



BRIEFING PAPER

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Fixed odds betting terminals

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Summary

What are FOBTs?

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.

According to Gambling Commission [statistics](#), there are 34,884 B2 machines in Great Britain.

Why are they controversial?

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 with 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.

Academic research suggests the causes of problem gambling are complex and are not well understood.

The [Responsible Gambling Strategy Board](#) (an independent body advising the [Gambling Commission](#)) has noted the “regulatory dilemma” of balancing the enjoyment of the majority who gamble without experiencing harm with the protection of a minority who are at risk.

What’s been done?

The industry has taken a number of initiatives to promote responsible gambling. These include a [Code of Practice](#), self-exclusion schemes, and the introduction of a Player Awareness System.

In response to public concern about B2s, the Coalition Government introduced the *Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015*. The [Regulations](#) require those wanting to stake over £50 on a machine to load cash via staff interaction or to use account based play. The aim is to encourage greater player control and more conscious decision making.

In October 2016, the Government announced a [review](#) of gaming machines and social responsibility measures to “ensure that we have 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”. The review includes a “close look” at B2 machines and the specific concerns about the harms they can cause.

A call for evidence closed on 4 December 2016. The Government expects to publish its findings and any proposals in spring 2017.

1. What are fixed odds betting terminals (FOBTs)?

Fixed odds betting terminals (FOBTs) are electronic machines, sited in betting shops, on which customers can play 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.

FOBTs were introduced into betting shops in 1999¹, with a small number of high margin games available. Changes to the taxation of gambling (ie the introduction of a gross tax on profits) came into effect in October 2001² and allowed the betting industry to introduce new lower margin products, such as roulette, to FOBTs. This led to the “increasing installation” of FOBTs in betting shops.³ By April 2005, an estimated 20,000 terminals were in use.⁴

The *Gambling Act 2005* classified FOBTs as [B2 gaming machines](#). These terms will be used interchangeably throughout this note. By the time the 2005 Act came into force in September 2007, the Culture, Media and Sport Committee estimated there were 30,000 FOBTs in place.⁵

An operating licence (issued by the Gambling Commission), together with a betting premises licence (issued by the licensing authority), allows up to four B2 machines to be sited on betting premises.⁶

The maximum stake on a single bet on a B2 machine is £100; the maximum prize is £500.⁷

1.1 How many are there?

Gambling Commission [statistics](#) to 31 March 2016 give a figure of 34,884 B2 machines⁸ - a decrease of 0.9% on March 2015.⁹

The total gross gambling yield (GGY)¹⁰ from gaming machines in betting shops was £1.7bn of which B2 machines accounted for 99.3%.¹¹

¹ Coral Eurobet [written submission](#) (May 2002) to the Culture, Media and Sport Committee inquiry on the Government’s proposals for gambling ([HC 827-I 2001-02, July 2002](#))

² For background see section 1 of Library standard note SN/BT/2151, [Bingo taxation](#), 20 June 2014

³ [HC Deb 8 January 2003 c7WS](#)

⁴ Europe Economics, [Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited – summary only](#), April 2005, para 1.2.5

⁵ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), HC 421 2012-13, July 2012, p5

⁶ Gambling Commission website: [B2 gaming machines](#) [accessed 23 February 2017]

⁷ Ibid

⁸ Gambling Commission, [Industry Statistics April 2013 to March 2016](#), November 2016, table 3 on p9

⁹ [“New figures show online gambling is largest gambling sector in Britain”](#), Gambling Commission press release, 24 November 2016

¹⁰ GGY is the the amount retained by operators after the payment of winnings but before the deduction of the costs of the operation

¹¹ Gambling Commission, [Industry Statistics April 2013 to March 2016](#), p21

1.2 FOBTs in Scotland

[Section 52](#) of the *Scotland Act 2016* devolves legislative competence in relation to gaming machines authorised by a betting premises licence where the maximum charge for a single play is more than £10. Given the current stake limits on gaming machines, this only applies to category B2 machines.

Section 52 has amended the *Gambling Act 2005* so that Scottish Ministers can vary the number of machines allowed on betting premises. This will require an Order subject to the affirmative procedure. The power only applies to applications for new premises licences.

1.3 FOBTs in Wales

[Section 58](#) of the *Wales Act 2017* devolves legislative competence in relation to gaming machines authorised by a new betting premises licence where the maximum charge for a single play is more than £10.¹² This gives the Welsh Government the same powers as the Scottish Government.

¹² This was the result of a Government amendment moved at Lords Report stage: amendment 56 agreed at [HL Deb 14 December 2016 c 1316](#)

2. Early legal status

The legal status of FOBTs was initially controversial. Under the legislation in place at the time of their introduction, FOBTs were not classed as gaming machines and so there were no limits on where they could be placed and in what numbers.¹³

In a Written Ministerial Statement of 8 January 2003, the then Government expressed “concern” at the “increasing installation” of FOBTs in licensed betting offices and that this “risk[ed] seriously increasing problem gambling”. The Statement noted that the then Gaming Board for Great Britain and the [Association of British Bookmakers](#) (ABB, the trade organisation for high street betting shops) had agreed to bring a test case to clarify the status of FOBTs under the existing law.¹⁴ The Statement also said that the Government planned to draft new legislation so that “those betting machines which in reality involve gaming will be brought within the relevant controls for gaming machines”.

The legal action between the Gaming Board and ABB was settled out of court on 19 November 2003. The Gaming Board had argued that FOBTs were “for all practical purposes identical to gaming machines and should be treated as such”.¹⁵ The ABB argued that FOBTs provided a betting activity which should be permitted in licensed betting offices.¹⁶ A code of practice agreed in November 2003 meant that:

- licensed betting offices could operate no more than 4 machines in total (whether conventional gaming machines or FOBTs, or a mix of the two)
- the maximum prize on FOBTs would be £500 and the maximum stake £100
- no casino games other than roulette would be allowed on FOBTs
- the speed of play on FOBTs would be restricted¹⁷

¹³ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), p18

¹⁴ [HC Deb 8 January 2003 c7WS](#)

¹⁵ Quoted in [Joint Committee on the Draft Gambling Bill](#), HC 139-I 2003/04, April 2004, p128

¹⁶ Ibid, p128

¹⁷ Ibid, p128

3. Early concerns

Concerns about the potential impact of FOBTs on problem gambling were expressed in evidence to the Joint Committee examining the *Draft Gambling Bill 2003/04*.

[GamCare](#) (the charity that runs the national helpline for problem gamblers) said: “it seems as if there is an increasing trend for asking us for help on FOBTs; from a few calls per month in early 2003 we are now receiving between 40 and 50 calls a month.”¹⁸

[Gordon House](#) (a charity providing support and treatment to addicted gamblers) told the Committee that an applicant had referred to FOBTs as “the crack cocaine of gambling” and that FOBTs were like a “catalyst or an accelerant”.¹⁹ The former phrase has been repeated ever since in discussions of FOBTs and problem gambling.

At the then Government’s request, the ABB commissioned research to assess the effectiveness of the November 2003 code of practice in providing protection against problem gambling and to measure and explain levels of problem gambling amongst FOBT users. The subsequent report by Europe Economics was published in April 2005.²⁰ This estimated there were 20,000 terminals in approximately 8,000 betting shops.²¹ According to the report, the code of practice had been of some benefit:

1.8.4 There are indications that the marginal effects of the Code of Practice have been beneficial. There is no widespread opposition to the main customer-focused provisions of the Code among FOBT users. It seems to us likely that the vast majority of FOBT users were playing within the provisions of the Code before it was devised.

1.8.5 Among the generality of FOBT users there is more support for than opposition to five out of the six key provisions of the Code. There is strong support for the limitation on numbers of machines in a betting shop, for the minimum time interval between bets, and for GamCare help pages and signage. Regular FOBT users also support these measures, though among them there is net opposition to the limitations on stake and payout and to confining casino-type games to roulette.

The report found no evidence that FOBTs were closely associated with problem gambling:

1.8.2 Problem gamblers characteristically participate in a variety of forms of gambling, and it has not been statistically possible through this research to identify any one form of gambling as causing or aggravating problem gambling. There is no evidence in this study which suggests that FOBTs are closely associated with problem gambling.

¹⁸ Ibid, p130

¹⁹ Ibid, p130

²⁰ Europe Economics, *Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited*, April 2005

²¹ Europe Economics, [Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited – summary only](#), April 2005, para 1.2.5

1.8.3 If problem gambling is to be studied comprehensively, this research suggests it would be better not to begin by focusing on specific forms of gambling. It may be preferable to obtain a sample of problem gamblers and to investigate their gambling practices and preferences.

However, according to an article in the *Telegraph*, a Government advisor had described the report as “predictable” and “worthless”.²²

A June 2006 follow-up report said that FOBTs were “not more associated with problem gambling than any other form or forms of gambling”.²³

²² [“Betting shop gaming machines cause concern”](#), *Telegraph*, 4 March 2005

²³ Europe Economics, [Fixed odds betting terminals, the code of practice and problem gambling: a second report for the Association of British Bookmakers Limited](#), June 2006, para 1.4.4

4. The Gambling Act 2005 and FOBTs

In her March 2004 evidence to the Joint Committee on the *Draft Gambling Bill 2003/04*, the then Secretary of State for Culture, Media and Sport, Tessa Jowell, said that a “final decision” on treating FOBTs as gaming machines and classifying them as B2 machines under forthcoming legislation would be taken after the first research study commissioned, at the Government’s request, by the ABB (referred to in section 3 above).²⁴

Following the findings of the ABB report, FOBTs were classified as B2 gaming machines under the *Gambling Act 2005*.

The 2005 Act regulates gambling in Great Britain. The Act introduced, among other things, a new framework for gaming machines, including new categories of machine, and powers to prescribe maximum limits for stakes and prizes, as well as the number of machines permitted in different types of premises.²⁵ Under the Act, [gaming machines](#) are categorised as A, B, C, or D.

An operating licence (issued by the Gambling Commission), together with a betting premises licence (issued by the licensing authority), allows up to four B2 machines to be sited on betting premises.²⁶

The maximum stake on a single bet on a B2 machine is £100, the maximum prize is £500.²⁷

Any change to the stake and prize limits of gaming machines or to the number of B2s permitted in betting premises would require secondary legislation.

4.1 Looking back at the 2005 Act

In January 2012, Richard Caborn, the Minister at the time of the *Gambling Bill 2002/03*, explained to the Culture, Media and Sport Committee how the November 2003 agreement to limit FOBTs to four in a shop, eventually enshrined in the 2005 Act, was reached:

In 2002, we started to see FOBTs being put in—the definition of betting as against gambling created this problem, because the FOBTs were fixed odds betting terminals—and I came back and asked my officials what powers the Gaming Board, as it was before the Gambling Commission, had. They said, “You’ve none, Minister.” I asked what we would do, and was told that we could not do anything. I said “That’s just not good enough,” because FOBTs were starting to emerge. Talking around it, as you do, it

²⁴ Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill*, 7 April 2004, HC 139-II 2003-4, [Fv 562](#)

²⁵ For background to the 2005 Act see Library research paper 04/79, [The Gambling Bill 2003-04](#), 28 October 2004; For a summary of gaming machine regulation under the *Gaming Act 1968*, see chapter 6 of the Gambling Review Report (July 2001, Cm 5206).

²⁶ Gambling Commission website: [B2 gaming machines](#)

²⁷ Ibid

was clear that even the most responsible of the companies were saying "If they go down there, it will be a race to the bottom."

That was the danger we were in, three years before we got an Act on to the statute book. We had a problem because of the definition and because of technology coming in, and we could have had wall to-wall FOBTs across the country. We had no laws and no powers to stop that. I called four of the companies together and said, to put it quite crudely, "If you continue to race to the bottom, I shall make sure that that bottom is taken away from you when we bring an Act two or three years down the road. So I think it is a good idea if we all sit round the table and do a deal." That is how the deal was done. The deal was done for four in a shop, and we did it against the background of stakes and prizes, frequency of operation and numbers...

... Whether we got it right on allowing four—whether it should have been three or four—I do not know, but that was the discussion at the time. That arrangement was negotiated between the officials and the betting industry and it held, in my view, right up to the Act, then it was confirmed in the Act itself.²⁸

Tessa Jowell told the Committee that she had said during the passage of the 2005 Act that FOBTs were "on probation". She was concerned about unintended consequences relating to the machines; about the gambling industry becoming "overly dependent" on growth driven by the machines; and about their role in problem gambling.²⁹ On deciding on the number of machines to be permitted in each betting shop, Ms Jowell said:

...at the time that four was settled on as the number, there was no certainty that these machines would remain, because we were absolutely clear that we could not know at that stage that their effect was likely to be.³⁰

In a January 2016 letter to the *Times*, Baroness Jowell called for the Government and Gambling Commission to take action over B2 machines.³¹

Culture, Media and Sport Committee report (July 2012)

In its July 2012 [report](#) on the 2005 Act, the Culture, Media and Sport Committee said that the allocation of gaming machines under the Act was "complex and was not made on the basis of solid evidence about the risk of problem gambling".³² It noted the controversy over B2 machines, citing some of the differing evidence it had received on their role in problem gambling.³³

The Committee recommended that research should be commissioned by the Gambling Commission to assess whether there were any links between speed of play, stake and prize levels, the accessibility and numbers of gaming machines, and problem gambling.³⁴ The Committee

²⁸ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), Ev 101-2

²⁹ Ibid, Ev 102

³⁰ Ibid, Ev 103

³¹ Baroness Jowell, Letter to the Editor, *The Times*, 26 January 2016, p26

³² Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), p17

³³ Ibid, pp18-9

³⁴ Ibid, p20

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welcomed the Government's position that changes to machine stakes and prizes should be evidence-based.³⁵

³⁵ Ibid, p25

5. The 2013 Triennial Review

In January 2013, the DCMS published a [consultation](#) on proposed changes to gaming machine stakes and prizes (the “triennial review”).

In response to public concern about FOBTs, the consultation sought evidence on the risks associated with the machines.³⁶

The DCMS’ preferred option was for B2 stake and prize limits to remain the same until “robust” evidence was gathered on their role in problem gambling.³⁷

Gambling Commission formal advice

Section 26 of the 2005 Act places a duty on the Gambling Commission to provide advice to the Secretary of State on matters relating to gambling regulation.

In a June 2013 letter to the Secretary of State, the Commission set out its formal advice on the triennial review.³⁸ On gambling-related harm, the Commission observed:

- that machine gambling could be associated with particular risks for some people
- that an individual does not need to be a problem gambler in a clinical sense in order to experience harm – a combination of high stakes and natural game volatility can generate very significant losses in a short space of time
- that the often cited figure of an £18,000 loss per hour on a B2 machine was “astronomically improbable”
- that losing (and winning) large amounts of money on B2 machines was “well within the bounds of probability”
- that problem gamblers tend to take part in a large number of gambling activities (although whether this is a causal link is not known), to do so more regularly than normal gamblers and to spend more money and/or time doing so³⁹

The Commission acknowledged that there was a “serious case” to answer in relation to B2s but said a precautionary reduction in stakes was “unsupported by the available evidence”.⁴⁰

Responsible Gambling Strategy Board advice

The Gambling Commission’s letter drew on advice from the Responsible Gambling Strategy Board (RGSB). This noted the “regulatory dilemma”

³⁶ [“Government calls for evidence on links between problem gambling and B2 gaming machines”](#), DCMS news story, 15 January 2013

³⁷ DCMS, [Triennial Review of Gaming Machine Stake and Prize Limits: Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines](#), January 2013, see the table on p21

³⁸ Letter from Philip Graf, Chair of the Gambling Commission, to Maria Miller, Secretary of State for Culture, Media and Sport, dated 20 June 2013

³⁹ Ibid, p3

⁴⁰ Ibid, p5

of balancing the enjoyment of the majority who gamble without experiencing harm with the protection of a minority who are at risk.⁴¹

In its assessment of the evidence base, the RGSB found that:

- robust evidence, particularly in the British context, was scarce
- there was a complex relationship between gaming machines, gambling and problem gambling
- there were a number of areas where the international literature showed correlations and associations indicating the need for concern that machines provide an opportunity to generate greater levels of harm than other gambling products
- the nature of any correlations and associations was poorly understood – were there structural and situational characteristics of gaming machines that *cause* some players to become problem gamblers? Or were players who were already (or at risk of becoming) problem gamblers particularly *attracted to* machines as a gambling medium?
- there was some evidence that altering the structural and situational characteristics of machines could, in some circumstances, modify gambling behaviour and reduce harm (for example, slowing the speed of play, eliminating early big wins, and presenting pop up messages)⁴²

The RGSB looked at data from the British Gambling Prevalence Survey 2010 and said:

(...) there is a growing group of gamblers participating in machines in bookmakers who might be more at risk of problem gambling given that age, gender and income are all correlated with problem gambling. In addition, the evidence points to a further high risk group of machine gamblers – multi-venue machine gamblers.⁴³

The paper noted the anecdotal reports of B2 players' staking behaviour and substantial losses but said:

...we do not know either how those losses are distributed, nor to what extent they are a result of problematic gambling behaviour. Nor is there enough certainty about the factors which influence a player's choice of stake to determine what an appropriate reduction in the stake limit would be, if that were thought desirable on policy grounds.

According to the RGSB, the "right course" was to try and clarify the answers to the above issues and that it was "incumbent on the industry to help bring some certainty to them".⁴⁴

⁴¹ RGSB, [Advice to the Commission on the Triennial Review consultation](#), June 2013, para 8.3

⁴² Ibid, paras 9.2-9.5, footnotes removed

⁴³ Ibid, para 9.15

⁴⁴ Ibid, para 11.7

Government response (October 2013)

In its October 2013 [response](#) to the triennial review, the Government recognised the potential for harm from playing B2 machines. It also acknowledged the “very significant public concern” about B2s and that gambling charities had indicated that a significant proportion of people reporting to them had problems with playing the machines.⁴⁵ However there “was little material based on robust evidence received from those concerned about the social impact of B2 machines”.⁴⁶

There would be no change to the maximum stake of £100.

While it was clear that reducing stakes on B2 machines would have an adverse economic impact on the betting industry, the Government said it was not clear how great an impact a reduction would have on gambling related harm.

The Government acknowledged there was a “serious case to answer” about the potential harm caused by B2s and that their future was unresolved.⁴⁷ It also noted that the RGSB had identified “significant knowledge gaps” and that the “current lack of transparency around the impact of B2 gaming machines is something that the industry must address.”⁴⁸

The summary of responses to the consultation refers to some of the evidence cited by those debating the role of B2s in problem gambling.⁴⁹ The full set of responses can be found on the consultation’s webpage.⁵⁰

The Categories of Gaming Machine (Amendment) Regulations 2014

Following the triennial review, the *Categories of Gaming Machine (Amendment) Regulations 2014* were approved on 4 December 2013 and made no change to the maximum stake on B2 machines.⁵¹

⁴⁵ DCMS, [Gambling Act 2005: triennial review of gaming machine stake and prize limits – government response](#), October 2013, p19

⁴⁶ Ibid, p19

⁴⁷ Ibid, p6

⁴⁸ Ibid, p18

⁴⁹ Ibid, pp12-8

⁵⁰ DCMS, [Consultation on proposals for changes to maximum stake and prize limits for category B, C and D gaming machines](#) [accessed 30 December 2016]

⁵¹ [HC Deb 4 December 2013 c1060](#)

6. Continuing controversy

FOBTs remain controversial.⁵² Critics point out that it is possible to lose large amounts of money and that the machines have a causal role in problem gambling.⁵³ The betting industry disagrees.⁵⁴ Academic research suggests the causes of problem gambling are complex and are not well understood.⁵⁵

A selection of what's been said is given below. It is not meant to be comprehensive.

Campaign for Fairer Gambling

The Campaign for Fairer Gambling (CFG) is running a ["Stop the FOBTs"](#) campaign:

Casino style games (B2) are considered hard core gambling that was previously restricted to highly regulated casinos. By introducing them to betting shops, access to this type of hard core gambling has been made available on every high street across the country.⁵⁶

The CFG wants the maximum stake on B2s reduced to £2.⁵⁷

A number of research reports have been commissioned by the CFG and are available from its [website](#). These include an April 2014 report by Landman Economics which claimed that "overall there is reasonably strong evidence of a link between FOBTs and problem gambling based on a wide range of previous research from academic studies".⁵⁸

A report by NERA Economic Consulting critically reviewed the impact assessment in an ABB paper (see below).⁵⁹

According to another report by Landman Economics, increases in spending on FOBTs would be "likely to *destroy* jobs in the UK economy rather than creating them".⁶⁰

⁵² ["Britain's leading gambling charity at centre of conflict of interest claims"](#), *Independent*, 19 February 2016; For the response of the Gambling Commission to these stories see: [Open letter to Daily Mail](#) (dated 22 February 2016) and [Open letter to the Times](#) (dated 19 February 2016); For the response of the RGT see: ["RGT responds to articles in the Times"](#), 17 February 2016; ["RGT responds in detail to article published in The Times newspaper"](#), 19 February 2016; ["RGT response to article in The Independent"](#), 20 February 2016; The Charity Commission published a [statement](#) on the RGT on 17 February 2016

⁵³ For press discussion see: "Violence, debt and devastation brought by the spin of a wheel", *Times*, 17 February 2016, pp10-11; *Guardian* website: [fixed odds betting terminals](#)

⁵⁴ Association of British Bookmakers, [The truth about betting shops and gaming machines – ABB submission to DCMS Triennial Review](#), April 2013

⁵⁵ For some of the research, see the [research section](#) of the GambleAware website

⁵⁶ [Stop the FOBTs campaign website: what are FOBTs?](#) [accessed 23 February 2017]

⁵⁷ [Stop the FOBTs campaign website](#) [accessed 23 February 2017]

⁵⁸ Howard Reed, [Fixed odds betting terminals, problem gambling and deprivation: a review of recent evidence from the ABB](#), Landman Economics, April 2014, p7

⁵⁹ NERA Economic Consulting, [The stake of the nation – balancing the bookies. Review of the Association of British Bookmakers' Impact Assessment](#), Published by the Campaign For Fairer Gambling, April 2014

⁶⁰ Howard Reed, [The economic impact of fixed odds betting terminals](#), Landman Economics, April 2013, p18, italics in the original paper

Association of British Bookmakers

In an April 2013 paper, the ABB claimed there was “no evidence of a causal link between problem gambling and electronic gaming”:

The average amount spent by customers on a B2 gaming machine is around £11 per machine per hour.

And 74% of B2 players play once a month or less which is hardly reflective of an addictive product. There is no evidence of a causal link between gaming machines and higher levels of problem gambling and the percentage of identified problem gamblers playing on B2 machines actually went down by 20-25% from 2007 to 2010...⁶¹

The ABB paper refers to the economic and social benefits of licensed betting offices.⁶² It claims that a reduction to £2 of the maximum stake on B2 machines would put 90% of betting shops and nearly 40,000 jobs at risk and result in the Treasury losing nearly £650 million in tax.⁶³

Responsible Gambling Trust - gaming machines research

In 2014, the Responsible Gambling Trust (RGT), now known as [GambleAware](#), commissioned [research](#) looking at whether:

- it was possible to distinguish between harmful and non-harmful gaming machine play?
- if it was, what measures might limit harmful play without impacting on those who do not exhibit harmful behaviours?⁶⁴

Seven research reports, available from the GambleAware website,⁶⁵ were published in December 2014. One side [summaries](#) of the reports were also published.

The Machines Research Oversight Panel⁶⁶ said the reports were “instrumental” in providing evidence that there were patterns of play that could be used to identify problem gambling. The next step would be to determine the “nature, severity and chronicity of harms” associated with problem gambling to enable more targeted campaigns directed toward high risk and vulnerable people.⁶⁷

In March 2015, the Gambling Commission published formal advice on the research for the Secretary of State. According to the Commission, the research supported the case for “more targeted methods of regulating gambling that place more emphasis on the way that players interact with gambling products and environments”. This could improve

⁶¹ Association of British Bookmakers, [The truth about betting shops and gaming machines – ABB submission to DCMS Triennial Review](#), April 2013, p21

⁶² Ibid, p2

⁶³ Ibid, p71; further detail on the economic costs is given in an impact assessment in chapter 12

⁶⁴ Responsible Gambling Trust, [B2 Gaming Machines Research Programme \(Stage 2\)](#), February 2014

⁶⁵ Under the heading “[Category B Gaming Machines located in British Bookmakers](#)”

⁶⁶ A governance body made up of independent academics to evaluate the objectivity and quality of the research programme

⁶⁷ Alex Blaszczyński, [An investigation into gaming machines in licensed betting offices: exploring risk, harm and customer behaviour: a view from the Machines Research Oversight Panel](#), December 2014, p3

the prospects for protecting players while allowing the gambling industry to innovate and grow.⁶⁸

On stake size, the Commission said that while this can be a factor in gambling-related harm, the RGT research reinforced the Commission's view "that interventions focusing on stake size exclusively are unlikely to be effective".⁶⁹

The then Government said that it wanted to "consider carefully" the findings of the RGT research before deciding on what action, if any, to take on B2 machines.⁷⁰

Criticism of RGT/GambleAware research

A Campaign for Fairer Gambling commissioned [evaluation](#) of the RGT machines research programme was published in February 2015. This claimed there were "serious flaws in both the approach and the methodology" of the RGT research. The evaluation recommended, among other things, that "a reduction in stake and even player tracking and a Norwegian style limit on weekly spending could gain wide traction in terms of effective harm prevention".⁷¹

GambleAware funding

The way GambleAware is funded – through donations from the gambling industry⁷² – has also led to criticism of the research it commissions.

An April 2014 Goldsmiths University report⁷³ claimed "the idea of 'problem gambling' was politically useful":

- (...) It focuses attention on individual gamblers, rather than relationships between the industry, the state, products and policies
- Gambling research is heavily dependent on industry support
- Funding programs prioritise banal questions: researchers are not free to devise critical alternatives unless they wish to remain unfunded
- There is a lack of transparency about the influence of industry on research and no professional code of conduct governing these relationships

The industry has the most accurate and informative data but rarely shares this with researchers⁷⁴

⁶⁸ Gambling Commission letter to Secretary of State for Culture, Media and Sport, 30 March 2015, p1

⁶⁹ Ibid, p2

⁷⁰ See, for example, [PO 216509](#) [answered 4 December 2014]

⁷¹ Linda Hancock and Shannon Hanrahan, [Review of the Responsible Gambling Trust Machines Research Programme: An evaluation report prepared for the Campaign for Fairer Gambling](#), February 2015, p3

⁷² GambleAware raises over £6.5 million each year in voluntary contributions from the gambling industry operating in Great Britain - the donation based system was proposed under the Gambling Act 2005 and is prescribed by the Gambling Commission in its Licence Conditions and Codes of Practice

⁷³ Goldsmiths University, [Fair game: producing gambling research](#), April 2014

⁷⁴ Goldsmiths University [webpage](#) on the Fair Game report [accessed 23 February 2017]

In a written parliamentary response of 10 April 2014, Helen Grant, the then Minister for Sport and Tourism, said the Government was “satisfied of the integrity of the research programme”.⁷⁵

When commissioning research, GambleAware acknowledges the “need to generate widespread trust and credibility in an industry-funded body” and attempts to do so by:

- Appointing wholly independent trustees
- Inviting the Government, the Gambling Commission and the RGSB to observe GambleAware board and committee meetings
- Publishing details of how funds will be distributed each year guided by the RGSB's rolling three-year strategy as endorsed by the Gambling Commission
- Ensuring research is commissioned via an independent research committee in consultation with the RGSB
- Seeking advice from external experts in collaboration with the RGSB⁷⁶

⁷⁵ [HC Deb 10 April 2014 c311W](#)

⁷⁶ GambleAware website: [About](#) [accessed 23 February 2017]

7. The Government and player protection

Although the then Government said it would be waiting for the results of the RGT research programme (see section 6 of this Paper) before making any decision on the future of B2 machines⁷⁷, the DCMS did publish a [document](#) on gambling protections and controls in April 2014.⁷⁸ On B2 machines it said:

(...) it is clear that some people have encountered considerable problems with their gambling despite the obligations on operators to supervise their customers. A combination of high stakes and natural game volatility (where the player might be encouraged by the odd small win to put at risk high stakes) can generate significant losses in a short space of time. We want players who use gaming machines to be in control of the choices they make. This is particularly important for users of category B2 gaming machines, where it is possible for individuals to place higher stakes.

For these reasons, the Government is adopting a precautionary approach to high stake gaming machines on the high street. Our measures are justified on a proportionate, targeted basis to help people remain in control of their gambling. At the heart of our approach are measures designed to give players better information, and to provide break points and pauses for thought to help people stay in control.

Customers wanting to access higher stakes (over £50) would be required to use account-based play or load cash over the counter.⁷⁹

7.1 Gaming Machines (Circumstances of Use) (Amendment) Regulations 2015

The *Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015* (SI 2015/121) came into force from 6 April 2015.

An [Explanatory Memorandum](#) to the Regulations said that customers would benefit from “improved interaction and more conscious decision making”:

7.5 Account-based play gives players access to up-to-date and accurate data in the form of activity statements and real time information about their session of play. This can reduce biased or irrational gambling-related decisions, and help people to maintain control. The Government considers that tailored player information (such as account summaries or activity statements) may be a particularly effective way of giving clear and accurate information regarding game play and patterns of net expenditure.

7.6 Making staff interaction a compulsory component of high staking machine play ensures greater opportunities for intervention where patterns of behaviour indicate that someone may be at risk of harm from their gambling, as well as for other reasons, such as preventing crime. There is evidence which

⁷⁷ See Helen Grant, Minister for Sport and Tourism, at [HC Deb 8 January 2014 c374-5](#)

⁷⁸ DCMS, [Gambling Protections and Controls](#), April 2014

⁷⁹ Ibid, p4

indicates that regular interaction can give players a reality check. This approach emphasises consumer control which is particularly important given that some experts believe that a lack of control may be a determinant of problem gambling.

The Regulations mean that a customer cannot pay more than £50 for a single play on a B2 machine unless three conditions are met:

- the “identification condition” - after a customer has identified herself to an operator, payments made in respect of a stake of more than £50 can be made. Acceptable forms of ID include a customer card, pin number and password, or pre-paid card (e.g. smart card or ticket). In order to obtain one of these, the customer must verify her home address, e-mail address or telephone number
- the “supervision condition” – this allows payments made by a customer to be used to stake in excess of £50 if each such payment has been processed or approved as a result of a face to face interaction between the customer and staff acting on behalf of the operating licence holder. Before the first occasion on which a customer pays more than £50, this condition requires that each such payment is processed over the counter by staff on the premises. After that first occasion, subsequent payments may be processed by staff at the counter or be approved by staff at the gaming machine itself
- the “proceeds condition” - allows customers to stake in excess of £50 by applying a money prize won on the B2 machine. A money prize satisfies this condition if it was won as the result of one or more payments made to that machine which satisfied the identification condition or the supervision condition, or the application of one or more money prizes won as a result of payments made to that machine which satisfied those conditions. Each such prize must have been accumulated through playing the machine, and be held in the credit meter of that machine⁸⁰

Evaluation of the Regulations

In January 2016, the DCMS published an [evaluation](#) of the 2015 Regulations. On player control, the evaluation found that:

- Despite marketing campaigns there has been a relatively low uptake of verified accounts. Prior to implementation approximately 4% of stakes were linked to a player loyalty account. Following implementation the percentage of stakes linked to a “verified account” has been between 8% and 11%.
- Following implementation the percentage of *sessions* linked to a “verified account” has been between approximately 5% and 7%. This is despite significant marketing.
- The other mechanism for authorisation of over £50 stakes is over the counter (OTC) authorisation with trained staff. This appears to happen in a very low percentage of sessions

⁸⁰ These paragraphs based on the [Explanatory Memorandum](#) to [SI 2015/121](#)

(approximately 1%) so the direct impact may be limited in terms of the number of people affected by this mechanism

- All players staking over £50 are required to authorise through one of these two mechanisms. The evidence shows a large number of players opted to stake below £50 and increase the duration of their session in response to the regulations.⁸¹

There had been changes in the amount bet in stakes and at what range:

There has been a consequent fall in the two quarters since the regulation was implemented of about £6.2bn in the amount bet in stakes over £50 from 2014 to 2015 for Q2 and Q3. There has also been a £5.1bn increase in the total amount staked at the £40-£50 range for the two quarters since the regulation was implemented. This is an overall decrease of approximately 10.1% in the amount staked over £40 in 2015 Q2 and Q3 compared to 2014 in nominal terms.⁸²

This could be interpreted as either:

- i. Players circumventing authorisation of higher stakes to maintain their anonymity with no associated increase in control of their play or;
 - ii. Those who are no longer staking over £50 are doing so because the authorisation mechanisms have given them greater control over their staking behaviour. In this respect it could be said to be increasing player control in line with the policy's objective.
- An increase in duration of play for those staking exclusively under £50 could also reflect more considered playing behaviour, but there is not conclusive evidence this is the case.
 - If players are taking longer time between plays, longer session duration may simply be driven by more considered decision making. Equally if some people are increasing the duration of their play, but the speed of the play has increased, this might indicate that they are now taking less time to consider their actions and control is reduced. Gaming machine suppliers have been able to provide some data on speed of play. They found the speed of play for B2 roulette in the 10 weeks pre-implementation averaged 37.22 seconds whilst for the first 21 weeks post-implementation it was 37.33 seconds. This suggests on average the speed of play for B2 roulette, which form the majority of B2 play, has undergone minimal change. What is not apparent from this data is whether some people are playing slower and some faster and it is averaging out at a similar speed...⁸³

What did the then Government say?

The DCMS said that the evaluation of the 2015 Regulations "indicates that a large proportion of players of FOBTs may now be making a more conscious choice to control their playing behaviour and their stake level. We will now consider the findings of the evaluation before deciding if there is a need for further action".⁸⁴

⁸¹ DCMS, [*Evaluation of Gaming Machine \(Circumstances of Use\) \(Amendment\) Regulations 2015*](#), January 2016, pp2-3

⁸² Ibid, p3

⁸³ Ibid, p3

⁸⁴ See, for example: [PQ 24920](#), answered 3 February 2016; [HL5089](#), answered 29 January 2016

Further evaluation announced

In December 2016, GambleAware [announced](#) that it had commissioned further analysis to examine the impact of the £50 regulations and “shed light” on the DCMS’ January 2016 interpretation of changes in the amount bet and at what range.

The research is being undertaken at the request of the Responsible Gambling Strategy Board.

8. The betting industry and player protection

Although the ABB disputes the causal role of B2s in problem gambling, the betting industry has taken a number of steps to promote “responsible gambling” and player protection.

8.1 ABB code of practice

An ABB *Code for responsible gambling and player protection in licensing betting offices* was published in September 2013.⁸⁵ The measures relating to gaming machines are set out in chapter 4 and came into operation from 1 March 2014. These include suspensions in play if voluntary time and money limits are reached; mandatory alerts that tell players when they have been playing for 30 minutes or when £250 has been spent; training staff to recognise the opportunity to interact with customers repeatedly loading money; and no longer siting cash machines that can be used from with a betting shop.⁸⁶

Additional measures were introduced in November 2014. These require gaming machine customers to make a choice as to whether they wish to set a time and/or money limit.⁸⁷

A Responsible Gambling Committee reviews compliance with the Code and makes recommendations as necessary.⁸⁸

NatCen evaluation of the Code

A NatCen [evaluation](#) of the early impact of the Code was published in December 2015.⁸⁹ This used transactional data recorded by machines for registered loyalty card users so that potential differences in previous gambling history could be taken into account. The West Midlands was used as a comparison area because it did not implement the Code until April 2014. Impact estimates could therefore be calculated for March 2014.

The evaluation explored the impact of the Code on four outcomes:

- the length of time spent gambling on machines during a session of play;
- the amount of money gambled on machines during the session;
- the proportion of machine gambling sessions which lasted 30 minutes or more; and

⁸⁵ Association of British Bookmakers, [Code for responsible gambling and player protection in licensing betting offices in Great Britain](#), September 2013

⁸⁶ Ibid, pp13-5

⁸⁷ To be achieved via a mandatory message requiring the player to either select limits or not and, for those who choose not to, automated machine alerts will be generated following 30 minutes of game play or, following the loss of £250: [“Bookmakers announce further player protection measures”](#), ABB News, 3 November 2014

⁸⁸ Ibid, p3

⁸⁹ Sergio Salis et al, [ABB Code for Responsible Gambling and Player Protection: evaluation of early impact among machine gamblers](#), NatCen, May 2015

- the proportion of machine gambling sessions in which individuals inserted £250 or more into the machine.

The evaluation did not find any statistical evidence that the Code had an impact on the four outcomes. However it said that it would be “premature” to draw any conclusions about its effectiveness:

(...) Because of funding constraints, this study only looked at a very narrow range of outcomes and was limited to analysing data from machines. We did not consider the broader impact of staff interventions specifically or of responsible gambling messaging, nor the impact of these elements of the Code on non-machine gamblers.

There are a number of recommendations for further evaluation. This includes research to understand why people do not set voluntary limits on machines, what the right level is at which mandatory messages on machines are triggered, as well as further evaluation of the impact of changes in staff training, and responsible gambling advertising across all gamblers in bookmakers.⁹⁰

8.2 Senet Group

The Senet Group, founded by William Hill, Ladbrokes, Coral and Paddy Power, was launched in September 2014.⁹¹ Membership is open to any gambling operator. The Group’s members have committed to adhere to industry codes of practice, including that of the ABB. They have also pledged not to advertise gaming machines in betting shop windows and to dedicate 20% of shop window advertising to responsible gambling messages.⁹²

The Group can “name and shame” operators who breach the above commitments as well as imposing fines. Gambling operators who repeatedly breach the code will not be able to use the Senet Group logo and could be expelled from the Group.⁹³

8.3 Self-exclusion schemes

It is a requirement of the Gambling Commission’s [licence conditions and codes of practice](#) that gambling operators offer customers the opportunity to prevent themselves from gambling by “self-excluding”. The minimum period of time is six months. Responsibility for continuing to self-exclude lies with the customer although gambling operators should do all they “reasonably can” to help.

A trial scheme in Chatham involving the ABB and Medway Council was announced in November 2014.⁹⁴ The scheme allows anyone with a gambling problem to exclude themselves from every betting shop in the

⁹⁰ Ibid, p4

⁹¹ “[Gambling industry responds to public concerns](#)”, Senet Group News release, 15 September 2014

⁹² Senet Group website: [About us](#) [accessed 23 February 2017]

⁹³ Senet Group website: [How we work](#) [accessed 23 February 2017]

⁹⁴ “[Medway’s responsible gambling partnership will protect problem gamblers](#)”, ABB News, 12 November 2014

town. This is different to existing schemes that only enable someone to exclude themselves from one specific operator.

By June 2015, twenty-three people had excluded themselves from all gambling shops in Chatham.⁹⁵

A self-exclusion scheme, backed by the ABB and Glasgow City Council, now operates across Glasgow.⁹⁶

Further information on self-exclusion is available from the Gambling Commission [website](#) and GamCare's [website](#).

8.4 Player awareness scheme

In December 2015, the ABB announced details of a new Player Awareness Scheme (PAS):

PAS is a response to the RGT's ground-breaking December 2014 research that showed it was possible to distinguish between problem and non-problem gambling behaviour by players using gaming machines in licensed betting offices. All members of the ABB have signed up to the initiative...

How PAS works

Systems analyse the behaviour of those playing on gaming machines when they are logged in to a customer account

Customer behaviour is then assessed against a range of markers of problem gambling

Alerts (via text, email, or on-screen) can subsequently be sent to players. These include signposting to responsible gambling tools such as setting limits on machines or self-exclusion, and directing customers towards the National Gambling Helpline / gambleaware.co.uk or to speak to a member of staff

PAS encourages customers to think about how they are gambling. Continued problematic play may result in direct interaction from a member of staff...⁹⁷

Early evaluation

A PricewaterhouseCoopers (PwS) [evaluation](#) of the implementation of the PAS, commissioned by the Responsible Gambling Trust, was published in October 2016. The evaluation covered 1 December 2015 to 31 March 2016 and, among other things, recommended:

- structured control groups to investigate the impact of the PAS initiative on the behaviour of customers and on minimising potential harmful play
- ongoing validation of the controls in place to message, monitor and interact with customers

⁹⁵ ["Medway Responsible Gambling Partnership – six months of progress"](#), ABB News, 4 June 2015

⁹⁶ ["Betting shop exclusion scheme expanded across Glasgow"](#), BBC News, 5 October 2015

⁹⁷ ["Player Awareness System launched by bookmaking industry: New responsible gambling initiative"](#), ABB News, 9 December 2015

- design of consistent key performance indicators to report on the impact and progress of the PAS initiative⁹⁸

It was too early to evaluate whether the PAS was having an impact on customer behaviour.⁹⁹

⁹⁸ PwC, [*Evaluation of the player awareness system implementation*](#), October 2016, p6

⁹⁹ Ibid, p17

9. What now?

9.1 Review of gaming machines and social responsibility measures (October 2016)

In October 2016, the Government announced a [review](#) of gaming machines and social responsibility measures to “ensure that we have the right balance between a [gambling] 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”.¹⁰⁰

A call for evidence closed on 4 December 2016. This sought views on:

- the maximum stakes and prizes for all categories of gaming machines permitted under the Gambling Act 2005;
- the allocations of gaming machines permitted in all licensed premises under the Gambling Act 2005; and
- for the industry as a whole, social responsibility measures to minimise the risk of gambling related harm. This includes looking at gambling advertising.

The review included an overview of B2s¹⁰¹ which ended with the following questions:

Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government’s objective set out in this document?

Q2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities?

Q3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation?¹⁰²

The Government is analysing feedback to the review and expects to publish its findings and any proposals in spring 2017.¹⁰³

On 9 February 2017, the Gambling Commission [published the data](#) that it would be using to “help inform” its advice on the review.¹⁰⁴

¹⁰⁰ DCMS, [Review of Gaming Machines and Social Responsibility Measures: Call for Evidence](#), October 2016, p3

¹⁰¹ Ibid, pp8-10

¹⁰² Ibid, p11

¹⁰³ [PQ 57401](#), answered 16 December 2016

¹⁰⁴ [“New data to inform government gambling review”](#), Gambling Commission News, 9 February 2017

9.2 All-party parliamentary group on FOBTs

In January 2017, the [All Party Parliamentary Group \(APPG\) on FOBTs](#) published a [report](#) on the impact of FOBTs. The findings included the following:

- That there is now a ‘prima facie’ case for significantly reducing the maximum stake that can be wagered on a FOBT
- At the very least the stake should be reduced on a precautionary basis, in line with the principles which govern the work of the Gambling Commission, until sufficient evidence is presented to the Government that the high stakes on these machines do not cause harm
- That the Gambling Commission “have failed” to adequately advise the Government in recent years, despite the principles for regulation and licencing under which the Gambling Commission operates
- That there is a case for the maximum stake to be reduced to £2
- Government should also consider reducing the speed of spin on a FOBT in order to reduce the potential for harm to be caused and also review the number of FOBTs permitted in an individual bookmaker
- Government should address localism concerns and calls for greater controls over FOBTs at the local level. Powers should be given to local authorities to prevent the clustering of betting shops.¹⁰⁵

The ABB [said](#) the report was “deeply flawed” and had been funded by commercial rivals of Britain’s bookmakers. The ABB also said that reducing the maximum stake on a B2 machine to £2 would be “a hammer blow to High Street bookmakers and threaten thousands of jobs”.¹⁰⁶

[EDM 61 2016-17](#), tabled by Carolyn Harris, Chair of the APPG, calls on the Government to “substantially” reduce the maximum stake on B2s “until evidence can be found that they are safe”. The EDM has 85 signatures.

¹⁰⁵ [“FOBT APPG Publishes Inquiry Report”](#), Press release, 31 January 2017

¹⁰⁶ [“Bookies demand inquiry into “deeply flawed” MPs’ FOBT report – funded by vested interests in casinos, arcades and pubs”](#), ABB News, 30 January 2017

9.3 Ongoing research

GambleAware continues to commission [research](#) looking at various aspects of gambling related harm.

A number of research findings were presented at GambleAware's December 2016 harm minimisation conference. These included:

- Craig Thorley et al, [*Cards on the table: the cost to Government associated with people who are problem gamblers in Britain*](#), IPPR, December 2016
- Peter Collins, [*The effects of reducing the stake on a B2 machine in UK betting shops*](#), December 2016
- Jonathan Parke et al, [*Key issues in product-based harm minimisation: examining theory, evidence and policy issues relevant in Great Britain*](#), December 2016

Other presentations/reports looked at industry initiatives on responsible gambling, harm minimisation projects, treatment for problem gamblers, and the future of research (including industry participation). Links to these can be found in a [conference report](#).

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