

LB Lambeth response to the Department for Digital, Culture, Media and Sport consultation on proposals for changes to Gaming Machines and Social Responsibility Measures – January 2018

Thank you for the opportunity to comment on the proposals. The London Borough of Lambeth has a long standing interest in this area, having established its own Healthier High Streets Scrutiny Committee in 2013 which considered – amongst other things – the impact of betting shops on communities, individuals and our town centres. Gambling is a common problem for a significant minority who may be gambling to an extent that is seriously damaging their family, personal and working life.

There are many reasons why local authorities like Lambeth are concerned with problem gambling – we know that it acts to deepen poverty and social disadvantage and disproportionately affects those on low incomes who have pre-existing health conditions. Research (and our own experience) tells us that there is often a significant correlation between gaming machine density and socio-economic deprivation¹ and it is difficult not to view this as deliberate targeting on the part of the gambling industry. The same research tells us that problem gamblers are more likely to be of a black or ethnic minority background, male, young and already be economically deprived. We know from our own experience as a London local authority which funds various advice agencies (including the Citizens Advice Bureau and the Lambeth Law Centre), that the stress and anxiety associated with gambling debts exacerbates and causes poor mental health and that gambling debt features as a cause of homelessness and family breakdown.

For society and for government as a whole, there is not just the moral imperative to act, there is also an economic argument. The Institute for Public Policy Research (IPPR)² has found that the combined adverse impacts of problem gambling are costly for society as well as for individuals, with their estimate suggesting that the total cost associated with problem gambling is over £1bn a year. This includes health costs (primary care, mental health and hospital in-patient), welfare and employment costs, housing costs and criminal justice costs.

B2 gaming machines, more commonly known as Fixed Odds Betting Terminals (FOBTs), are located primarily in bookmakers, with a very small proportion also found in casinos. They have a maximum stake of £100 and a maximum prize of £500 and offer a variety of games including non-slots (primarily electronic roulette) and slots. There is concern about the harm that the permitted maximum stake has on gamblers and a body of evidence which Government believes supports further regulation of these machines. This could include addressing the issue of the maximum stake or other corresponding measures.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

¹ <https://www.ncbi.nlm.nih.gov/pubmed/23242474>

² https://about.gambleaware.org/media/1367/cards-on-the-table_dec16.pdf

Q1a. What alternative maximum stake for B2 gaming machines (FOBTs) do you support?

- ☐ £50
- ☐ £30
- ☐ £20 (non-slots) and £2 (slots)
- ☒ £2
- ☐ An alternative amount between £2 and £50
- ☐ None of the above
- ☐ Don't know
- ☐ Other (please specify)

Lambeth council established a Healthier High Streets Scrutiny Commission which reported in 2014 and recommended a range of measures that should be undertaken to make Lambeth's high streets healthier. Amongst the recommendations included in the final report³ was the suggestion that the maximum stake on FOBTs should be reduced to £2. The commission's report draws on data from a range of sources, including the Gambling Commission, and uses research undertaken by Landman Economics⁴ for the Fairer Gambling group which clearly highlights the negative impact of FOBTs not just for the individuals that use them but for the local economy as a whole.

The London Borough of Lambeth has over 50 betting shops and over 200 FOBTs. As in many other areas, shops tend to be clustered in areas of deprivation and we know from statistics gathered by the National Gambling Helpline⁵ that use of gaming machines in betting shops is a major reason why problem gamblers approach the charity. The Landman Economics report suggests that industry claims that restricting spend on FOBTs through a reduced minimum stake will cost jobs are false. The report makes clear that, since every pound that someone gambles on a FOBT is by definition a pound not spent elsewhere in the economy and since expenditure on FOBTs supports relatively little employment compared with consumer expenditure elsewhere, an increase in spending on FOBTs has the effect of sucking both money and jobs out of the local economy. The report finds that £1bn of "average" consumer expenditure supports around 20,000 jobs across the UK as a whole, whereas £1bn of expenditure on FOBTs supports only 7,000 jobs in the UK gambling sector – implying that an increase in spending of £1bn on FOBTs would cost 13,000 jobs more widely. The report also finds that those who are under 35, unemployed and on a low-income are most likely to use FOBTs compounding existing financial difficulties and causing stress/anxiety and relationship problems that, in turn, exacerbate the situation.

Along with the Local Government Association, campaign groups and 93 other local authorities, Lambeth council does not support a reduction in the maximum stake to anything other than £2 given the highly addictive nature of the activity and the speed at which stakes/bets can be made and money lost. A reduced maximum stake of £2 would considerably slow down losses for individuals whilst enabling the industry to still generate considerable profits. The Department's own impact analysis suggests (p.28) that it is expected there will also be "significant non-monetised benefits to society as a result of a reduction in stake on B2 gaming machines".

³ <https://moderngov.lambeth.gov.uk/documents/s80055/HHS%20Appendix%201.pdf>

⁴ <http://fairergambling.org/wp-content/uploads/2012/11/The-Economic-Impact-of-Fixed-Odds-Betting-Terminals.pdf>

⁵ http://www.gamcare.org.uk/sites/default/files/file_attach/GamCare%20Annual%20Statistics%202016-17%20FINAL.pdf

Gaming machines covered in this section include: categories B1, B3, B3A, B4, C and D. These gaming machines are available in a variety of different premises including casinos, bookmakers, adult gaming centres (high street arcades), bingo halls, family entertainment centres (seaside arcades) and pubs. The government proposes no changes to stakes and prizes on categories B1, B3, B3A, B4, C and D. The government's objective is to get the right balance between a sector that can grow and contribute to the economy and one that is socially responsible and doing all it can to protect consumers and communities. We believe that maintaining the status quo will achieve this objective. We are content that industry proposals to increase stake and prize levels on prize bingo gaming are in keeping with the objective of this review and that these activities are low risk. We therefore plan to take forward industry proposals on this issue.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered. It relates to B1 machines which are generally casino-based and which therefore impact minimally in Lambeth.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered.

Q7. Do you agree with the government's proposals to maintain the status quo on category D?

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered as it relates to Category D gaming machines which are typically only available in seaside arcades and high street arcades and which therefore impact minimally in Lambeth.

We are content that industry proposals to increase stake and prize levels on prize bingo gaming are in keeping with the objective of this review and that these activities are low risk. We therefore plan to take forward industry proposals on this issue.

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

- ☐ Yes
- ☐ No
- ☒ Don't know

No narrative response to this question is being offered. It relates to prize gaming machines largely found in seaside arcades and which therefore impacts minimally in Lambeth.

During the call for evidence, industry submitted proposals for changes to the limits of machines allowed in casinos, arcades (high street and seaside arcades) and pubs. The government proposes to maintain the current allocation of category B-D gaming for these premises.

The government also proposes to maintain its current position of not allowing contactless payment on gaming machines. The government makes these proposals in line with its objectives of finding a balance between a sector that continues to grow and contribute to the economy, and one that is socially responsible and doing all it can to protect consumers and communities.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative response to this question is being offered.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

Related to contactless payments is the opening up of personal banking data under the 'Open Banking' initiative and the increasing use of alternative payment forms. We have apprehensions regarding the misuse of such financial data by gambling operations to enable 'personalised' gambling habits to be developed through the use of analytics and smartphone technology further entrenching addiction even within lower betting limits.

As part of the call for evidence, government requested responses on the effectiveness of social responsibility measures implemented by industry since 2013 to protect players and on the effects of gambling advertising.

This section sets out a number of packages of measures covering: gaming machines; gambling advertising; online gambling; and the provision of research, education and treatment (RET) into and in response to gambling-related harm. These packages and the related actions will be delivered by a combination of government, regulator, industry and charities.

A number of respondents to the call for evidence highlighted the perceived inadequacies of industry codes on social responsibility, primarily citing the lack of evidence of impact and effect of the measures that had been introduced on gaming machines. Government is of the view that industry needs to go further to improve player protections on gaming machines. We think that there is particular merit in the introduction of additional measures across B1, B2 and B3 gaming machines. This is based on the high stake and prize levels available as well as what we know about the way in which these machines are played. We would like to see industry work with the Gambling Commission on the following issues:

- Time and spend limits to give players more control over their play
- Mandatory alerts when certain time and spend benchmarks are reached
- Prohibiting mixed play between B2 and B3 (only applies to gaming machines in betting shops)
- The use of gaming machine data to identify problematic play on gaming machines.

In addition, we have asked the Gambling Commission to advise us on the costs and benefits of introducing a form of tracked play on B1, B2 and B3 gaming machines. Tracked play could be a process by which players would register with an operator and be given some way of tracking their play. This would allow the player, as well as Government and regulator, to access improved data about the way in which people play gaming machines, to better understand harm and the effectiveness of interventions on gaming machines. We are also asking the industry to provide us with information about how tracked play would be implemented and over what timescale.

Q11. On the whole, do you support this package of measures to improve player protection measures on gaming machines?



Yes



No



Don't know

The NatCen Social Research report⁶ into the impact of the player protection measures introduced to date demonstrates that there has been little to no impact on the length of sessions, the money gambled or the proportion of players playing for 30 minutes or more or inserting more than £250 or more into gaming machines in one session. Given this, Lambeth council is keen for the Government to take more decisive and broad steps to minimise the risk of gambling related harm including – but not limited to – the measures set out in this consultation.

There is also a clear need for further research, into the effectiveness of the existing code over a longer period, and to determine what further measures are needed to protect individuals and communities from the impact of disordered gambling. Lambeth council believes that there is a clear benefit to taking a Public

⁶ <https://about.gambleaware.org/media/1167/abb-early-impact-report-final-report.pdf>

Health approach to assessing how best to prevent disordered gambling and there is existing research from North America that can usefully be leaned on⁷. We are of the view that, whilst very important, measures which relate to the gambling product and its structural characteristics (ie: staking and payment options, size and structure of prizes, game speed) need to be accompanied with a consideration of the environment within which disordered gambling takes place (ie: social support, leisure alternatives, regulatory framework, accessibility, culture, community support and treatment) and take into account the particular characteristics of the consumer, not just in demographic terms but in terms of resilience, motive and self-control. To this end, we agree with Gamble Aware that measures to protect consumers and communities need to be determined in partnership with councils, Public Health England, NHS Trusts, health commissioners and a range of other stakeholders (including GPs, debt advisors and mental health services). The work is complex but the benefits of succeeding are immense. Gamble Aware estimates that there are around 430,000 people who have a gambling problem in the UK, and another 2 million are at risk of developing a problem – yet only 2% of those who need help are currently getting the support they need.

We note, however, that the industry is not just failing in its commitment to better regulate play and protect vulnerable players but is also failing to meet the target set by the Responsible Gambling Strategy Board for donations to Gamble Aware – the independent charity tasked to fund research, education and treatment services to minimise gambling-related harm in the UK. Donations from the industry are voluntary, with the suggested donation level set at a modest minimum of 0.1% of annual Gross Gambling Yield, yet expected income for the charity remains 20% lower than expected given the target set. Lambeth council would prefer an additional measure which made the donations mandatory and enforceable.

The call for evidence invited views on the effectiveness of social responsibility measures across the gambling industry. A number of respondents raised online gambling in their responses to the call for evidence, with some respondents questioning whether the controls in place to protect young and vulnerable people are effective. While we welcome the positive industry led initiatives outlined in the consultation document, we also note concerns expressed by the Gambling Commission. Concern mainly relates to the pace at which industry are promoting responsible gambling has not been fast enough.

We are therefore putting forward a package of measures calling on industry and regulator to ensure there is a robust and consistent approach to harm minimisation and the prevention of gambling-related harm across the industry. This includes:

- **Implementation of the new multi-operator online self-exclusion scheme is completed at the earliest opportunity;**
- **Act on the findings of GambleAware's existing research into harm minimisation in the online sector and trial a range of harm minimisation measures to strengthen their responsible gambling policies and processes;**
- **Evaluate the action they take and share outcomes among industry, to raise standards across the sector;**
- **Respond constructively to the interim findings from the next phase of GambleAware's research into harm minimisation in the online sector, expected later this year, and adopt any findings which could strengthen existing responsible gambling policies;**
- **Commit to adopt in full the final findings of the next phase of GambleAware's research, expected to be completed in 2019;**
- **Consider restricting the use of bonus and promotional offers if operators cannot appropriately manage the risks presented by such offers; and**
- **Finally, we want to see the Gambling Commission exercise the full breadth of the powers available to it to manage the risks arising from the rapid growth of the online sector.**

⁷ <http://jgi.camh.net/index.php/jgi/article/view/3578/3538>

Q12. On the whole, do you support this package of measures to improve player protection measures for the online sector?

- ☒ Yes
- ☐ No
- ☐ Don't know

Online gambling has become a major part of the estimated £15bn UK gambling industry, accounting for an estimated 41% of market share in 2016, up from 31% in 2015.⁸

Lambeth council very much welcomes the detailed package of measures but believes that they do not go far enough. Unlike gambling in venues, online gambling is account-based meaning that operators already have access to considerable information about those who participate and that this should make risk-based interventions easier to deliver but research from Gamble Aware⁹ suggests that the industry has been slow to adopt measures which would prevent harm by using this information. In addition, some of the existing measures agreed by the industry to tackle problems with online gambling – like multi-operator self-exclusions – have been slow to be developed. It seems clear that more action needs to be taken by Government to encourage compliance and, potentially, to mandate some of the measures which are voluntary currently so as to be better able to assure compliance through enforcement.

The council understands that online gambling is not subject to the same restrictions on stakes/prizes that applies to gaming machines and, since there is an acknowledgement on the part of Government and the industry that further restrictions imposed on gaming machines may lead to more migration of activity into online gambling, the council believes that measures need to be put in place to consider and impose similar maximum stakes and prizes across online platforms.

Finally, it is the council's view that, while there are a variety of voluntary measures made available to customers to opt for if they feel that they need support with their gambling (eg: "time outs", spending limits, periods of self-exclusion), the council notes that their effectiveness is not yet understood and they are also not much used¹⁰. Using available account data and assessing the "markers" that are associated with problem gambling should allow Government to put in place measures which will require operators to impose some of these restrictions including, in some cases, the freezing of accounts. It is not something the council suggests lightly but the damage to individuals and communities – especially those in already deprived communities and circumstances – means that action should be taken wherever possible. Use of an opt-out process rather than an opt-in process on the existing restrictions may also increase usage and reduce the negative impacts associated with problem gambling.

The call for evidence asked if existing rules were appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising. The Government is clear that on gambling advertising, as with other aspects of social responsibility, more should be done by operators and others who benefit from gambling to minimise the risks to vulnerable people.

We are therefore putting forward a package of measures and initiatives by regulators, including the Gambling Commission and Advertising Standards Authority (ASA)/Committee of Advertising Practice (CAP), by broadcasters and the gambling industry and by GambleAware to address concerns about gambling advertising.

⁸ https://about.gambleaware.org/media/1549/gamble-aware_remote-gambling-research_phase-2_pwc-report_august-2017-final.pdf

⁹ As above

¹⁰ https://about.gambleaware.org/media/1549/gamble-aware_remote-gambling-research_phase-2_pwc-report_august-2017-final.pdf

This package will include measures to:

- Address the tone and content of adverts to strengthen protections further;
- Counterbalance messages to raise awareness of risks associated with gambling; and
- Ensure the Gambling Commission has the right sanctions available to ensure that operators comply with the advertising codes.

Q.13 On the whole, do you support this package of measures to address concerns about gambling advertising?

- ☒ Yes
- ☐ No
- ☐ Don't know

No narrative submission from Lambeth provided for this question. The proposals seem fair and relate to ensuring better compliance with existing rules rather than introducing more. The research that exists finds little correlation between advertising and problem gambling. We would support tackling gambling as we would any other public health problem like obesity or alcohol misuse – prevention as well as treatment.

Currently, under the voluntary system, industry are required by the Gambling Commission to make an annual financial contribution to one or more organisation(s) which between them research into the prevention and treatment of gambling-related harm, develop harm prevention approaches and identify and fund treatment to those harmed by gambling.

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

- ☒ Yes
- ☐ No
- ☐ Don't know

As per our answer to Question 11, we note that the industry is already failing to meet the voluntary target set by the Responsible Gambling Strategy Board for donations to Gamble Aware – the independent charity tasked to fund research, education and treatment services to minimise gambling-related harm in the UK. Donations are set at a modest minimum of 0.1% of annual Gross Gambling Yield, yet expected income for the charity remains 20% lower than expected given the target set and some of the largest companies profiting from gambling have not yet contributed. Lambeth council would therefore prefer a mandatory levy to be imposed as soon as possible and for the funding generated from the levy to be used to fund further research, tackle the equalities issues that stem from problem gambling being concentrated amongst young people, those from an ethnic minority background and those on lower incomes and to fund more treatment and community support.

In response to the call for evidence, the Local Government Association and a number of Local Authorities (LAs), proposed the introduction of cumulative impact assessments (CIAs). CIAs measure the effects of past, present and foreseeable factors, over time, on the environment, economy and society in a particular place. LAs argued that the introduction of CIAs would give more powers to manage gambling at the local level.

While we are keen to support LAs (in England and Wales) and Licensing Authorities (in Scotland) in their management of gambling at a local level, we believe that their objectives can be achieved using existing powers. Primarily, LAs can already set out the same assessment of the risk in a given location under their licensing statement of policy. Where it is used effectively and updated regularly, it can be an effective tool at rejecting licence applications or imposing conditions on new licences.

We encourage LAs to continue to work closely with the Gambling Commission to ensure the effective deployment of the existing tools at their disposal.

Q15. Do you agree with our assessment of the current powers available to local authorities?

- ☐ Yes
- ☒ No
- ☐ Don't know

Lambeth council does not believe that the powers that are currently available to us as a local authority are sufficient to enable us to take proper control of our high streets and prevent/tackle the damaging impacts associated with the proliferation of betting shops and number of B2 gaming machines currently in use within the borough. New planning powers (introduced in 2015) which, as the Government states in the consultation, now require a planning application for change of use of a building to a betting shop or the development of new betting shops, have not impacted to a demonstrable effect. In the first instance, they only (in theory) enable us to place restrictions on new outlets, they do not provide us with the ability to tackle the existing over-supply of betting shops and FOBTs in our town centres. Secondly, they lack enforceability. As their previous submission to government made clear¹¹, LB Newham have attempted to reject 8 change of use planning applications using the new planning powers and on every occasion they have seen their decision overturned by the Planning Inspectorate.

Lambeth council believes that the use of “cumulative impact zones” should be extended to gambling premises and their use enabled and encouraged so as to be able to take into account the full extent of the negative impacts associated with granting planning permission to a new betting shop in an area where there are existing premises.

The Gambling Act 2005 creates a permissive licensing regime and restricts the ability of councils to take factors other than those stated into account. The licensing objectives which councils can use are limited to:

- i. Preventing gambling from being a source of crime or disorder, being associated with crime and disorder or being used to support crime
- ii. Ensuring that gambling is conducted in a fair and open way
- iii. Protecting children and other vulnerable people from being harmed or exploited by gambling.

Lambeth council believes these objectives are too narrowly drawn and fail to take into account the wider negative impacts to public health and wider public nuisance associated with betting shops. The Licensing Act 2003 (applying to premises that sell alcohol, the provision of regulated entertainment and late night refreshment) provides a much more suitable set of licensing objectives that could and should be applied to licensed betting shops, including:

- i. The prevention of crime and disorder, particularly in the vicinity of gambling establishments
- ii. Public safety
- iii. Prevention of public nuisance
- iv. The protection of children from harm
- v. Protecting and improving public health (used in Scotland only currently)

Further, the Gambling Act 2005 does not support local authorities in determining the number of FOBTs permitted per betting shop. In fact, it specifically prohibits action to set different limits or expand or restrict the number of machines in each shop. We believe that we should have the power to make decisions in this regard as a feature of our existing licensing powers – meaning that we would be able to limit the number of machines in each establishment - based on the licensing objectives set out above. The massive increase in

¹¹ <https://www.gov.uk/government/consultations/call-for-evidence-review-of-gaming-machines-and-social-responsibility-measures>

the number of premises and FOBTs across the borough since the Gambling Act was passed into law in 2005 – and the associated negative health and societal impacts – requires us to be empowered to respond decisively. That councils remain so powerless to act when the research so clearly supports the need for action and when the Government’s own impact assessment states so clearly that “Gambling-related harm produces several negative externalities including but not limited to: increased healthcare costs, welfare costs and other costs to individuals associated with problem gamblers”¹² suggests that more powers are needed and that local authorities, closest to the problem, better at understanding their communities and with a democratic mandate to act, are best placed to take those decisions.

Submitted with thanks by:



Councillor Mohammed Seedat
Cabinet Member for Healthier and Stronger Communities
London Borough of Lambeth



¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655970/Impact_Assessment_-_Consultation_on_proposals_for_changes_to_Gaming_Machines_and_Social_Responsibility_Measures.pdf