

Draft Response to DCMS Review of Gaming Machine and Social Responsibility Measures – Call for Evidence

“This Authority welcomes the Department of Culture Media and Sport’s “Review of Gaming Machine and Social Responsibility Measures”. While, the review is considered overdue, this Authority is encouraged that the need for review is now recognised and is pleased for the opportunity to be able to set out its views on the matter.

The Authority’s responses to the questions raised are provided further on. However, it is considered important that this Authority’s overall position is made clear at the onset.

Firstly, this Authority does recognise that the gambling industry, across its many component parts, makes a significant contribution to the national economy and provides considerable job opportunities. It also recognises that gaming and betting provides a legitimate leisure activity, enjoyed by many people and that the majority of those people who gamble appear to do so without exhibiting any signs of problematic behaviour. This Authority acknowledges that genuine efforts are being made to attempt to ensure that gaming and betting can take place in a socially responsible manner and that the industry itself is contributing to this. Initiatives such as the recent multi-operator self-exclusion scheme and the continuing work on trying to identify harmful play on machines and mitigate this through intervention are supported. However, as the Responsible Gambling Strategy Board acknowledge, many of the new initiatives have yet to prove their significance.

As the foreword provided by Tracey Crouch MP to the Consultation Paper states, there are as many as 600,000 individuals “who face deep personal consequences from their relationship with gambling”. This Authority wholly supports the view stated in the foreword that “we must also be mindful of building an industry and wider economy that works for all – families and individuals cannot contribute to the wealth of the nation while they are rebuilding lives affected by problem gambling”.

This Authority’s main role within the administration of the licensing regime is to licence premises intended to be used for gaming and betting. In doing so, the primary consideration for the Authority is the promotion of third licensing objective “Protecting children and other vulnerable people from harm or from being exploited by gambling”.

As part of this consideration, this Authority is enabled to consider matters of location. Applicants for licences and current licensed operators are compelled by Social Responsibility Code 10.1.1 to assess the risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and have policies, procedures and control measures to mitigate those risks. They are required when undertaking their risk assessments, to take into account any relevant matters identified in the licensing authority’s statement of policy. Local licensing authorities are encouraged to develop local area profiles in support of this.

On the face of it, this might appear to indicate that a proper licensing framework enabling local decision making that understands and protects the needs of the local community is provided. However, this is not the case. The combination of the direction given to local licensing authorities to ‘aim to permit gambling’ consistent with law and guidance and to look to control local risk through appropriate condition setting is too directive and restrictive.

It is this Authority’s opinion that a local licensing authority should have full discretion and be able to take the view that there are locations within its local community area where it is inappropriate to

establish a gambling facility or to further increase the existing number of gambling facilities. This is necessary, especially to protect those vulnerable members of the community who may gamble more than they want to; who gamble beyond their means; and who may not be able to make informed or balanced decisions about gambling due to mental health needs, learning disability or substance misuse relating to alcohol or drugs. This view is particularly relevant in terms of the growth and movement of betting offices and especially, in terms of this review, the use of sub category B2 gaming machines, commonly known as 'Fixed Odds Betting Terminals' (FOBTs) within them. It is this Authority's view that local licensing authorities should have the further ability to restrict the numbers of FOBT machines that might be permitted within licensed betting offices and the level of stakes and conditions of their use.

It is this Authority's opinion that the installation of FOBTs within a betting office has the effect of changing the primary use of that betting office to that of an adult gaming centre. This is supported by the fact that in the wake of the growth in online betting and the decline in participation in the traditional betting pursuits of horse racing, dog racing and other, gaming machines now provide the primary source of revenue for licensed betting offices.

These gaming machines, with their high maximum prize (but by way of high maximum stake), are proven to be attractive and encourage aggressive gambling in which it is possible for an individual to lose up to £300 in a minute.

This Authority calls for

- The current £100 maximum stake to be brought into line with the maximum stake permitted for other gaming machines allowed in high street premises and casinos (£2-5)
- Licensing laws to be changed to allow health considerations to be taken into account within licensing determinations
- Local licensing authorities be enabled to
 - Reject licence applications based on health impact and / or cumulative impact tests where there are existing clusters of licensed premises
 - Restrict the numbers and types of gaming machines that may be permitted within licensed betting offices on similar considerations.
 - Set conditions of use for permitted machines which may affect the maximum stake and the terms of use (for instance restricting to account based gaming)

The London Borough of Barking and Dagenham has had sight of some of the work Newham Council has undertaken in this area and we support their position in relation to this. We face similar issues with betting shops and have commenced work to fully understand the impact of gambling and FOBTs in the borough. Although the work is at an early stage and not available in time for this submission the section below provides our response based on the current data we hold.

Q.1. 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?

This Authority's concerns rest entirely with the category B2 'fixed odds betting terminals' (FOBT) due to the high maximum stake that is permitted. It is believed that the machines encourage 'aggressive gaming behaviour'. FOBTs are the only category of gaming machine where the maximum permitted stake is set at this level. B1 machines, available only in casinos, have a maximum stake of £5. None of the categories of gaming machine permissible in bingo premises, adult gaming centres, members' clubs or miners' welfare institutions or other have a maximum stake of more than £2.

Consequently, this Authority believes that the revenue generating capacity of the FOBT is behind the proliferation of licensed betting offices, particularly in high street locations, within this and many other local authority areas. There are currently 44 licensed betting offices within the London Borough of Barking and Dagenham up, potentially providing up to 166 FOBTs across myriad locations. This figure indicates a small growth from 40 licensed betting offices in 2013.

This Authority does not consider it appropriate to have such high-stake gaming machines to be so broadly available within such numerous premises and would therefore call for the maximum stake to be restricted along the lines of other gaming machines available in other licensed premises (i.e. £2-5).

Q.2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities? Please evidence to support this position?

This Authority has no evidence that supports that any degree of success has been achieved by industry measures to mitigate harm or improve player protections or mitigate harm to consumers and communities.

This Authority acknowledges recent work to establish a multi-operator self-exclusion scheme and credits the various operators involved in working together and sharing information. However, it is this Authority's understanding that take up of previous individual operator self-exclusion schemes was low and waits to be convinced that this new scheme promotes more participation.

This Authority also acknowledges ongoing work to develop algorithms that might help identify problem gambling behaviour and enable supporting interventions to take place, and other work to help monitor, identify and intervene into player behaviour and to train staff in this area. The Authority also acknowledges the practice of encouraging player loyalty schemes and account based gaming. However, all this work is still in its infancy and cannot currently capture all at risk players.

Q.3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation?

This Authority believes that the Government should empower local licensing authorities by allowing greater discretion to

- Refuse applications for new gambling premises licences and / or

- Restrict the numbers of FOBTs that may be installed within licensed betting offices and / or
- Set conditions on the use of FOBTs, for instance around limiting their use to account based play

Where local circumstances make this appropriate.

It is wholly accepted that such decisions should not be made without proper grounds. However, such powers are considered necessary in order that licensing authorities may take appropriate steps to afford protections to local communities where there is reason to do so.

To this end, the relevancy of public health, socio-economic and crime and disorder data in establishing local risk and supporting local decision making should be recognised. The concept of cumulative impact should also be acknowledged.

Barking and Dagenham's Economic Development Study (2014), commissioned to support its emerging Local Plan, identified that all four of the main town centres in the borough (Barking, Dagenham Heathway, Chadwell Heath and Green Lane) have a high proportion of betting shops when compared with the national average, please see Appendix A.

Public consultations, which the Council has held, have indicated a strong perception from the community that there needs to be more control on the betting industry. In 2013 the borough consulted on steps to control betting shops through an Article 4 Direction. The changes to the Use Class Order meant that the Council did not pursue these measures, however, the consultation held in relation to this work elicited 81 responses with 78 of these wishing to see tighter controls on betting offices. The main concern was with the clustering of betting shops in Barking Town Centre and unease about anti-social behaviour and intimidation. Other concerns expressed were problem gambling and the knock-on impacts on family breakdown, health, alcoholism, drugs, and crime. Respondents were also concerned about the general attractiveness of Barking Town Centre and Dagenham Heathway as places to shop due to the predominance of betting offices, pawnbrokers, takeaways, and pound shops. In its Issues and Options Consultation, for its emerging Local Plan (Oct 2015 – Jan 2016), the community again felt that the numbers of betting offices detracted from the vibrancy of the high street, with people commenting again a concern around anti-social behaviour and the negative impact on health and wellbeing. In the recent Borough Manifesto consultation (Aug-Oct 2016) 36 percent of respondents raised that they would like to see better high streets, with a better mix of shops and many specifically commenting on a desire for less betting shops.

The authority is also currently in the process of trying to understand the reasons for an increase in ASB around areas where betting shops are located and whether there is a causal link between the two. Appendix B shows the clustering of betting shops and recorded ASB over the last year.

In response to the changes to the Gambling Commission Licence Conditions and Codes of Practice introduced earlier this year and to the consequent Commission Guidance, this Authority is currently developing a local area profile which incorporates an assessment of risk of gambling related harm across the borough. This work is ongoing but the first draft analysis has been completed. It uses spatial analysis techniques drawing from public health and other socio-economic data, based on the development work carried out by Geofutures on behalf of Westminster City Council and Manchester City Council. This first draft analysis identifies that within the borough Barking Town Centre is an area of 'high risk' (Appendix C).

Of the 44 licensed betting offices located in the borough, 10 premises (23%) are located within Barking Town Centre, the identified 'high risk' area.

It is this Authority's contention that, in the absence of other adequate controls, this Authority should have the ability to decide whether

- It is appropriate to grant any further betting office licences in this area; or
- It is appropriate to restrict the number of FOBTs permitted within any new licensed betting office or to limit the maximum stakes or set conditions regarding their operation

And, potentially, to revisit gaming machine provision in currently licensed operations within the 'high risk' area.

Q.4. 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.

The responses to previous questions refer. This Authority is less concerned with other 'lower stake' gaming machine provision.

Q.5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation?

This Authority has little information upon which to quantify this. We are aware that the Gambling Commission collects information from the licensed operators in relation to this matter but we are not party to this. Our response to Q6 refers.

Q.6. Is there anything further that should be considered to improve social responsibility measures across the industry? Please provide evidence to support this position.

It would be helpful to local licensing authorities if gambling operators were required to share information about a range of issues, in particular:

- The level of take up of self-exclusion schemes;
- The numbers of other potential 'problem gamblers' identified locally and the level of interventions taken
- The failure rate of local third party 'under-age tests' and the steps taken where these have occurred. On the one occasion that this Authority has requested such information from a licensed operator, the request has firstly been questioned and then the response has been given that tests were 100% successful. While such high success rate would be applauded, this is not consistent with outcomes of under-age test purchases across other business sectors.

Local licensing authorities, as local regulators, set out to support good responsible premises management. As regulators, we can provide expert advice on best management practice around age verification and related matters. We operate in an intelligence led manner so to allow resources be directed where they are needed most but we are denied, or at least hindered in accessing, a primary source of intelligence around issues directly relevant to the licensing objectives it is intended we promote.

Q.7. 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?

This Authority does not possess relevant evidence.

However, the Authority supports the contention that gambling advertising on television is restricted to after the 9pm watershed and has been concerned at the relaxation that allowed gambling to be advertised during daytime televised sports. The lifting of this restriction is welcomed.

This Authority does have concerns, however, at the more subtle 'normalisation of gaming and betting' within modern society through the proliferation of betting shops in prominent high street locations. The ability to restrict the numbers and locations of gambling establishments discussed earlier within this submission is proposed for this reason also.

Q.8. Any other relevant issues, supported by evidence that you would like to raise as part of this review but has not been covered by questions 1-7?

Not at this present time. This Authority believes that the law regarding gaming and betting has been particularly supportive of the gambling industry and, as far as the role of the local licensing authority has been concerned, this has been very directed and restricted.

For local licensing authorities to act properly, both in support of the local resident and business community, full discretion to make appropriate licensing decisions is required.