorities considerable scope to attach additional conditions to licenses where that is necessary to achieve the licensing objectives; to review licenses once they have been granted; and power to impose license conditions after review'.

15. These views resonate with the Company's experience. In particular it wishes the government to take into account the following points:-

- 15.1 Licensing Authorities are not obliged to grant a Betting Premises Licence. They have a discretion to refuse in the event that they consider that the grant would not be reasonably consistent with the licensing objectives or would not be in accordance with the LCCP.
- 15.2 In December 2015 the London Borough of Newham granted the Company an application for a new Betting Premises Licence. Because the Company was able to successfully demonstrate that the grant would be reasonably consistent with the licensing objectives and would be in accordance with the LCCP.
- 15.3 In addition to the power to grant a Betting Premises Licence, a Licensing Authority also has the power to review such a licence, and the grounds of such an application are the same. Accordingly, Licensing Authorities already have the power to tackle problem gambling in their own areas. If they are satisfied that the continuation of a particular licence is not reasonably consistent with the licensing objectives of ensuring that vulnerable persons in their area are not harmed or exploited by the gambling facilities offered by a particular operator, then they have the power to revoke that licence and close the shop.
- 15.4 Short of that Licensing Authorities also have the power to impose conditions on a Betting Premises Licence in lieu of a decision to close a shop, and such conditions could, in appropriate cases and where the evidence justifies such a step, limit or reduce the number of gaming machines available.
- 15.5 The Company is not aware of these powers ever being exercised by any Licensing Authority.

Q4 What, if any, changes in the number and location of current gaming machine allocations support the Government's objective set out in this document? Please provide evidence to support this position.

1. The Company believes that the existing number of gaming machines permitted in a betting shop (at 4) helps support Government's objectives set out in its call for evidence, particularly in the light of the Company's responses to Questions 1, 2 and 3 above. Consequently the Company proposes no change and urges Government to continue to permit bookmakers to offer 4 gaming machines in a betting shop.
2. In its call for evidence Government indicated that presently there are 8,809 licensed betting offices in Great Britain with a total of 34,807 gaming machines across categories B2 to D. This equates to a density of 3.95 given that not all betting shops will operate with a full complement of 4 gaming machines.
3. The Company's average across its retail estate of 1,360 shops (which figure pre dates the acquisition of 322 shops from Ladbrokes Coral) presently stands at 3.83 which is below the national density average. Not all locations warrant a full complement of 4 machines and decisions are made at a local level according to local factors. Just because the Company is entitled to provide 4 machines does not mean that 4 machines will always be made available.
4. In the past Bookmakers have been accused of deliberately targeting deprived areas and the so called over proliferation of gaming machines has been singled out for particular criticism. The Company responded in very robust terms to these unjustified and unfounded accusations in its response to the 2013 Triennial Review and those responses remain true today. For example; the Company operates in

Glasgow, Newcastle and Liverpool and the density figures for those cities are all below the Company average at 3.80, 3.69 and 3.64 respectively.

5. In determining whether the number of gaming machines supports its objectives, Government is also invited to attach weight to the ratio of licensed betting offices per head of population and in particular historical trends. **Table 7** illustrates the point that the Company is seeking to make.

Table 7 – Increasing Number of People per LBO in UK

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total UK Population (£m's)	62.04	62.51	63.02	63.5	63.91	64.35	64.88	64.88
LBO's (as at 31.03)*	8,872	8,822	9,067	9,128	9,100	9,111	8,975	8,709
People per LBO	6,993	7,086	6,950	6,957	7,023	7,063	7,229	7,450

*source: Gambling Commission Industry Statistics June 16

** unknown, used 2015 for illustrative purposes

Since 2011 the number of persons per LBO has been steadily rising from 6,950 in 2011 to the latest figure for last year at 7,229. With an ever increasing population and with the LBO's continuing to decline these ratios will continue to climb.

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

1. In addition to the points that have been advanced in answer to Q2 the Company wishes particularly to focus on data relating to self-exclusions, customer interactions and the recently introduced multi operator self-exclusions scheme. All of which demonstrate that adequate measures are already being taken by operators to meet Government's stated objectives.

Self-Exclusions

2. Government will be aware of the self-exclusion requirements which form part of the Social Responsibility Code Provisions in the LCCP, and the procedures operated by all bookmakers. The Company recognises that self-exclusion is an important harm minimisation tool for customers who have recognised that they have a problem with their gambling and wish to be supported in their decision to stop.

In 2013 the Company recorded 3,691 self-exclusions across its retail estate. In 2014 this figure had risen to 4,806 and in 2015 it rose again to 5,760. Year to date up to October 2016 the total stands at 3,869 although like for like comparisons with previous years are difficult given the introduction of the multi operator self-exclusion scheme in late 2015 which has had an inevitable impact on self-exclusions.

3. Nevertheless this steady rise in the number of persons self-excluding from the Company's shops is attributable to greater awareness on the part of staff, particularly in the light of the Player Protection training (undertaken in anticipation of account based play) which began in the shops during January 2015. There was and remains a real and evident commitment on the part of the Company to ensure that all members of staff are made fully aware of their social responsibility

objectives both in the run up to and during the implementation of account based play. The subsequent increase in the number of self-exclusions from 3,691 to 5,760, an increase of 56%, came as no surprise to the Company.

4. The Company contends that these figures alone demonstrate that Government's stated objectives, certainly in connection with the protection of vulnerable persons, are already being met by the existing measures that are in place.

Multi Operator Self Exclusion Scheme

5. Government will also be aware of the recently introduced requirement, again as a further Social Responsibility Code Provision in the LCCP, of the National Operator Self-Exclusion Scheme. In 2015, when the scheme was still in its infancy, the Company recorded 82 such exclusions, but in the year to date to October 2016, this figure had risen sharply to 2,436. Further evidence of the manner and way in which the Company is responding, so as to ensure that Government's objectives are met within the existing regulatory framework.

Customer Interactions

6. And finally the Company wishes to emphasise the considerable strides that it has taken in player protection measures on the back of the introduction of account based play. Although the data provided as part of this response has shown that the Company now has 121,361 members; that those members have accessed their player statements on 260,687 occasions, and that members now account for 10.02% of the total value played in its gaming machines during the last financial year, the impact of the introduction of these Regulations, and the means by which the Company has chosen to implement them, has been striking and goes far beyond the player data that has been provided.
7. In particular, not only has the number of self-exclusions increased markedly; the Company has also seen a dramatic increase in the number of recorded interactions with its customers. In 2013 this figure stood at 1,813. In 2014 it had risen to 8,217. But then following the roll out of player protection training across the entire estate at the beginning of 2015, this figure rose again in 2015 to 20,592 and year to date to October 2016, the figure stands at 78,321. Testament to the responsible and targeted approach adopted by the Company in ensuring player protection.
8. In its call for evidence the Government advocated on behalf of "those who are just about managing". This data alone demonstrates that should any of these individuals choose to use one of the Company's betting shops, then they can do so safe in the knowledge that they will be doing so in an environment where player protection measures are uppermost in the minds of the shop staff.

Q6 Is there anything further that should be considered to improve social responsibility measures across the industry? Please provide evidence to support this position.

1. The Company welcomes the opportunity that it has been given to raise with Government further possible measures that could build upon the steps that have already been taken to improve social responsibility and which have been outlined in answer to question 2. Preferable in the Company's view to intrusive regulation reducing stakes when the impact of such a draconian and radical step, and whether it would actually achieve Government's objectives is both unknown and untested. In contrast to the progressive proportionate and targeted social responsibility measures that have been the hallmark of the industry's response since the last Triennial Review.
2. The Company's first proposal is to urge Government to consider adopting a more widespread approach to account based play as a means of ensuring that players are given access to accurate data (in the form of activity statements and real time information about their session of play) thereby helping them to remain in control. Presently the mandatory trigger for account based play stands at £50. An amount set by the Government as recently as April last year. The Company sees absolutely no justification in reducing this level. Indeed it is not aware of any research or evidence that would justify such a reduction. Nevertheless the Company believes that a voluntary scheme for the active promotion of account based play for all players, without reference to mandatory staking limits, along with the development of a dedicated website akin to the one developed by the Company, coupled with tailored incentives and benefits, is a matter that warrants further research and consideration. The RGSB has set up an Evaluation Protocol and further work within the scope of that protocol should be undertaken in order to evaluate its likely contribution to harm minimisation.
3. The actual location of gaming machines within a betting shop (and in particular their proximity to the staff counter) is also a matter that warrants further attention and consideration. It is widely accepted that staff interaction ensures greater opportunity for intervention where patterns of behaviour may indicate that a customer is at risk of harm from their gambling. Contact with betting shop staff can also often act as a "reality check" reminding customers of the need to stay in control. Presently however there are no specific regulations in force regarding the internal layout of a betting shop, and more particularly the siting of gaming machines. Regulation 4 of the Gambling Act 2005 (Premises Licenses and Provisional Statements) Regulations 2007 is silent on the point. Significantly they do not require an operator to identify the location of gaming machines on a plan as part of the gaming facilities that are to be provided pursuant to the license.

Guidance from the Gambling Commission to Licensing Authorities deals with this point in the following manner:-

"7.47 The premises plan itself is only one means by which the Licensing Authority may seek reassurance that the requirements will be met. It may be that conditions attached to the premises licence regarding lines of sight between the counter and the gaming machines, staffing arrangements or security devices are a more effective method of doing so. Local circumstances and risks, and the layout of particular premises, will determine what is most appropriate for an individual application".

More recently further work has been done by the Gambling Commission in its paper “Controlling where gaming machines may be played” in July 2016 and additional guidance has been issued to Licensing Authorities in the following terms:-

“19.23 To contain the unavoidable risk to the licensing objectives associated with gaming machines, premises which offer machines must be appropriately supervised”.

This is echoed in the Social Responsibility Code Provision which states:-

“Facilities for gambling must only be offered in a manner which provides for appropriate supervision of those facilities by staff at all times”.

Rather unhelpfully the Gambling Commission has said that what constitutes “appropriate supervision” will depend on individual circumstances. The Company contends that further work should be undertaken with the Gambling Commission and Licensing Authorities in order to either amend this Guidance or introduce a Code of Practice regarding the location of gaming machines within a betting shop and their proximity to the staff counter.

4. The Company believes that there is also scope for introducing further a measure regarding the mechanics of gaming machine play itself. Although the industry, as a further harm mitigation measure through the ABB, launched the Player Awareness Scheme in December 2015, which included amongst other measures alerts, on screen prompts and sign posting, more fundamentally speed of play on B2 content of gaming machines warrants, in the Company’s view, further analysis to establish whether there is a causal link with problem gambling. Presently spin time is set at a minimum of 20 seconds and this feature of the way in which customers play some B2 content on gaming machines, and whether that contributes to or is a contributory factor in problem gambling, requires very careful consideration.

If such a link were to be established then measures designed to slow spin time and increase time between plays would not only be warranted; it would also be a more targeted and appropriate way of responding to concerns, rather than reducing maximum stakes, given that there is no evidence that such a step would have any positive impact or address the Government’s stated objectives in its call for evidence.

5. The Company is continuing to develop and help evolve the harm mitigation measures that are already in place, and to demonstrate that, attached at **Appendix 2** is a time line of proposed further enhancements that are presently planned. The Company submits that the focus of the Government’s attention in this Triennial Review should be on the identification of problem gamblers, and the (new and existing) measures designed to help them, given that the data upon which the Company relies does not support the view that a reduction in the maximum stakes would impact upon problem gambling.

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?

The Company believes that the existing rules on gambling advertising are appropriate and refer to the Committee of Advertising Practice in 2014 which said there was “very little evidence that gambling advertising has an impact on young people.” The Company also supports the Gambling Industry Code for Socially Responsible Advertising; believes that sign-up offers should not be promoted before 9pm, and that there should be a clear responsible gambling message on all adverts.

Programme sponsorship by the gambling sector around live sport should only permit brand awareness and no direct calls to action.

If Government were however minded to introduce a 9pm watershed for all gambling adverts, it could have a major impact on a number of sports but especially horse-racing which is inextricably linked to betting. Advert restrictions during horse-racing may no longer make it financially viable for terrestrial television coverage which is critical for the promotion of the sport. Its absence would dramatically affect turnover on horse-racing which would in turn affect the levy.

The Company however is not complacent towards the issue of television advertising and whether appropriate measures are in place to protect children and vulnerable people, and believes a further review from the Committee of Advertising Practice is warranted before decisions on any proposed changes to gambling advertising are made.

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

1. It is widely acknowledged now that profits from gaming machines make up at least 50% of the profit for an average High Street betting shop. Were gaming machines to be removed altogether, or were their numbers to be reduced, or were their stakes and prizes to be significantly reduced, then the Company contends that this would inevitably result in widespread betting shop closures across the country.
2. That in turn would result in:
 1. Significant redundancies; Betfred alone employs close to 10,000 employees
 2. Closed shop units impacting up on the vitality and viability of high streets
 3. Significantly reduced tax revenues (Corporation Tax, Employers NIC and GPT/Gaming Duty)
 4. Reduced levels of Business Rates for local Councils
 5. Falling levels of rental income for high street Landlords many of whom will not be able to find alternative Tenants
 6. The lack of investment by Bookmakers into those shops that remain open
 7. Curtailed Sponsorship and a reduction in the Levy
 8. A stagnant uncompetitive and declining high street betting market
3. In addition opponents consistently fail to recognise and appreciate that curtailing the availability of B2 content on gaming machines in its present form in high street betting shops will drive players elsewhere. All of the evidence points to the existence of a very high demand for this product, and yet if it is not to be met in high street

betting shops, then this demand will have to be met in one of a number of other ways; it will not simply disappear overnight.

4. And there are only three possible outcomes. It could lead to an increase in the demand for online gambling provided by both regulated and unregulated operators, it could result in more illegal gambling, and attendances at Casinos could increase.
5. As for online gambling, which according to the latest figures released by the Gambling Commission now accounts for 33% of all gambling in Britain, although providers of online gambling facilities into the UK are obliged to hold a Remote Operating Licence granted by the Gambling Commission, there remains a significantly greater potential for gambling related harm, given the absence of player centred control measures that are now to be found in high street betting shops. Playing on a tablet, computer or mobile phone at home, alone, without that level of oversight and scrutiny, and without the availability of support, help and information from suitably trained staff, is a potential recipe for increased levels of problem gambling.
6. Moreover, the B2 content to be found on gaming machines in shops will be available to players who migrate to online gambling but very often without the maximum stake and maximum prize levels that form part of the current regulatory regime in the shops. Unlimited stakes and prizes on online casino type games could potentially expose these player to greater levels of risk taking, greater losses and the potential for greater harm. The Company urges Government to recognise that regulation cannot afford to be anachronistic in a market where customers can already place unlimited bets on their tablet computer and mobile phone.
7. The Company also anticipates that unregulated and illegal operators will quickly move in to the high street market if the demand that clearly exists is not legitimately met by high street betting shops. And the clear and obvious dangers for players are all too readily apparent were this to happen.
8. Casino attendances will also rise given the availability of B2 content on gaming machines in Casinos, where players can play all of the casino type games that have proved to be so popular in high street betting shops. And this is of course appears to be the objective behind the Campaign for Fairer Gambling; fairer because in their view Casino type games should only be available in a Casino and it's not fair that they are available in a betting shop.
9. The Company has also reflected very carefully upon the likely economic impact, were Government to announce that the maximum stake on B2 content on a gaming machine in a betting shop was to be reduced from £100 to £2, bearing in mind that during the last Triennial Review Government concluded that reducing stakes on B2 machines would have an adverse economic impact on the betting industry. What would the realistic impact be on the number of shops and hence the number of jobs across the country? In addressing this question it has had regard not only to the ABB's impact assessment which formed part of its consultation response to the last Triennial Review; the Company has also considered the review of that impact assessment commissioned by the Campaign for Fairer Gambling in April 2014.

10. The Company has taken into account the following factors:-
1. The reduction in gross profit from B2 content on gaming machines;
 2. The migration of spend away from B2 content to either (1) B3 content and/or (2) over the counter betting and
 3. The potential for growth that exists in a locality in the event of a competitor shop closing (given that the Campaign for Fairer Gambling's most optimistic assessment is that between 700 - 1200 betting shops will close were the maximum stake to be reduced to £2).
11. The ABB's impact assessment estimated that a reduction in the maximum stake to £2 would cause a 68.6% drop in machine gross win. In response, the report commissioned by the Campaign for Fairer Gambling adopted a 'high impact' scenario at 40% and a 'medium impact' scenario at 20%. The Company believes it will not be less than 20% and could very well be higher than 40%. But given the higher percentage of gameplay on B3 content on the Company's FOBTs, gross win is unlikely to fall as far as the 68.6% predicted by the ABB. It is likely to be somewhere between 68.6% and 40%.
12. As for the amount of any fall that is likely to transfer to over the counter betting, the ABB impact assessment did not allow for any increase and the Campaign for Fairer Gambling's report estimated that 35% of any reduction in spending on gaming machines would instead be spent on over the counter betting. The Company acknowledges that there might be the potential for some transfer, but 35% greatly overstates the potential switch. Some players will switch to B3 content and this has already been allowed for above. But many players will desert betting shops altogether in favour of playing B2 content online or in casinos or via unregulated operators, because such a drastic reduction in the stake would significantly reduce customer appeal and amount to a *de facto* ban.

Traditional over the counter betting across the industry has also continued to suffer not just because of the growth in machine play, but predominantly because of competition from the online market, betting exchanges and particularly sports betting, which has in recent years been the fastest growing area of over the counter betting. It is therefore not true to say that the fall in over the counter betting is attributable to the rise in machine play, such that there will be a switch back were the maximum stake on B2 content reduced to £2. The Company's experience is also that machine players are predominantly not traditional over the counter customers but are new customers who have been specifically attracted into betting shops because of the availability of machine play.

In addition it is also the Company's experience that many customers who enjoy playing B2 content on gaming machines in one of their betting shops, also take the opportunity, when visiting, to place a bet on the sports/football, rather than placing that bet on line; and vice-a-versa. Were the stakes on B2 content to be reduced to £2 such customers would desert betting shops altogether, and place their bets on line, thereby impacting adversely on levels of over the counter betting.

13. For all of those reasons the Company does not believe that there would, in reality, be any switch (back) to over the counter betting in the event that the maximum stake were to be reduced to £2.
14. Conservatively the Company anticipates that a reduction in the maximum stake to £2 would result in a fall in gross win from gaming machines of at least 50%. That

would have a catastrophic impact upon the future viability of the Company's retail estate and future survival. It would certainly mean that of the Company's estate of 1360 shops, 660 would become loss making overnight resulting in their closure. And the viability of the remaining shops would then be called into question given the overheads and head office costs that the entire retail estate presently supports. The closure of 660 shops would result in at least 3,300 employees being made redundant, with further redundancies to follow as the Company adjusted to cater for a considerably smaller retail estate.

15. The Company acknowledges that some of its loss making shops earmarked for closure might well benefit from increased business levels in the event that a competitor shop were to close before the Company took the decision to close its shop. But the amount of that increase, and extent to which it will turn an unprofitable shop into a profitable shop, is an unknown factor and one which the Company cannot accurately estimate.
16. In paragraph 8 above reference was made to the Campaign for Fairer Gambling. A group that has been particularly vociferous in recent years in furthering their objectives to either (1) remove gaming machines with B2 content from the high street altogether or (2) limit their numbers to one per shop or (3) significantly reduce stakes to £2. They also host a website www.stopthefobts.org.uk.
17. To place their contribution to the debate in its rightful context it is perhaps worth quoting in full an extract from the homepage of their website:-

'We believe that FOBTs are irreconcilable with the objectives set out in the Gambling Act which seek to protect young and vulnerable people....

As betting shops are continuing to open on our high streets to facilitate more FOBTs (this is wrong and contrary to evidence; the number of betting offices are falling) we believe the best way to stem the proliferation of betting shops (again this is wrong and contrary to evidence; the number of betting offices are falling) is to remove the high speed, high stake, hard core, addictive casino content that is sucking money from the poorest communities'

Conclusion

1. The Company firmly believes that the existing regulatory regime already strikes the right balance between the protection of consumers and communities, and the promotion of socially responsible gambling on gaming machines in betting shops. Particularly having regard to the impact that the existing harm minimisation measures have had, and continue to have, on player protection.
2. In its Response the Company, through available data and evidence, has sought to demonstrate that much of the debate concerning the availability of B2 content on gaming machines in betting shops, fuelled by opponents of the current regime, has been characterised by ignorance and misinformation. Ignorance about how gambling works, the distinction between money staked and money lost, and the structural characteristics of B2 content, and misinformation, on the part of campaigners, who make claims regarding the extent of problem gambling, its causes, and the amount spent/lost by players, that are not supported by the available evidence.

3. With that in mind, the Company urges Government to recognise that it would be a mistake to succumb to pressure, and to either reduce the maximum stakes and prizes on B2 content on gaming machines, or reduce the numbers available in a betting shop. Particularly when there is no evidence that such a step would impact levels of problem gambling, but a wealth of evidence that shows that such a step would have a considerable adverse economic impact.
4. Rather, the Company have advanced, in answer to Q6, a number of proposals that warrant further detailed serious consideration that could well have a positive impact in maintaining the balance that Government seeks to achieve, and in meeting its objectives. In particular;
 - 4.1 Encouraging more account based play for all players regardless of stake size;
 - 4.2 Formulating, with all stakeholders, a Code of Practice governing the actual location of gaming machines within a betting shop;
 - 4.3 Ensuring that local Licensing Authorities play their part, recognising that addressing gambling related harm is a wider public health issue and
 - 4.4 Undertaking further research in order to establish whether the spin time on B2 content (rapidity of play/event frequency) is a contributory factor in problem gambling and if it is, adopting targeted measures specifically designed to address this as an issue.
5. The Company would also be willing to meet with representatives from Government to further explain its answers in this Response, or to provide further clarification, so as to ensure that Government understands the approach that it has taken to this year's Triennial Review.

Appendix 1

Player Protection Training Time line

Date	Action
January 2015	<p>28 training machines were installed across the company - 1 to each area. The training machines were installed with the new player protection measures to allow us to train all staff.</p> <p>Customer Service and Compliance teams underwent training in head office which was conducted by the company's Training Manager.</p> <p>An overview of the new measures was delivered by the Managing Director and Training Manager to a group of 150 key head office staff.</p>
February 2015	<p>A membership and player protection training module was launched to allow every member of staff to understand the legislation changes and Betfred's approach.</p> <p>The Retail Gaming team conducted Area Manager, Supervisor and Group Sales Manager training sessions to deliver key processes and plans for the legislation implementation as well as practical demonstrations of the customer journeys around £50+ play.</p>
February/March 2015	<p>Every member of staff attended a training session to cover Membership, account based play and the legislation changes. Every staff member received their own workbook and a range of other support materials including the step by step customer journey cards to allow them to determine the player's choices once the player protection measures went live.</p>
March/April 2015	<p>Legislation goes live across the estate. Betfred released the software to the shops over a period of 3 weeks to allow us to support each 'go live' date for each shop. Membership also went live during this time. A responsible gambling team helpline was set up in customer services to support shops after launch.</p> <p>At each shop every member of staff completed a test to show understanding of membership via practical and theory means using the workshop material and supporting documents.</p>
April 2015	<p>Mystery shopper visits were conducted across all areas to assess continued understanding of shop staff and follow up training was given where necessary.</p> <p>Training materials for new starters were updated to include membership and player protection measures.</p> <p>As a business we continue to support and promote membership and its benefits via various local/regional and national campaigns.</p>

Player Protection Direct Costs

7000 members of staff were trained at a cost of £1 million. Player Protection training and evaluation of our staff is now continuous.

Appendix 2

ONGOING WORK WITH THE REST OF THE INDUSTRY

We currently attend weekly ABB meetings to support the industry on the points below:

1. Creating player awareness minimum standards
2. Taking part in gamble aware weeks where by in 2016 we also used our website
3. Compiling a responsible gambling roadmap which consists of the industry's plans to use findings and evaluations of any player behaviours to create improved alerts and triggers to identify those at risk, not only for membership based play but also for anonymous play.

Road map:

Action	Due	Description
In-session Player awareness messages. Phase 1 Account and non-account based play	Jan 2017	Enables us to alert the player during the session. The industry will have 3 trial groups from across all operators. Each trial group will test 1 of the 3 algorithms: 1. Absolute loss 2. Rate of loss 3. Both of the above
Modifying behind the counter alerts for staff when voluntary limits are triggered	March 2017	Enables us to give staff more visibility of the type of alerts and to include a responsible gambling interaction where appropriate.
Player awareness messaging at the terminal	June 2017	Enables us to communicate with the player at the machine when they next log into their account. Evidence suggests that immediacy of messaging during play is important. As a company we already use this process when the player awareness text message has failed.
In-session Player awareness messages. Phase 2 Account and non-account based play	July 2017	Enables us to alert the player during the session. Discussions are still be held on which algorithms are to be used but they will concentrate on chaotic play.

Escalation of terminal messaging	July 2017	Escalation in the tone and content of on screen messages for players that continue to trigger mandatory or voluntary alerts during the one session.
Standard Player awareness messaging Development of industry wide standard PAS messages	Present & on going	Create standard messaging based on evaluations of current types being used.
Debit card blocking	Present & Ongoing	This allows the player to block their debit card in the shop so it cannot be taken as payment.
New £50 journey for anonymous play. Standard journey across all operators	March 2017	This gives those players who decide to load credit at the counter the choice of wanting to activate £50+ stakes. This is something we already offer the player with an 'at the counter' interaction. New back office PC hardware is being purchased for every shop to comply with this measure.
Nom de plume tagging system	Jan 2018	Allows us to tag a player's session at the back office PC during play. Tagging of the sessions allows us to build a profile of the player and analyse behaviours.