

DCMS Review of Gaming Machines and Social Responsibility

On behalf of The Methodist Church, the Baptist Union, the United Reformed Church and the Church of Scotland

Name –

Introduction

Our four Churches together represent around 800,000 people. Historically, many Christians have had concerns around the dangers of gambling. Some of these relate to its potential to promote anti-social attitudes, such as greed, the profit of the few at the expense of the many, and an overreliance on luck. Yet our denominations' involvement in gambling policy chiefly relates to the devastating impact of gambling addiction on problem gamblers, their families and communities.

In the past our denominations have engaged with the industry, regulator, Parliament and Government over many years, giving evidence to the Budd Review, the 2005 Gambling Act Committee and the Culture, Media and Sport Select Committee in support of effective regulation, especially the protection of the vulnerable.

In view of the danger of serious financial and psychological harm caused by gambling addiction, gambling cannot be seen as just another 'leisure activity'. The decision to gamble is a personal one, and individuals choosing to gamble should do so responsibly. Yet there is an even greater responsibility on the industry and the regulator to ensure that those who choose to gamble may do so in a safe environment. We believe that as gambling can harm people, and particularly the young and vulnerable, it needs to be carefully regulated to ensure that customers and the public are protected. We also believe that the gambling industry needs to demonstrate its ongoing commitment to reducing harm.

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

The Government states its objective as being a "balance between socially responsible growth and the protection of consumers and wider communities". Whilst we recognise that the regulation of gambling is about striking appropriate balances, we are concerned about the emphasis here on growth. The Gambling Act 2005 talks about "permitting gambling" so long as that is consistent with the licensing objectives. That strikes us as a better expression of the objective, rather than an expectation of commercial growth.

If the Government is seeking to protect consumers and wider communities whilst permitting gambling, then we believe that there are many deeply held concerns about maximum stakes and prizes which the Government will share.

a. B2s or FOBTs

- Gambling machines, and B2s in particular, appear to be particularly attractive to people who are problem gamblers or at risk gamblers.¹
- They offer the possibility of high stakes which mean that people can lose money more quickly. Higher expenditure is usually associated with higher levels of problem gambling amongst players.² Indeed research suggests that amongst loyalty card users, only 12% of gamblers who stake at £28 on B2s are non-problem gamblers.³ It can be strongly argued that this kind of play no longer represents a leisure activity but something which is primarily about making money out of problem gamblers.
- Gambling charities report that a significant proportion of those who approach them for help identify themselves as having problems with machines in Licenced Betting Offices (LBOs).⁴ Anecdotal evidence from local newspapers, as well as treatment providers, suggests that people are able to lose significant amounts of money on B2 machines, without being identified as problem gamblers by operators.
- We are also concerned about the environment in which these machines are found. B2s offer casino-style gambling on the high street, in accessible and anonymous locations. Their accessibility means that people have easy and quick access to them. They are in an environment where there is limited oversight. Staff in bookmakers' offices have been given responsibility for ensuring socially responsible play, but single staffing is not uncommon, and staff are often dealing with other customers, marooned within a glassed-in box.

Therefore, we believe that the maximum stake for B2s should be reduced significantly. Whilst some people are calling for a reduction in stakes to £2, we recognise that such a reduction would effectively remove B2s as a machine due to a lack of economic viability. Whilst some people would welcome this move, we recognise that this would not remove problem gambling, but would probably displace it, possibly onto B3 games in the same shops.

But this does not mean that the Government should not take any action. Last year regulations were introduced to require players to use an account to stake between £50 and £100 or at least to interact with the staff. Evidence suggests that most players have resisted doing this, and instead reduced their stakes to below £50.⁵ Of course there is the danger that people will stake less but more frequently and for longer, even possibly increasing the harm they experience. But surely this raises the expectation of socially responsible approaches from operators: they should know their customers and should therefore be able to spot when a person is gambling more or for longer, and therefore intervene with the player. Should the Government decide to reduce the stakes significantly, as we hope they will, the operators will still be required to identify problematic play, and not only amongst those who are playing by identifiable account based play.

¹ Gambling behaviour in England and Scotland, Findings from the Health Survey for England 2012 and Scottish Health Survey 2012, Natcen 2012

² Eg Livingstone, C., Woolley, R., with Zazryn, T., Bakacs, L., & Shami, R. (2008). The relevance and role of gaming machine games and game features on the play of problem gamblers. Report prepared for Independent Gambling Authority South Australia.

³ Gambling machine research programme, Report 2: Identifying problem gambling – findings from a survey of loyalty card customers. Natcen. November 2014

⁴ http://www.gamcare.org.uk/sites/default/files/file_attach/GamCare%20Annual%20Statistics%202015-16.pdf
Bookmakers contain both B2s and B3s, but evidence shows that over three-quarters of sessions on machines in bookmakers are on B2s, with a further 7% on a mix of B2 and B3 play.

⁵ DCMS (2016) Evaluation of Gaming Machine (Circumstances of Use)(Amendment) Regulations 2015

We recommend that the stake should be reduced significantly. The majority of stakes are far below the £50 limit for play which is not account-based, so such a reduction should not remove the enjoyment of most players. It would, at the very least, slow down problem gamblers' ability to lose funds rapidly, giving time for operators to intervene. We would strongly recommend that spin lengths should not be increased to compensate for any reduction. Obviously after such a move, the behaviour of gamblers should be monitored to check for harmful displacement gambling so that if necessary other measures may be put in place.

b. Category C machines

We also have concerns around Category C machines which are available in pubs. Although these have lower stakes, they are nonetheless found in non-gambling locations, where people have access to alcohol, and where children are often present. Staff are unlikely to be able to monitor the machines and therefore be able to spot problematic play. For these reasons we would strongly advise against increasing either the stakes or the prizes on Category C machines at least until further research work has been carried out.

c. Category D machines

Finally, along with many others, we have long been concerned about Category D machines which have no age limits. Britain is one of the few regulated countries which allows commercial gambling to be made available to children. Though the maximum stakes are relatively low these machines allow children to be introduced to gambling at an age when they do not have the emotional maturity to deal with winning and losing. A significant body of evidence suggests that the younger the age at which gambling habits develop, the more serious the impact of problem gambling later on.⁶ Even if there is a "natural recovery rate" for many in early adulthood, the impact of a childhood dominated by problem gambling can last a life time in terms of educational opportunities missed and family or social relationships destroyed. Whilst childhood rates of problem gambling appear to have fallen somewhat, we do not believe that this is a reason for complacency. Much has been done to reduce children's access to illegal gambling, particularly through Camelot's Operation Child programme and the Gambling Commission's crackdown on bookmakers. Legal gambling through Category D machines still makes gambling accessible and normalised for children.

We would therefore recommend that stakes and prizes are not increased for Category D machines, and indeed would push for a review of children's access to commercial gambling.

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

Many of the social responsibility measures introduced over the last few years by operators have been licence requirements imposed by the Gambling Commission through their Licence Conditions and Codes of Practice.

Operators have been encouraged to introduce their own measures, particularly in terms of identifying and deterring problem gambling, and examples of this are to be welcomed. However, there is still very little evaluation of these measures yet, and the evidence produced suggests that operators haven't got the implementation straight and there is little to demonstrate impact yet.⁷ So although such measures and pilots are to be welcome, we would caution against placing too much weight on either their execution or their effectiveness.

⁶ <http://about.gambleaware.org/media/1274/1-june-update-children-young-people-literature-review.pdf>

⁷ http://about.gambleaware.org/media/1335/pas-evaluation_final-report_13102016.pdf

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

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.

There is clearly much concern about the increase in numbers of bookmakers - and therefore B2s – on the high street. Although the number of bookmakers has fallen slightly, evidence shows that bookmakers are increasingly located, indeed clustered, in areas of social disadvantage.⁸ People who have lower levels of income, are from certain ethnic minorities, are experiencing mental ill health, or who are young and homeless are all believed to be more vulnerable to problem gambling.⁹ Therefore the location of B2 machines should be of concern to Government if, as appears to be the case, bookmakers are clustered in areas of where such groups are more likely to be found.

Local authorities do have the powers to remove or place conditions on premises licences where there are particular concerns around anti-social behaviour or a failure to mitigate potential problems. But there are no powers to tackle the issue of proliferation. We believe that tackling this issue would help in ensuring healthier high streets and better regulation of gaming machines.

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

We have welcomed changes to the Licence Conditions and Codes of Practice in 2015 with the promised increase in test purchasing and requirements for greater protections for young people, along with the requirement for operators to take board level responsibility for social responsibility under the annual assurance statement for larger operators. We have also welcomed moves by the operators to increase their social responsibility provisions, but again highlight the fact that they have not yet been widely implemented or evaluated. In addition, most of the initiatives appear to have been focused on those who are identifiable through account-based play, whereas there has been a low take up of loyalty cards. We cannot therefore comment on the impact of these measures.

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

We would support moves towards mandatory account based play. An ability to identify players as well as sessions would be valuable within a single operator's estate and business, though ultimately the greater value would come when information could be transferred across all operators. At the macro level this would enable the collection of data showing how players play, respond and behave which would give a much clearer understanding of how they respond to winning or losing, how they respond to social responsibility measures, and whether they divert to gambling elsewhere. This would enable much more informed regulation and social responsibility measures. At an individual

⁸ Contextualising machine gambling characteristics by location - final report. A spatial investigation of machines in bookmakers using industry data, Geofutures, 2015

⁹ http://transact.westminster.gov.uk/docstores/publications_store/licensing/final_phase1_exploring_area-based_vulnerability_and_gambling_related_harm_report_v2.pdf

level it would enable players to get a clear understanding of what they have won or lost across various gambling activities. It would enable operators to monitor behaviour and spend, identifying problematic play, and therefore intervene if necessary. It would enable them to target social responsibility measures appropriate to the player. And of course it would make self-exclusion schemes much more effective.

We have already mentioned two other issues:

- The ending of single staffing in bookmaker's shops. Arguably this could also be extended to Adult Gaming Centres (AGCs), though we accept that staff in AGCs have fewer counter responsibilities than those in LBOs.
- Taking seriously the exposure of children to commercial gambling, particularly directly through Category D machines.

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

Studies of gambling have not so far demonstrated an unambiguous link between advertising reach and gambling behaviour. As Professor Per Binde wrote *"Advertising is one of many environmental factors that contribute to the prevalence of problem gambling.... It would therefore be unrealistic to expect that general advertising restrictions would in themselves have a great preventive effect on problem gambling.... It would be equally unrealistic to believe that "play responsibly" and warning messages embedded in gambling advertising would greatly reduce the negative effects that advertising may have."*¹⁰

Some concerns still remain.

- The rules around what can be shown in adverts are fairly tight. However, there are an increasing number of advertisements, with children and adults being exposed to far more advertising.
- This leads, if nothing else, to the normalisation of gambling behaviour.
- The "watershed" on television gambling does not apply to all forms of gambling. In particular, the amount of gambling advertised around sports fixtures is significant and has increased.

Therefore, whilst we recognise the difficulties of a precise judgement around establishing a clear causal link between advertising and problem gambling, we would draw attention to some of the areas highlighted by Professor Binde in his review of gambling advertising in 2014. He recommended that further effort be put into research into areas such as: content analysis; self-rated impact of gambling advertising; self-report studies of perceptions of advertising; and advertising codes and risk factors for problem gambling.

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?

¹⁰ Binde, Per. 2014. Gambling advertising: A critical research review. London: The Responsible Gambling Trust.