



Labour Pledges Council Powers To Ban FOBTs

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Labour has promised to give local councils the power to ban or reduce the number of fixed-odds betting terminals (FOBTs) in existing shops – a measure that one analyst said could have “horrendous” implications for bookmaker profit.

The pledge from the UK’s main opposition party, which has a narrow lead in some polls ahead of next month’s General Election, could hammer profit at companies such as Ladbrokes, as UK shops get on average half their gross win from the controversial gambling machines.

“There’s been a lot of local councils negative on bookmakers,” said Karl Burns, an analyst with Panmure Gordon. “It’ll be horrendous for some bookmakers if that change was pushed through.”

Such a measure could have significant impact if key councils sign on, because machine profits are highest in cities such as London, Liverpool, Manchester, Leeds and Glasgow, Burns said.

More than 90 councils have signed a petition started by London’s Newham Council to reduce the maximum stakes to £2 from £100, plus create a separate planning class for bookmaker shops.

A 10 percent drop in machine revenue would cut earnings per share by 32 percent at Ladbrokes, 11 percent at William Hill, and 4 percent at Paddy Power, according to Morgan Stanley analysts.

Labour is locked into a tight election battle with Conservatives, with bookmakers making poll-based predictions that neither party will gain a majority in the House of Commons.

The Scottish National Party, which is being tipped as a potential coalition partner should Labour try to rule with a minority government after the May 7 election, has complained that it does not have power to control numbers in existing shops.

But Labour’s manifesto addresses that grievance, at least for England. “Communities will be able to

review betting shop licenses in their area and reduce the number of fixed-odds betting terminals in existing betting shops – or ban them entirely – in response to local concerns,” said the manifesto, released on Monday.

The ruling Conservative-Liberal Democrat coalition has already increased machine levy from 20 percent to 25 percent and placed restrictions on bets above £50 per spin.

To head off a bigger crackdown, bookmakers this year introduced voluntary measures including asking players if they want to set time and spending limits.

Bookmakers have met concerns about machines by introducing a “wide range of player protection measures to help those few people who go on to develop a problem with their gambling,” a spokesman for the Association of British Bookmakers said.

“Gaming machines have been in our shops for 12 years and are popular with our customers,” the spokesman said. “During that time, problem gambling levels have actually fallen.”

Senior Labour party members have consistently talked about giving councils extra powers, but the retrospective reach over existing FOBTs will be strongly opposed by bookmakers.

Labour’s other plans for a levy on sports betting, floated last year as a way of raising funds for community sports, appeared to have been left out of the manifesto.

The party's election platform also called for an increase in National Health Service funding paid for in part by a levy on tobacco companies, plus a levy on payday lenders to finance consumer-debt alternatives such as credit unions.

Numbers of payday lenders “or other shops that are clustering on the high streets,” could also be restricted by councils, according to the document.

In 2009, the last Labour government enacted restrictions on lap-dancing clubs, which gave councils the ability to require all clubs in their area to apply for a sex-establishment licence to continue operating.

“It’s caused no end of headaches for licensees,” said David Clifton, a London attorney with Clifton-Davies consulting firm.

Labour politicians may have that precedent in mind, he said.

The only comfort for bookmakers might be that the sex-entertainment venues got a consultation before

the measure was passed, and bookmakers would likely get the same opportunity to give input, Clifton said.

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