

Response to Gov't consultation on changes to gaming machines and social responsibility measures

Q1. Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced?

If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?

Royal Borough of Greenwich (RBG) agrees that the maximum stake on B2 machines should be reduced from its current value of £100.

Analysis of the impacts as provided in the consultation document clearly identifies the most beneficial option in terms of reducing harm and protecting vulnerable individuals would be a reduction of the maximum stake to £2.

Setting the maximum stake at between £50 and £20 will have a negligible impact on harm minimisation, as between 42% and 46% of problem gamblers would still be negatively impacted, with a further 41-42% remaining at risk. In both cases the average stake played would still be the maximum amount, and the percentage of losses above £500 is considerable at both £50 and £30, as shown in figure 1 below.

Whilst concerns are noted regarding the potential impacts to the industry, these would be outweighed by the impacts to public health and the associated costs of mitigating such harm – health care, social care, criminal justice and mental health care costs. Equally the suggestion that significant job losses would be incurred has not been weighted against the estimated 27,000 jobs lost annually due to problem gambling at present.

Source: www.stopthefobts.org Gambling Impacts Local Authorities Data Spread Sheet.

Figure 1: impact estimates of maximum stake on Category B2 machines (FOBTs)

www.gov.uk/government/consultations/consultation-on-proposals-for-changes-to-gaming-machines-and-social-responsibility-measures

Stake	Stake played	Problem gamblers	Gamblers at risk	Moderate risk/no risk	% of losses >£500
£50	99%	46%	41%	13%	73%
£30	90%	42%	42%	16%	17%
£20	82%	42%	44%	13%	6%
£2	17%	19%	49%	32%	0.00%

Q2. Do you agree with the government's proposals to maintain the status quo on category B1 gaming machines?

Yes. Given the industry has yet to offer an impact analysis of the significant increase of the progressive jackpot from £4000 to £20,000 in 2014, it would not be appropriate to increase the progressive jackpot without further research being provided.

Q3.Do you agree with the government's proposals to maintain the status quo on category B3 gaming machines?

Yes. The information cited in section 3:20 of the consultation document clearly details the risks associated with this category of machine, and also acknowledges category B3 machines have the fastest rate of growth in any category, with 56,000 machines currently available across the country. Any uplift in the maximum stake would negatively impact on those who identified as problem gamblers. The potential benefits or increased Gambling Gross Yield (GGY) for the industry, and increased duty of £5m to the exchequer would be outweighed by the potential impacts and associated costs to mitigate potential increase in harms.

Q4.Do you agree with the government's proposals to maintain the status quo on category B3A gaming machines?

Yes.

Q5.Do you agree with the government's proposals to maintain the status quo on category B4 gaming machines?

Yes.

Q6.Do you agree with the government's proposals to maintain the status quo on category C gaming machines?

Yes. Other than stating a link between the uses of category C machines in situ, Green King Ltd has offered no evidence to suggest the presence of such machines 'would be vital to the economic viability of many pubs' to such an extent that failing to increase the stake/prize would force pubs to close. Given the machines would operate in an 'ambient' gambling environment there would be little or no provision for the effective monitoring of the use of the machines, or the impacts of such changes on vulnerable individuals.

Q7.Do you agree with the government's proposals to maintain the status quo on all Category D gaming machines?

Yes. RBG agrees with the government's own conclusion that; *given concerns raised on the principle of stake and prize increases on products available to children, and the fact that the industry has not proposed any strengthening of its player protections, we are not therefore minded to take any of the industry's proposals forward.*

Q8 Do you agree with the government's proposals to increase the stake and prize for prize gaming in line with industry proposals?

Yes. Whilst RBG agrees with the government's own conclusions regarding the low risk nature of prize gaming we would welcome on-going analysis of risks or impacts of this category of play.

Q9. Do you agree with the government's proposals to maintain the status quo on allocation for casinos, arcades and pubs?

Yes.

Q10. Do you agree with the government's proposals to bar contactless payments as a direct form of payment to gaming machines?

Yes. RBG welcomes the government's decision to bar the inclusion of this method of payment. The use of contactless payments would likely have a negative impact on those identified as problem gamblers, and those identified as being at risk, as this form of transaction would likely reduce their ability to control spending.

Q.11 Do you support this package of measures to improve player protection measures on gaming machines?

Yes. RBG welcome inclusion of methods to track play, not only to offer more control to the player, but also to establish a data base of player behaviour patterns that will offer better analysis of problem gambler behaviour.

Q.12 Do you support this package of measures to improve player protection measures for the online sector?

Yes – but with reservations:

In section 5:12 of the document, the government notes that the on-line gaming industry generated £4.5bn in income. Given the offshore status of on-line gaming companies in relation to taxation, there is a concern that the potential for tax revenue that would usually be seen from onshore companies is not seen within this area of the gaming sector, and that the costs of addressing the harms associated directly with problem gambling; addiction treatment, IAPT support, MH services, DV services, debt support, and criminal justice funding are being compromised as a result.

Without any current measures in place to ensure that the tax status of those companies operating offshore but providing services in the UK is not at odds with this burden, it would be reasonable to impose a levy on off-shore gaming companies, to mitigate the tax deficit and the costs of harms associated with the sector.

RGB welcomes the research by GambleAware and looks forward with interest to the conclusions being made available in 2019, in the form of best practice guidance for the sector, but notes the government has already identified that:

'the industry could accurately detect problem gamblers using data held by operators today, with a refined set of 22 predictive markers used to create a customer specific risk score. The markers could be used to inform tailored interventions based on different risk thresholds'

It is a concern that the online gaming sector has already developed behavioural analytics, to identify problematic gaming, but has not yet agreed a standard code of practice that would ensure this technology is used now. It is also concerning that any such guidance would not be available until 2019 at the earliest, particularly as research already identifies online gambling as being of particular risk to young men who's ability to assess risks are diminished by the intangible aspect of money being spent in this environment.

RGB welcomes the development of a code of practice by stakeholders, but would seek to broaden expertise to include independent organisations and charities working within the addictions and mental health treatment sectors, as well as behavioural scientists working within the NHS and public health organisations.

Source: <https://www.kcl.ac.uk/sspp/policy-institute/scwru/pubs/2017/reports/The-nature-of-gambling-related-harms-for-adults-at-risk-a-review.pdf>

Source: <http://www.sciencedirect.com/science/article/pii/S0277953616304397>

Q.13 Do you support this package of measures to address concerns about gambling advertising?

RGB believes the measures do not go far enough.

Investment in advertising for this sector has increased exponentially since 2012. Figures published by media analysts Nielsen and reported in the news media in 2016 demonstrated that £81.2m was spent in 2012, and that this figure increased to £118.5m in 2015. Overall expenditure since 2012 has exceeded half a billion pounds.

Research indicates that advertising has grown significantly since the deregulation of gaming under the gambling act of 2005. Presently the voluntary code of conduct for advertising does not include sports betting or advertising and promotions linked to sporting fixtures. The code also does not offer adequate protection to children, as the current guidance for a 9pm watershed does not reflect reality in terms of children's access to TV and online media content.

Whilst the industry cites a reduced number of complaints to Ofcom regarding advertising content, there is a concern that the increased volume of adverts – some 1.4 million in 2013 compared to 234,000 in 2007 - have normalised gambling to viewers, and that the harms to vulnerable individuals whilst not increased, according to the industry research made available to the government, still remain prevalent.

RGB also noted that GameCare reported an 18% increase in the number of calls to its support services in 2016.

There is a concern regarding the online content of advertising and the potential for it to be attractive to children. A 2016 investigation by *The Times* newspaper reported that Twitter users under the age of 18 were being bombarded with adverts for sports betting when they followed popular sports accounts.

It would also be reasonable to assume that children are being routinely exposed to gambling advertising across commercial broadcaster platforms such as Sky sports, BT sports, and ITV, as shown in a recent BBC investigation, which found 95% of advertising breaks during sporting events were shown to include gambling adverts. Children are also exposed to gambling through the extensive sponsorship of Premier League and Football League clubs by the betting industry. RBG is disappointed that the Government has not proposed further restrictions on this form of promotion. Whilst RBG understand that sponsorship branding is not allowed on children's football shirts, it is on adult shirts, which will be worn by children from their early teens, well before the legal age for gambling.

The National Problem Gambling Clinic has noted that regular exposure to such media can "normalise" gambling behaviour. Studies also indicate that young people being exposed to gambling adverts are more likely to take up gambling once they turn 18.

RBG welcomes the initiative to fund a national awareness campaign across all media platforms; however there are concerns that the funding set aside from the industry is not adequate or proportionate.

Set against an industry spend of £312m for 2016, the two year advertising budget suggested by agreement between the industry and GambleAware of £5-7m, or approximately £2.5-3.5m per annum, is arguably insufficient as it would represent less than 0.8% of the total budget promoting gaming, and less than 0.00001% of the annual industry revenue of £13.8bn.

RBG would therefore like to see a fixed levy against the industry that is more commensurate with their annual advertising expenditure and revenues and, more importantly, is reflective of the scale of the challenges associated with supporting the estimated 430,000 problem gamblers, educating the 2 million at risk gamblers, and mitigating the wider consequences of gambling related harm in the UK

Source: <https://www.theguardian.com/society/2016/jul/15/betting-firms-spent-half-a-billion-pounds-on-tv-adverts-since-2012>

Source: <http://www.independent.co.uk/news/business/news/gambling-firms-spent-half-a-billion-pounds-on-tv-adverts-since-2012-a7139191.html>

Source: <http://www.thedrum.com/news/2016/05/14/children-twitter-being-bombarded-gambling-ads-according-investigation>

Source: <http://www.thedrum.com/news/2017/10/23/gambling-ads-feature-95-all-live-football-match-breaks>

Source: <http://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2017/New-research-shows-more-progress-needed-to-tackle-problem-gambling.aspx>

Q14. Do you agree that the Government should consider alternative options, including a mandatory levy, if industry does not provide adequate funding for RET?

RBG agree that the Government should consider alternative options but is disappointed that the Government has not gone far enough in challenging the industry to provide funding and support for research, education and treatment (RET) as was previously agreed. The industry has yet to demonstrate its commitment to social responsibility beyond its voluntary 0.01% of GGY donations to GambleAware. Indeed it has failed in part to honour even this small commitment. The current agreement has been in place for ten years and is no longer fit for purpose.

Previously questions have been raised as to the conflict of interest with both GambleAware and The Responsible Gambling Strategy Board (RGSB), due to the evident links to the gaming industry. Both organisations are fully funded via the industry they are responsible for monitoring.

In 2016 Neil Goulden – the then chairman of RGSB, who also owned shares in Coral - was forced to step down after it became known he had commissioned a strategy report which he instructed should show the industry as being “economically valuable and socially responsible”. Prior to this, RGSB had been under investigation for a separate commissioned report which was put together by a company partially owned by Betfair (now Paddy Power), which suggested FOBTs were not an issue in terms of problem gambling, and that reducing the maximum stake to £2 would not be effective in addressing the matter of problem gambling.

As recently as the 31st October 2017 reports emerged in *The Guardian* that the industry is failing to honour its agreement to fund GambleAware, with the charity claiming ‘*gaming companies’ failure to pay left it facing a funding shortfall that risked undermining its efforts to help addicts*’

The voluntary arrangement to donate 0.01% of income to fund treatment was agreed in 2007 as part of the deregulation of gambling by the then Government. In the ten years this agreement has been in place all evidence suggests it is not fit for purpose. GambleAware have already stated the current agreement means their ability to support those in need is being compromised and has asked that a statutory levy be put in place. RBGPH agrees that a statutory levy should be imposed, and that such a levy should be subject to periodic review,

to ensure the agreed rate is commensurate with industry revenues and reflective of the scale of the challenges associated with supporting problem gamblers, gamblers at risk, and family members affected by gambling in the UK.

RBG also questions the value of the current funding of circa £8m per annum. This amount could be considered ineffective given the costs of treatment interventions such as residential rehabilitation - £10k per person, Naltrexone - £800 per month, IAPT interventions at circa £950 per course (based on 2007 estimates and uplifted with inflation), and taking account of the problem gambling population – estimated to be between 430,000 and 590,000. This amount would offer a per-head funding of just £13 to £18. These costs do not include the core costs required for GambleAware or the costs of commissioning a treatment provider, so it could be reasonably argued that the per-head funding is worth considerably less.

To place this in perspective the Royal Borough of Greenwich has an estimated population of 8704 problem gamblers with a further 1700 at risk. This would see funding of between £113,000 and £156,000 based upon the per head funding presently available. Currently there are an estimated 1100 opiate dependent individuals in Greenwich, for which the funding allocation for 2017/18 is circa £3.5m. Whilst undoubtedly some of the clinical costs for opiate treatment can be stripped out for comparison, there remains a considerable disparity in the funding that is suggested for gambling addicts, furthermore this funding is not allocated to local areas where population variation would require different levels of investment in treatment services.

The Government has stated that *‘Problem gamblers can already access treatment services in primary and secondary care including specialised mental health services. Local authority commissioned specialist drug and alcohol services may also be able to offer treatment where a service for broader addictions has been specified’*

Whilst primary and secondary care services do exist to support individuals with mental health issues, few have specialist support centred on gambling addiction and associated behaviours. It should be acknowledged that current funding for mental health services is not meeting the rising demands of the services, meaning access to crisis support is becoming increasingly difficult across large areas of the UK.

A recent report by NHS providers concluded that *‘children, older people and people in a mental health crisis too often receive inadequate care for conditions such as anxiety, depression and eating disorders’* the report added that *‘The impact of rapidly rising demand, workforce shortages and the failure of funding to get through to the frontline means core mental health services are being overwhelmed’*.

Whilst some local authorities and their commissioned substance misuse providers may have capacity to include additional psychological inputs for this client group, the majority do not.

Local authorities commissioned services are not routinely offering this support as they are not commissioned to provide it, as funding for treatment does not currently include treatment for addictions unrelated to drug or alcohol use.

Arguably the statement by the Government that services may be able to offer treatment where a service for broader addictions has been specified could be considered very misleading in this context.

Source: <http://www.express.co.uk/news/uk/645051/FOBT-Charity-Commission-investigation>

Source: <https://www.theguardian.com/society/2016/jan/15/chair-of-leading-uk-gambling-charity-announces-retirement>

Source: <https://www.theguardian.com/sport/2017/oct/30/force-gambling-firms-pay-levy-addiction-treatment-charity-gambleaware-betting-companies-donate>

Source: www.clahrc-cp.nihr.ac.uk/wp-content/uploads/2012/.../IAPTechnicalReport-V5_a.do

Source: <http://www.stopthefobts.org/the-evidence/>

Source: <http://www.stopthefobts.org/wp-content/uploads/2015/03/Hancock-and-Hanrahan-CfFG-Executive-Summary-4March15.pdf>

Source: <https://www.theguardian.com/society/2017/jul/07/nhs-bosses-warn-of-mental-health-crisis-with-long-waits-for-treatment>

Source: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5445168/>

Q.15 Do you agree with our assessment of the current powers available to local authorities?

RBG does not agree with the Government's assessment regarding the current powers available to local authorities, further, we would seek a number of recommendations be considered;

1. The government ensure that the legislation is amended to offer parity with the alcohol licensing legislation in terms of its objectives.
2. Public Health be recognised as a Responsible Authority with regard to making representations for all gambling license applications – as currently exists with the alcohol licensing legislation.
3. The inclusion of accumulative impact assessments as part of the licensing process.
4. The legislation should clarify that there is a parity of responsibility to ensure the safety of the public, which lies with the gaming industry as much as it does with the local authorities, and that,
5. Clarity should also be given to the burden of responsibility by applicants wishing to open new premises, as with alcohol licensing, all applicants will need to demonstrate how their application will not have a detrimental impact upon the local community.

At present, Councils' options for controlling the number of betting shops are limited. The gambling licensing system provides a theoretical opportunity for councils to prevent betting

shops from opening, though the legislation does not offer suitable protections to local authorities to deny licence applications without considerable risk or cost.

The current objectives set within the Gambling Act do not make enough provision for the protection of the public on the grounds of antisocial behaviour or public nuisance. The current legislation places the burden of proof on the local authority and not on the industry, specifically with regard to the impacts of betting shops on local communities, whereas the requirement to demonstrate how an application would not affect the licencing objectives is implicit in the current alcohol licensing legislation. RBG believe this should also apply to gambling legislation.

The Government suggests that local authorities utilise existing planning regulations but does not take account of current legislation in relation to managing or restricting the number of betting shops operating in a given area, the creation of cumulative impact zones for alcohol licensing enables responsible authorities to ensure that the spread of premises is controlled in a way that protects the public from further harm. This is not currently available to local authorities in terms of gambling premises, yet the harms associated with gambling are no less evident.

Whilst betting shops are now classified as Sui Generis – meaning they are now seen as unique and therefore require planning consent (as opposed to being able to open in any former A1/A2 premises), this change only takes account of planning without due consideration of licensing or public health.

The current legislation assumes local authorities have parity across a range of directorates, in terms of their strategic principles, and that strategies such as planning, licencing, and public health are aligned, reviewed or ratified in unison. Given the nature of policy development and review it may take years to align these areas to ensure a singular approach is taken with regard to any given objective.

Recent case law provides a worrying example of the ineffectiveness of the existing legislation, and highlights the financial burden local authorities may face if they choose to challenge or deny a license application - *Newham Vs. Paddy Power 2013* - the High Court judge stated *“I believe the concept of premises licenses to fall outside the remit of the Local Authority and squarely with the Gambling Commission”*

This highlights two issues; the limitations of local authorities to effectively manage the proliferation of licensed premises, and the significant financial burden placed upon them when they do.

Given such a precedent, it is of concern that local authorities are being forced into a corner by large betting companies with significant resources, who have both the capacity and finances to explore all legal avenues available, at a time when local authorities are being squeezed by funding cuts and challenged to undertake more work with less resources.

In such circumstances it would be more appropriate to ensure that licensing legislation empowers local authorities, and by extension the communities they seek to support, through effective and robust regulation, which ensures the remit to grant or refuse licenses is placed within the realm of the local authority licensing team.

Source: <http://www.independent.co.uk/news/uk/home-news/newham-council-loses-fight-to-stop-spread-of-betting-shops-as-court-upholds-appeal-by-paddy-power-8662466.html>