1 Purpose of the report

1.1 The purpose of this report is to inform members of the Committee of a request by the Campaign for Fairer Gambling, which is seeking to lobby for the introduction of a £2 maximum stake on Fixed Odds Betting Terminals and has formally requested the support of Rochdale Council in this regard. This report sets out details the background to this request and gives an assessment of the impact of Fixed Odds Betting Terminals across the Borough.

2 Recommendations

Members of the Planning and Licensing Committee are requested to:

2.1 formally endorse the efforts of the Campaign for Fairer Gambling in their efforts to secure the introduction of a £2 maximum stake in the use of Fixed Odds Betting Terminals.

3 Background

3.1 On 29 July 2015, the Leader of the Council received an e-mail from the Campaign for Fairer Gambling seeking the Council’s formal support for a proposal to introduce a maximum stake of £2 on Fixed Odds Betting Terminals. This would bring the maximum stake for Fixed Odds Betting Terminals into line with the maximum stake of £2 which applies to other gambling machines allowed in betting shops. The Leader passed this e-mail to the Chief Public Protection Officer, and asked him to draft a response on behalf of the Council. A copy of this response (sent out on 11 August 2015) is attached as Appendix 1. As part of this response, it was confirmed that a report would be taken to a future meeting of the Planning and Licensing Committee; this was felt to be the most appropriate forum for a
detailed discussion of this issue, with a view to the Council potentially giving its support for the introduction of a maximum stake.

4

**What are Fixed Odds Betting Terminals?**

4.1 A comprehensive summary of Fixed Odds Betting Terminals (FOBTs) and the background to recent concern is set out in this extract from the House of Commons Briefing Paper SN06946:

“For fixed odds betting terminals (FOBTs) are electronic machines, sited in betting shops, which contain a variety of games, including roulette. Each machine accepts bets for amounts up to a pre-set maximum and pays out according to fixed odds on the simulated outcomes of games.

The Gambling Act 2005 classified FOBTs as B2 gaming machines. Up to four machines can be sited on betting premises. The maximum stake on a single bet is £100, the maximum prize is £500.

B2 machines have proved controversial since they first appeared. Critics point out that it is possible to lose large amounts of money and that the machines have a causal role in problem gambling.

The gambling industry says there is no evidence of a causal link between B2s and problem gambling. It also claims that reducing the maximum stake to £2, as some critics are campaigning for, would put betting shops and jobs at risk.

The Responsible Gambling Strategy Board, a body advising the Gambling Commission, has said that the correlations and associations between gaming machines and gambling-related harm are “poorly understood”.

In December 2014, the Responsible Gambling Trust, a charity working to minimise gambling related harm, published a set of research reports on category B machines. A research oversight panel, made up independent academics, said the reports were “instrumental” in providing evidence that there were *patterns of play* that could be used to identify problem gambling. However the panel said that further “strategic” evaluative studies would be needed before policies could be devised that only targeted problem gamblers.”

4.2 Bookmakers have previously agreed that customers would not be able to insert a debit / credit card into FOBTs with money then being taken directly from a customer’s account. However, according to the Campaign for Fairer Gambling’s “Stop the FOBTs” website, bookmakers are now taking cards at the counter and either (i) providing cash for use on FOBTs or (ii) are directly loading cash onto FOBTs for the customer to gamble.
Are FOBTs a problem nationally?

5.1 It is understood that there are around 33,000 category B2 (casino games) machines in betting shops nationwide, the vast majority of which are FOBTs.

5.2 Previous research from the Campaign for Fairer Gambling has found that addiction to ‘casino-style’ gambling is particularly prevalent among socio-economically disadvantaged groups – those also most likely to be affected by the current welfare reforms and benefit cuts. Problem gambling has been associated with a range of mental health problems:

- Depression;
- Anxiety;
- Other mood disorders;
- Heavy alcohol use or drug problems;
- Poor physical health (such as headaches and difficulty sleeping); and
- Suicidality.

5.3 Problem gambling coincides with high rates of co-morbidity (the existence of other conditions such as alcohol and drug use and mental health issues, particularly depression) and cross addiction. There is also considerable evidence that people gamble to alleviate psychological problems. A recent Australian study found that problem gamblers were at risk of depression at a rate of 71.4% and were likely to have an alcohol problem at a rate of 50%.

Are FOBTs a problem in Rochdale Borough?

6.1 In Rochdale Borough, it is estimated that there are around 140 FOBTs spread across 35 licensed betting shops, at a maximum of 4 FOBTs per outlet.

6.2 The Council is aware of data previously compiled by the Campaign for Fairer Gambling, indicating that residents of the Borough gambled up to £152 million on FOBTs in 2013. This equates to £721 for every man, woman and child in the Borough’s population of 211,000. If we discount any residents under the age of 18 (who are not legally entitled to gamble anyway), the amount wagered in FOBTs during 2013 becomes nearly £950 per adult resident.

6.3 In addition, the research seems to indicate that the problem locally is getting worse. For instance, in 2012 an estimated £72 million was wagered in FOBTs across Rochdale Borough (including any winnings put back into the machine); this equates to £340 for every resident of the Borough (including those under the age of 18). Between 2012 and 2013, therefore, the amount spent per resident has increased by 112%.

6.4 Furthermore, these figures show that the problem is at least comparable with the situation found in other Boroughs within Greater Manchester. Comparative data relating to a number of local authorities across the region is set out below:
### FOBT Gambling 2013

<table>
<thead>
<tr>
<th>Local Authority</th>
<th>Total Amount Gambled</th>
<th>Population Aged 18 and Over</th>
<th>Total Amount Gambled per Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool</td>
<td>£635,993,104</td>
<td>377,504</td>
<td>£1,684.73</td>
</tr>
<tr>
<td>Manchester</td>
<td>£487,319,392</td>
<td>394,975</td>
<td>£1,233.80</td>
</tr>
<tr>
<td>Salford</td>
<td>£177,582,490</td>
<td>183,237</td>
<td>£969.14</td>
</tr>
<tr>
<td>Rochdale</td>
<td>£152,803,538</td>
<td>160,927</td>
<td>£949.52</td>
</tr>
<tr>
<td>Oldham</td>
<td>£156,933,363</td>
<td>168,340</td>
<td>£932.24</td>
</tr>
<tr>
<td>Bolton</td>
<td>£189,971,966</td>
<td>212,227</td>
<td>£895.14</td>
</tr>
</tbody>
</table>

Source of Population Data: Census 2011

Source of Gambling Data: Campaign for Fairer Gambling 2013

6.5 To give an indication of the scale of the problem from the personal perspective of a local resident, it is proposed to play a short video (entitled “Suab’s Story”) which was compiled by the Council’s Public Health team as part of its Get Moneysmart initiative (for which an international Nudge award for behaviour change was won in June 2015). The video clip tells the story of a resident of the Borough who was personally affected by gambling on FOBTs.

6.6 A range of local support is available for problem gamblers. Sources of help include:
- Gamblers Anonymous ([www.gamblersanonymous.org.uk](http://www.gamblersanonymous.org.uk), 0161 976 5000)
- Gamcare runs the National Gambling Helpline (0808 8020 133) and provides face to face counselling; and

### What is the current legal position?

7.1 In early 2015, Newham Council led a national campaign (supported by over 90 local authorities) under the Sustainable Communities Act, the purpose of which was to seek to reduce the maximum stake for FOBTs from £100 to £2. On 16 July 2015, it was revealed that Newham Council’s submission had been rejected by the Government. However, under the terms of the Sustainable Communities Act, Newham Council’s proposal will be resubmitted by the Local Government Association (LGA) and there will be a period of six months set aside for negotiating a compromise. The Campaign for Fairer Gambling is trying to work with local authorities and the LGA to keep up momentum during this period, and this led to the approach to the Leader of the Council on 29 July 2015.
7.2 Since Newham submitted its proposal, the Government has implemented new measures requiring those that stake more than £50 a spin – the equivalent of £150 a minute – to identify themselves to staff or sign up to a loyalty card. Therefore customers wishing to stake more than £50 on FOBTs will need to pay over the counter in cash or use account based play, which track and monitor play, but there will be no reduction in the current maximum £100 stake.

7.3 Additionally, in June 2015, Lord Clement Jones introduced a Private Members’ Bill (the Gambling (Categorisation and Use of B2 Gaming Machines) Bill) that also sought to reduce the maximum stake for a single play on a B2 machine to £2. The Bill would allow for the maximum charge to be reviewed every three years and, if required, to be amended in line with inflation. It is understood that this Bill came 20th in a ballot in the Lords which determines the order of introduction of Private Members’ Bills and it is unlikely to gain parliamentary time.

7.4 In terms of local licensing obligations, the Gambling Act 2005 (the Act) introduced a new system of governance for all types of gambling. The Act requires local licensing authorities to “aim to permit” gambling, subject to licences complying with the three licensing objectives: keeping crime out of gambling, making sure gambling is fair and open; and protecting children and vulnerable people.

7.5 Consequently, betting shops are required to obtain a licence from the local authority where they are located. The use of FOBTs was previously restricted to highly-regulated casino environments but they are now permitted in betting shops. For this reason, the Licensing Section of Rochdale Council (and ultimately the Council’s Planning and Licensing Committee) has a role to play in terms of ensuring that all local betting shops comply with relevant legislation. Similarly, the issue of problem gambling is of concern for colleagues in Public Health, who are familiar with the health problems which problem gambling can cause (see section 5 above).

8 The AGMA dimension

8.1 In an attempt to establish the AGMA view on FOBTs, all AGMA Licensing Managers have been contacted and asked whether their authority would support the proposed £2 maximum.

8.2 A response has been received from Wigan Council, confirming that on 15 January 2014 the following motion was debated:

“This Council Calls on the government to ban Fixed odds betting terminals (FOBT’s) or grant councils the authority to reduce the stake and or prizes in relation to FOBT’s”.

In passing the motion, members resolved to raise their concerns with locally licensed businesses which currently provide FOBTs within their licensed premises. Subsequently, the Council wrote to all betting shop operators in the Wigan area raising the council's concerns about the potential effects of excessive use of FOBTs by customers who may be least able to afford to lose cash, coupled with the speed and ease with which they can gamble compared to other forms of gambling. In the letter, the views of the industry were also sought. A few responses were received, mainly from the national operators who generally stated that they followed the recognised industry codes of practices and social responsibility codes.
8.3 Wigan Council still remains concerned about the impact of FOBTs, so will support the campaign to restrict the stakes to a £2 maximum.

8.4 The issue was debated at the meeting of the AGMA Public Protection Partnership on 13 August 2015. Colleagues agreed to go back to their authorities and establish the level of local political support for this proposal, with a view to a possible referral to the Combined Authority in due course.

9 Next steps

9.1 Should the Committee agree to endorse the proposed maximum stake, the Campaign for Fairer Gambling will be informed that this authority has formally agreed to endorse its campaign.

Alternatives considered
Members may opt not to support the initiative of the Campaign for Fairer Gambling, and maintain the status quo in terms of enforcement (ie a primarily self-regulated approach). However, this be considered to not go far enough in terms of providing a proactive response to a local problem.

10 Financial Implications

10.1 There are no financial implications for the authority in supporting the initiative.

11 Legal Implications

11.1 There are no legal implications for the Council in supporting the initiative at this stage. Should the proposal ultimately become law, the Council would be required to enforce the legislative changes through inspections carried out by its Licensing Section.

12 Personnel Implications

12.1 There are no personnel implications arising from this report.

13 Corporate Priorities

13.1 The importance of People Including safeguarding adults and children from harm) is stressed in the Council’s Corporate Plan 2014/15.

14 Risk Assessment Implications

14.1 There are no risks in supporting the initiative proposed by the Campaign for Fairer Gambling, which has not yet become law. Given the apparent scale of problem gambling in this Borough and in other authorities, it may be considered a greater risk not to support the proposal.
15 Equalities Impacts

15.1 Workforce Equality Impacts Assessment

There are no (significant) workforce equality issues arising from this report.

9.2 Equality/Community Impact Assessments

An EIA has been compiled which supports the view that gambling is a concern for Rochdale Borough, and that members may wish to support the proposed introduction of a £2 maximum stake for FOBTs in order to take a proactive approach to tackling this problem.

<table>
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<th>Background Papers</th>
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<td>Document</td>
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Dear Sirs

Re: The Campaign for Fairer Gambling and Stop the FOBTs

I am writing in response to your e-mail dated 17 July 2015, in which you seek this Council’s formal support for the Campaign for Fairer Gambling’s efforts to restrict the maximum stake on a Fixed Odds Betting Terminals (FOBTs) to £2.

It is understood that there are around 33,000 category B2 (casino games) machines in betting shops nationwide, the vast majority of which are FOBTs. In Rochdale Borough, we estimate that we have around 140 FOBTs spread across 35 licensed betting shops, at a maximum of 4 FOBTs per outlet.

This Council has serious reservations about the use of FOBTs and the impact which they have across this Borough. We are aware of data previously compiled by the Campaign for Fairer Gambling, which seems to indicate that the problem locally is serious and getting worse. For instance, in 2012 an estimated £72 million was wagered in FOBTs across Rochdale Borough (including any winnings put back into the machine); with a population of c211,000, this equates to c£340 for every resident of the Borough. In 2013 – the latest data available - it is estimated that the amount wagered rose to over £152 million at a cost per resident of over £721. If we discount any residents under the age of 18 (who are not legally entitled to gamble anyway), the amount wagered in FOBTs during 2013 becomes nearly £950 per adult resident.

If correct, these figures represent a massive drain on a borough with significant challenges, and indicate that the problem is worse here than in other Boroughs within Greater Manchester – Bolton’s spend per resident was found to be £686 in 2013; Salford’s was £759; and Oldham’s was £697.

I am aware that the industry has sought to work with the trade and introduce a range of voluntary measures to protect gamblers. For instance, in September 2013 the Association of British Bookmakers produced the Code for Responsible Gambling and Player Protection in Licensed Betting Offices in Great Britain. This document includes measures such as gamblers being able to “self-exclude” themselves from betting premises, or introduce personal limits on the amount of money to be gambled during a single session. However, given the vulnerable nature of persons who tend to use FOBTs on a frequent basis, an approach which is more robust than self-regulation would be preferable.
I have canvassed opinion from colleagues in the Council’s Licensing and Public Health teams, both of whom are concerned about the current situation. This view is shared by the Council’s Portfolio Holder for Public Health and Regulation. I have also made enquiries with colleagues in other authorities across Greater Manchester, and am aware that in January 2014 Wigan Council passed a motion supporting the introduction of a £2 maximum stake for FOBTs.

In view of the above, I have asked the Council’s Chief Public Protection Officer to take a report to the Planning and Licensing Committee in September 2015, seeking the Committee’s formal support for the campaign to introduce the £2 maximum stake for FOBTs. I will be happy to update you on the outcome of this meeting in due course. I have also asked officers to explore whether any debate across the Greater Manchester Combined Authority would be appropriate, with a view to establishing sub-regional support for this approach.

Please do not hesitate to contact the Council if any further information is required.

Yours sincerely

COUNCILLOR RICHARD FARNELL