



**HOUSE OF COMMONS**

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**Review of Gambling Machines – Call for Evidence - Gambling, Licensing and Lotteries Team**

At the outset, I should like to declare my registered interests in this subject. I have received hospitality from Ladbrokes Coral, William Hill, York Racecourse, SIS and The Jockey Club. I also receive an admittance badge from the Racecourse Association. In addition to these registered interests, I am also Joint Chairman of the All Party Parliamentary Group on Racing & Bloodstock and have the Cheltenham racecourse in my constituency.

I am responding to this consultation mainly from the position of wanting to protect the sport of horseracing, which is heavily dependent on betting shops and bookmakers for a significant part of its income. This situation is not unique to the UK and is replicated across the world. However, where British (and Irish) horseracing and betting differs from those industries in other countries is that there are many bookmakers in this country, whereas in many other countries across the world there are state monopolies which often provide racing with higher funding than is the case in the UK.

It is important to understand this latter point because, due to this difference, British horseracing is very poorly funded. Although referred to as the sport of kings, the reality on the ground is quite different. Many trainers, jockeys and stable staff make very little money and quite a few struggle financially. Owners of racehorses receive back, on average, around 23% of their total investments – that is to say, for every £1 they spend, they receive just 23p back in income from prize money.

Given the fact that horse racing is so very poorly funded, any significant reduction in the number of betting shops, and therefore in the money they provide to racing, could put the future of professional horseracing at risk. While this jeopardises the sport itself, it also jeopardises the £3.45 billion the sport contributes to our economy



and the jobs of 20,000 people employed across racecourses. This situation could arise if there is a substantial reduction in the stakes allowable on Fixed Odds Betting Terminals (FoBTs). For example, when restrictions were placed on the ease of staking above £50 on FoBTs in 2015 there was a drop in spend not just on the machines but on horse racing too. There are also professional studies such as the Mintel report<sup>1</sup>, that have made this prediction.

Bookmakers support horseracing in three main ways. First, through the Horserace Betting Levy, secondly through picture rights (the amounts shops pay to racecourses to show the races) and sponsorship. While the profits from FoBTs don't go directly to racing, those profits do help to maintain the viability of betting shops which would otherwise be likely to close due to the extra financial pressures which are placed on them, such as the Levy and Gambling Taxes, as well as the taxes which other businesses would pay.


Opponents of these machines and betting shops generally speak of the "proliferation" of betting shops, when in fact the truth is exactly the opposite. The number of betting shops in the UK has halved to around 8,500 from its peak of around 17,000 some years ago. A further reduction in their income would bring about even more closures for an industry already in gradual decline, which would, as I say, have an adverse and serious effect on horse racing. Over 300 betting shops closed in the past 10 months alone which is a loss to racing of many millions of pounds in picture rights.

Another claim made by opponents of FoBTs suggests that if punters did not spend money on FoBTs they would spend that money on horse racing bets, thereby supporting the sport through the Levy which the bookmakers would subsequently pay. There is no evidential basis for this claim. The government has said that it will take an evidence based approach to this matter, and to assume that the money would simply transfer to horse racing bets would therefore be putting the sport at risk without having any justification for doing so.

There is, of course, a campaign to have the stakes of FoBTs reduced to £2, which is the equivalent of a ban on FoBTs and would be very damaging not only to bookmakers, but also to horse racing for the reasons I give. Supporters of this campaign (which include very few members of the public - out of the tens of thousands of emails I receive every year, I have received just one on this issue) claim that FoBTs are the "crack cocaine of gambling" and that £100 can be lost every 20 seconds. However, the comparative reality is somewhat different from that asserted.

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<sup>1</sup> Betting Shops UK, April 2017, page 29, *The Mintel Group Ltd, April 2017*, available at: <http://academic.mintel.com/display/792723/>



Part of this review is, of course, motivated by the worthy aim of addressing problem gambling. However, if, as the government states, decisions will be taken based on evidence, it is important to assess that which is available. There is, in fact, no evidence of there having been any significant increase in the level of problem gambling since the introduction of FoBTs. Nor is there any evidence that people become problem gamblers as a result of playing on FoBTs any more than they do through using other gambling outlets. According to the report recently produced by the Responsible Gambling Strategy Board (RGSB), people who are problem gamblers may well be playing on FoBTs, but there is no evidence that their habit was started or made worse by engaging with those machines; in other words, they may have developed their problem through other forms of gambling, and then found their way to playing FoBTs.

This brings me to the fundamental issue, which is that there are no restrictions on the level of stakes on most other forms of gambling, some of which takes place in unregulated environments. For example, people can lose unlimited amounts through gambling outlets on their telephones or via the internet, on the very same games which are available on FoBTs but with no staking limits, and such unsupervised gambling could well prove to be more harmful, and with a greater loss making potential, than are FoBTs. In betting shops, gambling is supervised and alcohol is not available, neither of which is the case if people gamble from, for example, their homes, pubs or other unregulated places.

In fact, the report by the RGSB goes on to say that significant restrictions on the stakes of FoBTs could well lead people with problems towards other unsupervised and, crucially, unrestricted forms of gambling. This would therefore have the opposite impact of that which the government is seeking to achieve. If the government is seeking to reduce problem gambling, it should consider the impact of all forms of gambling and measures to tackle it and not just a blunt measure of stake reduction on FoBTs.

An important analogy here relates to the National Lottery, of which I am a supporter in both word and deed. Since its inception, the National Lottery has provided £37 billion to good causes, which is to be applauded. However, that is the money which has been lost by people from age 16 upwards (not 18 as is the case with FoBTs) through their gambling on the Lottery. In fact, they have lost more than this during that period because the above figure does not take into account the administrative costs of running the lottery and so on. And yet, rightly in my view, the National Lottery is not part of this review. Nor is any other form of gambling. Where is the consistency in this approach?

I return to the government's assertion that evidence will determine the outcome of this review. The RGSB report, crucially, points out that there is no evidence that suggests any particular level of stakes which would address the issue of problem

gambling. In that case, how can the government reduce the stakes to a given level if there is no evidence to point them to that figure? This would not be a decision based on evidence. There is also the point that other issues come into play with FoBTs, such as the spin speed of the game which is slower than other gaming machines, the ability of a player to hedge their bets which would disappear if stakes were lowered to £2, thereby increasing the percentage of losses and the percentage of returns to players which is higher on FoBTs than other machines.

I agree that the issue of problem gambling should be addressed, along with problem drinking, smoking and obesity. However, I do believe that a consistent approach to gambling should be taken and all the evidence assessed before coming to a decision. And, given the lack of available evidence, I believe that there should be no restriction on stakes on any form of gambling. A restriction on stakes is not a quick-fix solution to the complex issues at play in problem gambling, and may well exacerbate these issues for the reasons I have provided.

A measured evidence-based approach to tackling problem gambling must be taken, for example, through exploring the use of technology to first identify and then restrict the availability of all gambling to those people with problems. As I have said, there is no evidence to suggest anything will be gained from a restriction on stakes, but there is evidence that it puts our horseracing industry at risk.

If the government is insisting on maintaining a limit on the maximum stakes for FoBTs, I would suggest it settles at £50 and then works with the gambling industry to help introduce technological changes which will reduce and hopefully eradicate problem gambling.

Yours,



**Laurence Robertson M.P.**  
**Member of Parliament for Tewkesbury**