



## **“The Impact of Fixed Odds Betting Terminals in Preston”**



**A Work Plan Study by the Communities Scrutiny Panel**

**February 2014 - May 2014**

## CONTENTS

<b>Section</b>	<b>Page</b>
1. Foreword by Chair of the Panel, Councillor Bhikhu Patel .....	3
2. Membership of the Panel .....	3
3. Introduction.....	4
4. Deliberations.....	4
5. Key Findings.....	6
6. Financial and Legal Implications.....	8
7. Recommendations to Cabinet .....	9
8. Management Team Commentary.....	9

## 1. Chair's Commentary

This work plan study came out of a notice of motion presented by Councillor Rollo on 12<sup>th</sup> December, 2013.

The purpose of the study was to look at the extent of the problem and to look at ways of limiting the impact of problem gambling that has affected the community. Since the introduction of these terminals by the bookmakers, a lot of vulnerable individuals have become addicted to gambling, with some gamblers staking up to £100 per single spin. We have seen an increase in the number of bookies opening up on the High Street.

This has generated a huge amount of profit for the book makers. The gambling industry claim to regulate these machines in the shops and that they look out for problem gamblers and advise them. However, many families have been affected as people are losing large amounts of cash in a short spell of time.

The Panel invited speakers from the gaming industry and the fairer gaming lobby and had very interesting discussions. In total the Panel met on 3 occasions and came out with recommendations for Council to take some action and request the Government to look further in to the problems and the impact that these machines are having on the local communities. My thanks to all the members who participated in the study and to the officers and guests for their information and advice.

Yours truly,



*Councillor Bhikhu Patel*  
**Chair Communities Scrutiny Panel until May 2014**

## 2. Membership of the Panel (until May 2014)



Councillor B Patel  
(Chair)



Councillor Faruki  
(Vice Chair)



Councillor Mrs Cartwright



Councillor Corker



Councillor Gale



Councillor Hammond



Councillor Hull



Councillor Pringle



Councillor Rollo



Councillor Thomas



Councillor Thompson

## 3. Introduction

- 3.1 This topic came to the Panel via a Notice of Motion by Councillor Rollo at Council on 12 December 2013 on the effect of the prevalent use of category B2 gaming machines also known as Fixed Odds Betting Terminals (FOBTs). Council agreed that the matter be referred to the Overview and Scrutiny Management Committee.

[Notice of Motion – Council 12 December 2013](#)

- 3.2 The Overview and Scrutiny Management Committee referred the issue to the Communities Scrutiny panel on 13 December 2013.
- 3.3 The Panel's deliberations were conducted over the course of three meetings, held in February, April and May 2014. This involved detailed information gathering and probing interviews held with the following key attendees:-
- Mr Andrew Lyman – William Hill  
Mr Matt Zarb-Cousin – Fairer Gambling
- 3.4 The Panel also received some information from Mr Mike Thorpe, Licensing Manager which was circulated prior to the meeting held on 9 April 2014.

## 4. Deliberations

- 4.1 A summary of the information considered at the meetings are considered below. Please refer to the web links for full detailed minutes.
- 4.2 [26 February 2014](#)
- 4.2.1 The Chair introduced to the meeting, Mr Andrew Lyman from William Hill and Mr Matt Zarb-Cousin from Fairer Gambling.

The Chair explained that the Panel were looking to see if Fixed Odds Betting Terminals (FOBTs) were a problem and that the initial concern was raised via a Notice of Motion considered at Council which was subsequently referred to the Panel for investigation. The Panel would look to provide guidance to the Council's Cabinet in respect of the FOBTs and advise whether any procedures should be adopted.

### **Mr Andrew Lyman – William Hill**

Mr Lyman explained that William Hill were keen to engage with others in a constructive way and he wished to place on record that William Hill were not denying that the industry did have some problems as all gambling products could cause harm to some. He said in the UK it was not a problem but those affected could be miserable. He said that gambling was a legitimate activity and before the Gambling Act 2005 was introduced operators used to test demand and that was not stimulated by advertising. Now that the Gambling Act had liberalised advertising, however, there were many restrictions and a Local Authority could review a premise's licence and monitor activity at premises.

Mr Lyman advised that prior to the introduction of the Gambling Act in 2007 Preston had 24 betting shop premises; however, there were now 27 premises in the City, one owned by William Hill. He said the product mix in betting shops had changed since horse/dog racing had declined

in popularity and with the introduction of the National Lottery, profits plummeted. He said machines taking National Lottery bets had been in existence for over 10 years and in that time there had been no rise in headline gambling in the UK.

Mr Lyman said that people may hear that machines are addictive but there was nothing to say that they were any more addictive than other forms of gambling. The profitability of gaming machines brought in 50% of profits for operators. He said that a significant level of illegal gaming machines and illegal gambling takes place by others and that William Hill understood that it must be regulated and that gambling overall was much better done by legal means.

It was then stated by Mr Lyman that there had been allegations that operators were targeting poorer communities. He said that betting shops were legalised in 1961 and that it was true that there were more betting shops in socially deprived areas; however, he suggested that, in Preston's case, an increase of three shops in five years was not out of the ordinary given an increase in population.

It was explained that William Hill had a number of focuses in mind with regard to gambling, including:-

- 1. Harm Reduction** – William Hill had engaged in socially responsible activities including installing controls on FOBT machines. They engaged in advertising campaigns regarding setting controls prior to play and directing people to gambler's organisations where help could be sought if required.
- 2. Vitality of the High Street** – Mr Lyman said that the William Hill business plan was to place shops in an area of high footfall and low rent. He said there were no betting shops in quality retail areas. Mr Lyman said that he had not seen any clustering of betting shops in Preston and he did not think that betting shops were driving other industries away and indeed suggested that betting shops could increase footfall.

Summing up, Mr Lyman said that William Hill had a number of suggested solutions to problems which people have with betting shops and these included:-

- More powers for Local Authorities under the Gambling Act;
- Apply a cumulative test to ascertain if betting shops were having an adverse impact on an area; and
- Move betting shops into a different planning class than at present.

Mr Lyman stated that other operators may have a different view than those set out above. William Hill believed it was not up to the betting industry itself to reduce the betting industry market because that would be contrary to the requirements of the Competition Commission. Plus, if there was too much restriction on the industry, more people would be unemployed as shops went out of business.

### **Mr Matt Zarb-Cousin – Fairer Gambling**

Mr Zarb-Cousin said that his campaign group thought that some gambling products were worse than others and that some Fixed Odds Betting Terminals (FOBTs) were known to be worse i.e. roulette machines. He said these machines were once played in casino environments but were now faster and accessible on the high street. Mr Zarb-Cousin stressed that he was not anti-betting and there may have only been an increase in three shops in Preston since the introduction of the Gambling Act, however, these shops were now in tertiary locations. He said from 2007-2010 there was a 0.6 – 0.9% increase in gambling with 16% of 16 – 24 year olds showing signs of problems.

Mr Zarb-Cousin said his organisation wanted a reduction in the initial stake, with betting shops signing up to a code of conduct. He said that at present, after a £250 loss a machine was disabled for a few seconds during which time staff would speak to the gambler. He suggested that people could feel antagonised by this, as well as some staff, who may be in the shop alone at times, being placed in vulnerable situations.

Spend and time restrictions which were voluntary could be overridden. Mr Zarb-Cousin continued that other countries allowed users to input their pre-set limits into the machines before playing which controlled the usage; however in this country any user could restart a machine.

Mr Zarb Cousin said that the maximum stake on FOBTs needed to be reduced to £2 which would bring them into line with other machines. He said that whilst he was not sure of Preston's demographic, there were four times as many betting shops in areas of high unemployment. The potential for harm and money laundering in the use of the FOBTs was also a factor as well as an increase in gambling by young people and crime associated with gambling.

Members then raised various issues and addressed questions to the attendees questioning profits made by William Hill and the betting industry in general. They also discussed the profit made on individual fixed odds betting terminals, the approach by William Hill to its customers who regularly gamble and the amount of investment that William Hill puts back into towns and cities as part of its community programme.

#### 4.3 [9 April 2014](#)

##### 4.3.1 The Panel discussed recent developments relevant to the study including:-

- the establishment of a taskforce by the Local Government Commission (LGA) to examine concerns regarding betting shops and Fixed Odds Betting Terminals;

- the refusal by the Planning Committee of an application for a bookmaker's shop in the City Centre

4.3.2 Members also considered the guidance notes on FOBTs which had been provided by the Licensing Manager.

4.4 [14 May 2014](#)

4.4.1 The Panel considered a draft copy of the Work Plan Study. Members discussed proposed recommendations including:-

- joint working with other departments and neighbouring authorities;
- examine the possibility of developing a policy restricting the numbers of betting shops and details regarding frontages;
- issues regarding numbers of shops and areas in which they are located.

4.4.2 Councillor Swindells, the Cabinet Member for Planning and Regulation attended the meeting and reported on the Council's work with other authorities and relevant organisations through the Local Government Association's Taskforce, the Betting Commission.

4.5 [16 July 2014](#)

4.5.1 The newly formed Panel briefly considered the draft work plan study. Members agreed the previous recommendations and requested that Councillor Swindells be invited to attend a future meeting of the Panel to provide a progress report on the matter.

## 5. Key Findings - Summary

5.1 The Panel investigated the issues surrounding Fixed Odds Betting Terminals and the perceived issues and problems arising from the increase in number;

5.2 A variety of interviews were carried out and legislation and background documents were considered;

5.3 The Panel felt that the problems surrounding Fixed Odds Betting Terminals were on the increase and discussed ways to address this.

These included:-

- restrictions in numbers of betting shops;
- consideration of location of shops;
- working together with neighbouring authorities.

## 6. Financial and Legal Implications

6.1 There are no financial implications to this study.

6.2 The following are the legal implications:-

- The Gambling Act 2005 prescribes the number and category of gaming machines that are permitted in each type of gambling premises licensed by licensing authorities. Neither the Gambling Commission nor licensing authorities have the power to set different limits or further expand or restrict the categories of gaming machines that are permitted by the legislation;
- The Gambling Act 2005 provides that the holder of a betting premises licence may make available for use up to four gaming machines of category B, C or D. The category B gaming machines at betting premises are restricted to sub-category B2, B3 and B4 gaming machines. B2 gaming machines are also known as Fixed Odds Betting Terminals.

## **7. Recommendations**

7.1 That Cabinet be requested to agree that:-

- (i) the Cabinet Member for Planning and Regulation, Councillor Swindells, be invited to attend a future meeting of the Panel in order to update Members on progress with his work with the Betting Commission;
- (ii) that the issue of joint working of Council departments and with neighbouring authorities be investigated in the future;
- (iii) that the possibility of developing a policy restricting the numbers of betting shops and details regarding frontages be examined once developments through the Betting Commission are known;
- (iv) that issues regarding numbers of shops and areas in which they are located also be reviewed in conjunction with (iii)

## **8. Management Team Commentary**

8.1 There were no comments.

## **Fixed Odds Betting Terminals**

### **Work plan study by the Communities Scrutiny Panel**

#### **Minute CA84 – 28.1.15**

Cabinet agreed:-

- (i) that the Cabinet Member for Planning and Regulation, Councillor Swindells, be invited to attend a future meeting of the Panel in order to update Members on progress with his work with the Betting Commission;
- (ii) that the issue of joint working of Council departments and with neighbouring authorities be investigated in the future;
- (iii) that the possibility of developing a policy restricting the numbers of betting shops and details regarding frontages be examined once developments through the Betting Commission are known;
- (iv) that issues regarding numbers of shops and areas in which they are located also be reviewed in conjunction with (iii)