



BRIEFING PAPER

Number 06946, 20 June 2018

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* classifies 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.

There are 33,611 B2 machines in Great Britain (Gambling Commission [statistics](#), November 2017). The gross gambling yield (GGY) from B2s for April 2016 to March 2017 was £1.8 billion.

Why are they controversial?

Critics point out that it is possible to lose large amounts of money and claim 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 have campaigned for, would put betting shops and jobs at risk. Academic research suggests that the causes of problem gambling are complex and are not well understood.

What is the Government doing?

In October 2017, the Department for Digital, Culture, Media and Sport (DCMS) [announced](#) a range of proposals to strengthen protections around gambling. These included lowering the maximum stake on FOBTs to between £50 and £2. A [consultation](#) on the proposals, including the level of the new stake, closed on 23 January 2018.

On 17 May 2018, the Government [announced](#) that the maximum stake on FOBTs will be reduced to £2. This will require secondary legislation. No further details are available at this point ([PQ 147334](#)).

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 1999,¹ with a small number of high margin games available. Changes to the taxation of gambling (i.e. 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* regulates gambling in Great Britain. The Act 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?

There are 33, 611 B2 machines in Great Britain (Gambling Commission [statistics](#), November 2017).⁸ The gross gambling yield (GGY)⁹ from B2s for April 2016 to March 2017 was £1.8 billion.¹⁰

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

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 19 June 2018]

⁷ Ibid

⁸ Gambling Commission, [Industry Statistics](#), November 2017

⁹ GGY is the amount retained by operators after the payment of winnings but before the deduction of the costs of the operation

¹⁰ Gambling Commission, [Industry Statistics](#), November 2017

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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 £10.¹¹ This gives the Welsh Government the same powers as the Scottish Government.

1.4 FOBTs in Northern Ireland

The *Gambling Act 2005* does not extend to Northern Ireland. Gambling is regulated under the *Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985*.¹²

According to the Department for Social Development (DSD), “many” bookmaking offices in Northern Ireland have FOBTs.¹³ However the DSD has also said that the machines operate in a “grey area” because the “law is so old”.¹⁴ In February 2015, the DSD said that the legal status of FOBTs could “only be authoritatively determined by the courts”.¹⁵

A 2011 [consultation](#) looked at updating Northern Ireland’s gambling law. This found, among other things, that there was “strong support” for “legalising” FOBTs.¹⁶

¹¹ This was the result of a Government amendment moved at Lords Report stage: amendment 56 agreed at [HL Deb 14 December 2016 c 1316](#)

¹² Department for Communities website, [Betting, gaming, lotteries and amusements](#) [accessed 4 December 2017]. This includes a [leaflet](#) (April 2017) on gaming machines

¹³ Department for Social Development, [Gambling consultation – responses key issues](#), September 2011, p2; The Campaign for Fairer Gambling has claimed there are over 900 FOBTs in Northern Ireland. This figure has been disputed by the Northern Ireland Turf Guardians’ Association: [“Only judge can decide on legality of raft of NI betting machines”](#), *Belfast News Letter*, 23 February 2015

¹⁴ Committee for Social Development, [Betting, Gaming, Lotteries and Amusements Bill: DSD Briefing](#), 7 February 2013; See also DSD, [Gambling consultation – responses key issues](#), September 2011, p2

¹⁵ Quoted in [“Only judge can decide on legality of raft of NI betting machines”](#), *Belfast News Letter*, 23 February 2015

¹⁶ Department for Social Development, [Gambling consultation – responses key issues](#), September 2011, p2

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.¹⁷

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.¹⁸ 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”.¹⁹ The ABB argued that FOBTs provided a betting activity which should be permitted in licensed betting offices.²⁰ 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 restricted²¹

¹⁷ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), p18

¹⁸ [HC Deb 8 January 2003 c7WS](#)

¹⁹ Quoted in [Joint Committee on the Draft Gambling Bill](#), HC 139-I 2003/04, April 2004, p128

²⁰ *Ibid*, p128

²¹ *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.”²²

Gordon House (now known as the [Gordon Moody Association](#), a charity providing support to problem 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”.²³ 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 2005.²⁴ This estimated there were 20,000 terminals in approximately 8,000 betting shops.²⁵ 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.

²² Ibid, p130

²³ Ibid, p130

²⁴ Europe Economics, *Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited*, April 2005

²⁵ 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”.²⁶

A June 2006 follow-up report said that FOBTs were “not more associated with problem gambling than any other form or forms of gambling”.²⁷

²⁶ [“Betting shop gaming machines cause concern”](#), *Telegraph*, 4 March 2005

²⁷ 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).²⁸

Following the findings of the ABB report, FOBTs were classified as B2 gaming machines under the *Gambling Act 2005*. 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.²⁹ 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.³⁰

The maximum stake on a single bet on a B2 machine is £100, the maximum prize is £500.³¹

Secondary legislation is required to make changes to the stake and prize limits of gaming machines as well as the number of B2s permitted in betting premises.

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 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

²⁸ Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill*, 7 April 2004, HC 139-II 2003-4, [Ev 562](#)

²⁹ 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).

³⁰ Gambling Commission website: [B2 gaming machines](#)

³¹ *Ibid*

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.³²

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.³³ 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.³⁴

In a January 2016 letter to the *Times*, Baroness Jowell called for the Government and Gambling Commission to take action over FOBTs.³⁵

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”.³⁶ It noted the controversy over B2 machines, citing some of the differing evidence it had received on their role in problem gambling.³⁷

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.³⁸ The Committee welcomed the Government’s position that changes to machine stakes and prizes should be evidence-based.³⁹

³² Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), Ev 101-2

³³ Ibid, Ev 102

³⁴ Ibid, Ev 103

³⁵ Baroness Jowell, Letter to the Editor, *The Times*, 26 January 2016, p26

³⁶ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), p17

³⁷ Ibid, pp18-9

³⁸ Ibid, p20

³⁹ Ibid, p25

5. The 2013 Triennial Review

In January 2013, the Department for Culture, Media and Sport (DCMS) published a [consultation](#) on proposed changes to gaming machine stakes and prizes (the “triennial review”). In response to public concern, the consultation sought evidence on the risks associated with FOBTs.⁴⁰

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.⁴¹

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.⁴² 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 so⁴³

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”.⁴⁴

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” of balancing the enjoyment of the majority who gamble without experiencing

⁴⁰ [“Government calls for evidence on links between problem gambling and B2 gaming machines”](#), DCMS news story, 15 January 2013

⁴¹ 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

⁴² Letter from Philip Graf, Chair of the Gambling Commission, to Maria Miller, Secretary of State for Culture, Media and Sport, dated 20 June 2013

⁴³ Ibid, p3

⁴⁴ Ibid, p5

harm with the protection of a minority who are at risk.⁴⁵ 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)⁴⁶

The RGSB 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".⁴⁷

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.⁴⁸ However there "was little material based on robust evidence received from those concerned about the social impact of B2 machines".⁴⁹

⁴⁵ RGSB, [Advice to the Commission on the Triennial Review consultation](#), June 2013, para 8.3

⁴⁶ Ibid, paras 9.2-9.5, footnotes removed

⁴⁷ Ibid, para 11.7

⁴⁸ DCMS, [Gambling Act 2005: triennial review of gaming machine stake and prize limits – government response](#), October 2013, p19

⁴⁹ Ibid, p19

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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.⁵⁰ 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.”⁵¹

The summary of responses to the consultation refers to some of the evidence cited by those debating the role of B2s in problem gambling.⁵² The full set of responses can be found on the consultation’s webpage.⁵³

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.⁵⁴

⁵⁰ Ibid, p6

⁵¹ Ibid, p18

⁵² Ibid, pp12-8

⁵³ DCMS, [Consultation on proposals for changes to maximum stake and prize limits for category B, C and D gaming machines](#) [accessed 19 June 2018]

⁵⁴ [HC Deb 4 December 2013 c1060](#)

6. Continuing controversy

FOBTs remain controversial.⁵⁵ 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 betting industry disagrees.⁵⁶ Academic research suggests the causes of problem gambling are complex and are not well understood.⁵⁷ A selection of what has been said is given below. It is not meant to be comprehensive.

Association of British Bookmakers

In May 2017, the ABB [said](#) there was “no evidence to show cutting stakes on gaming machines will help tackle problem gambling”:

Independent research already shows that people lose more money more quickly on an arcade gaming machine than in any other gambling venue at current staking levels.

[Cutting the maximum stake to £2] would destroy over 20,000 jobs, close thousands of betting shops, cost millions of pounds in lost taxes for the Government and end a popular activity for millions of people – all without helping a single problem gambler...⁵⁸

The ABB set out its position on B2s in more detail in an April 2013 [paper](#). This claimed, among other things, that:

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...⁵⁹

The ABB paper also looked at the economic and social benefits of betting shops.

Campaign for Fairer Gambling

The [Campaign for Fairer Gambling](#) (CFG) wants the maximum stake on B2s reduced to £2.⁶⁰

A *Guardian* [article](#) of 6 June 2017 refers to research commissioned by the CFG which claims that losses on B2s are largest in deprived areas and opposition-held constituencies.⁶¹

⁵⁵ For some of the discussion see: *Guardian* website: [Fixed odds betting terminals](#) [accessed 19 June 2018]; “Violence, debt and devastation brought by the spin of a wheel”, *Times*, 17 February 2016, pp10-11; Gambling Commission, [Open letter to the Times](#), 19 February 2016

⁵⁶ Association of British Bookmakers, [The truth about betting shops and gaming machines – ABB submission to DCMS Triennial Review](#), April 2013

⁵⁷ For some of the research, see the [research section](#) of the GambleAware website

⁵⁸ [“Statement on leaked Labour Party manifesto”](#), ABB News, 11 May 2017

⁵⁹ Association of British Bookmakers, [The truth about betting shops and gaming machines – ABB submission to DCMS Triennial Review](#), April 2013, p21

⁶⁰ [Stop the FOBTs campaign website](#) [accessed 19 June 2018]

⁶¹ [“Tories have ‘shameful record’ on FOBT gambling, says Labour”](#), *Guardian*, 6 June 2017; See also CFG, [“Whatever the election result, fairer gambling wins”](#), 7 June 2017

The [CFG site](#) (“the evidence”) includes a range of material on the negative impacts of B2s. This includes 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”.⁶²

An April 2013 report, also by Landman Economics, looked at the economic impact of FOBTs and claimed, among other things, that increases in spending on the machines would be likely to destroy jobs.⁶³

In April 2014, NERA Economic Consulting published a [critical review](#) of the ABB’s April 2013 paper (referred to above).⁶⁴

Responsible Gambling Trust - gaming machines research

In 2014, the Responsible Gambling Trust (RGT, known as [GambleAware](#) since October 2016), commissioned [research](#) looking at two questions posed by the RGSB:

- Can we distinguish between harmful and non-harmful gaming machine play?
- If we can, what measures might limit harmful play without impacting on those who do not exhibit harmful behaviours?⁶⁵

Seven research reports, available from the GambleAware website,⁶⁶ were published in December 2014. One side [summaries](#) of the reports were also published.

The Machines Research Oversight Panel⁶⁷ 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.⁶⁸

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 the prospects

⁶² Howard Reed, [Fixed odds betting terminals, problem gambling and deprivation: a review of recent evidence from the ABB](#), Landman Economics, April 2014, p7

⁶³ Howard Reed, [The economic impact of fixed odds betting terminals](#), Landman Economics, April 2013, p18

⁶⁴ 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

⁶⁵ Responsible Gambling Trust, [B2 Gaming Machines Research Programme \(Stage 2\)](#), February 2014

⁶⁶ Under the heading [“Category B Gaming Machines located in British Bookmakers”](#)

⁶⁷ A governance body made up of independent academics to evaluate the objectivity and quality of the research programme

⁶⁸ 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

for protecting players while allowing the gambling industry to innovate and grow.⁶⁹

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".⁷⁰

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.⁷¹

Criticism of the 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".⁷²

⁶⁹ Gambling Commission letter to Secretary of State for Culture, Media and Sport, 30 March 2015, p1

⁷⁰ Ibid, p2

⁷¹ See, for example, [PQ 216509](#) [answered 4 December 2014]

⁷² 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

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 machines⁷³, the DCMS did publish a [document](#) on gambling protections and controls in April 2014.⁷⁴ 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.⁷⁵

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 indicates that regular interaction can

⁷³ See Helen Grant, Minister for Sport and Tourism, at [HC Deb 8 January 2014 c374-5](#)

⁷⁴ DCMS, [Gambling Protections and Controls](#), April 2014

⁷⁵ Ibid, p4

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
- 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
- the “proceeds condition” - allows customers to stake in excess of £50 by applying a money prize won on the B2 machine⁷⁶

Evaluation of the Regulations (January 2016)

The DCMS published an [evaluation](#) of the Regulations in January 2016. On player control, the evaluation found, among other things, that 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.⁷⁷

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.

⁷⁶ 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 machine

⁷⁷ DCMS, [Evaluation of Gaming Machine \(Circumstances of Use\) \(Amendment\) Regulations 2015](#), January 2016, p3

- 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...⁷⁸

What did the then Government say?

The DCMS said that the evaluation of the Regulations indicated “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”.⁷⁹

Further evaluation (January 2017)

In December 2016, GambleAware commissioned further evaluation of the Regulations. This was at the request of the RGSB.⁸⁰

The [research](#) was published in January 2017. The authors concluded: “Generally, our findings do not support the proposition that nudging players towards lower stakes mitigated harm or made play more responsible.”⁸¹ In attempting to mitigate harm, they said it might be optimistic to focus on stake size while neglecting other elements of players’ “choice architecture” such as speed of play or mechanism for paying.⁸²

⁷⁸ Ibid, p3

⁷⁹ See, for example: [PQ 24920](#), answered 3 February 2016; [HL5089](#), answered 29 January 2016

⁸⁰ [“New research funded by GambleAware for further analysis of machine data to examine the impact of the £50 regulations in bookmakers”](#), GambleAware News, 22 December 2016

⁸¹ David Forrest and Ian G McHale, [“FOB-Ts in British betting shops: Further analysis of machine data to examine the impact of the £50 Regulations”](#), University of Liverpool/University of Salford, January 2017, p3

⁸² Ibid, p3

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 2013.⁸³ 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.⁸⁴

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.⁸⁵

A Responsible Gambling Committee reviews compliance with the Code and makes recommendations as necessary.⁸⁶

NatCen evaluation of the Code

GambleAware commissioned NatCen to evaluate the early impact of the Code. NatCen’s [research](#) was published in December 2015.⁸⁷ 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

⁸³ Association of British Bookmakers, [Code for responsible gambling and player protection in licensing betting offices in Great Britain](#), September 2013

⁸⁴ Ibid, pp13-5

⁸⁵ 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

⁸⁶ Ibid, p3

⁸⁷ Sergio Salis et al, [ABB Code for Responsible Gambling and Player Protection: evaluation of early impact among machine gamblers](#), NatCen, May 2015

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- 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 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.⁸⁸

8.2 Senet Group

The Senet Group, founded by William Hill, Ladbrokes, Coral and Paddy Power, was launched in September 2014.⁸⁹ 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.⁹⁰

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.⁹¹

8.3 Self-exclusion schemes

The Gambling Commission’s [licence conditions and codes of practice](#) require 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.⁹²

A trial scheme in Chatham involving the ABB and Medway Council was announced in November 2014.⁹³ This allowed anyone with a gambling problem to exclude themselves from every betting shop in the town (in contrast to existing schemes that only enabled someone to self-exclude

⁸⁸ Ibid, p4

⁸⁹ [“Gambling industry responds to public concerns”](#), Senet Group News release, 15 September 2014

⁹⁰ Senet Group website: [About us](#) [accessed 19 June 2018]

⁹¹ Senet Group website: [How we work](#) [accessed 19 June 2018]

⁹² Further information on self-exclusion is available from the Gambling Commission [website](#) and GamCare’s [website](#)

⁹³ [“Medway’s responsible gambling partnership will protect problem gamblers”](#), ABB News, 12 November 2014

from one specific operator). By June 2015, twenty-three people had excluded themselves from all gambling shops in Chatham.⁹⁴

A Multi Operator Self Exclusion Scheme (MOSES), run by a subsidiary of the Senet Group, was launched in 2016.⁹⁵

In March 2017, Chrysalis Research published an [evaluation](#) of MOSES. This was commissioned by GambleAware. The evaluation found that MOSES was effective for most customers.⁹⁶ The report made a number of recommendations for improving the scheme's effectiveness for customers and betting shop staff.⁹⁷

8.4 Player awareness scheme

In December 2015, the ABB announced details of a new player awareness scheme (PAS):

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...⁹⁸

Evaluation

A PricewaterhouseCoopers [evaluation](#) of the implementation of PAS, commissioned by GambleAware, was published in October 2016. The evaluation covered 1 December 2015 to 31 March 2016 and said that it was too early to determine whether PAS was having an impact on customer behaviour.⁹⁹ The report recommended, among other things:

- 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
- design of consistent key performance indicators to report on the impact and progress of the PAS initiative¹⁰⁰

⁹⁴ ["Medway Responsible Gambling Partnership – six months of progress"](#), ABB News, 4 June 2015

⁹⁵ Multi-Operator Self Exclusion Scheme Ltd website: [About us](#) [accessed 19 June 2018]

⁹⁶ Chrysalis Research, [Evaluation of the Multi-Operator Self-Exclusion Scheme \(MOSES\)](#), March 2017, p3

⁹⁷ Ibid, p3

⁹⁸ ["Player Awareness System launched by bookmaking industry: New responsible gambling initiative"](#), ABB News, 9 December 2015

⁹⁹ PwC, [Evaluation of the player awareness system implementation](#), October 2016, p17

¹⁰⁰ Ibid, p6

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

In October 2016, the DCMS 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”.¹⁰¹

The review looked at:

- 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.

An overview of B2s 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 closing date for submissions was 4 December 2016.

9.1 Responsible Gambling Strategy Board advice

The RGSB’s [advice](#) on the review was published on 31 October 2017.¹⁰³ This took into account recent research on machine play and problem gambling. The RGSB said that it continued to believe in the relevance of the “precautionary principle”:

The precautionary principle is applied where evidence and understanding are incomplete, but where there are plausible reasons for thinking that the risk of harm is potentially significant. It usually results in a new product or procedure being banned completely, unless and until those proposing it can demonstrate that harm would not be caused. In this case, B2 machines already exist in large

¹⁰¹ DCMS, [Review of Gaming Machines and Social Responsibility Measures: Call for Evidence](#), October 2016, p3

¹⁰² Ibid, p11

¹⁰³ RGSB, [Advice in relation to the DCMS review of gaming machines and social responsibility measures](#), October 2017, p44. The main report is dated 31 January 2017. An Annex is dated October 2017. The Gambling Commission [states](#) that the advice was published on 31 October 2017.

numbers, and there is the (possibly more proportionate) option of lowering stakes to reduce the risk of harm, rather than banning the machines altogether.¹⁰⁴

According to the RGSB, the position on B2 machines was “more complex than may initially appear”.¹⁰⁵ There was “sufficient evidence of harm” associated with B2s to apply the “precautionary principle.” However, applying it was not “entirely straightforward” and would require “judgement about the balance of risks”.¹⁰⁶

The RGSB said that an association between B2s and problem gamblers was “not surprising”:

(...) The machines possess several characteristics known to be associated with greater risk of harm. They are also easily accessible on most high streets, especially in areas with populations more vulnerable to gambling-related harm.

Association does not prove causation. The relationship between B2 machines and problem gamblers could be because the machines cause some players to become problem gamblers. But it could also arise because B2 machines are particularly attractive to players who already have a problem with gambling.

Demonstrating causation is not, however, always necessary. Whatever the reason, the fact that large numbers of problem and at risk gamblers play on their machines creates an *obligation* on operators to respond and an *opportunity* to implement measures to detect potentially harmful play and mitigate its effects.¹⁰⁷

The advice warned that it was “far from certain” that reducing the maximum stake on B2s would make a material contribution to reducing gambling-related harm:

- A reduction in maximum stake might have some effect on harm. It would reduce the opportunity for players to place large stakes quickly. That could be important for some players, possibly including some of those suffering the greatest harm.
- But large stakes are placed relatively infrequently, even by problem gamblers; and problem gamblers are found at all levels of staking. Moreover, it is in principle unlikely that a change in one characteristic of one gambling product would have a significant effect on harm when account is taken of:
 - i. The potential impact on styles of play. For example, to get the same level of excitement from lower stakes players may engage in riskier staking behaviour. Lower stakes may also mean that players play for longer, until they exhaust their funds.
 - ii. The opportunity for diversion to other forms of gambling. Identical games to those on B2 machines are, for example, widely available as remote gambling products. The scope for intervention to mitigate harmful play ought to be greater in the case of remote play, but there are no regulatory restrictions on maximum stakes. Alternatively, if play is diverted to B3 machines, the evidence on

¹⁰⁴ Ibid, p8. The RGSB referred to the principle in its advice to the 2013 Triennial Review

¹⁰⁵ Ibid, p2

¹⁰⁶ Ibid, p2

¹⁰⁷ Ibid, p2

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sessional losses indicates some potential for harm similar to that from B2 machines.¹⁰⁸

Despite uncertainty about the effects, the RGSB said that a reduction in the maximum stake, implemented for precautionary reasons, could still be a potentially useful part of a strategy to mitigate gambling-related harm – provided that the impact on actual harm was carefully monitored and evaluated. The RGSB took this view because:

- i. £100 stakes can lead to significant losses in a short space of time. Such losses might be harmful even to those who would not be defined by a survey screen as problem gamblers.
- ii. This concern is amplified by the concentration of LBO machines in areas whose populations are more vulnerable to gambling-related harm.
- iii. At higher levels of staking there is a greater concentration of problem gamblers. It is difficult to regard something as an unobjectionable leisure time activity if a high proportion of those participating in it suffer harm.

It is also important to take account of public opinion in considering the balance between the protection of the vulnerable and enabling the enjoyment of those who gamble. There is some evidence of a shift in public views about gambling towards a more negative stance.¹⁰⁹

¹⁰⁸ Ibid, p3

¹⁰⁹ Ibid, pp3-4

10. Consultation on changes to gaming machines and social responsibility measures (October 2017)

On 31 October 2017, following its analysis of responses to the October 2016 review, the DCMS [announced](#), among other things, that the maximum stake on FOBTs would be cut to between £50 and £2.¹¹⁰ A [consultation](#) sought views on four options:

- Option 1 – maximum stake reduced to £50 on all B2 content
- Option 2 – maximum stake reduced to £30 on all B2 content
- Option 3 – maximum stake reduced to £20 on B2 non-slots and £2 on B2 slots¹¹¹
- Option 4 – maximum stake reduced to £2 on all B2 content¹¹²

An [Impact Assessment](#) gave details of the costs and benefits of each option. In making a decision on the revised stake, the Government said that it wanted to “balance the potential impact on the economy and leisure gamblers against the need to reduce gambling related harm”.¹¹³

On the stakes and prizes for other categories of gaming machine, the Government’s preferred option was to make no changes.¹¹⁴

The consultation document listed the respondents to the 2016 review.¹¹⁵ Submissions to the 2016 review are available from the Gov.UK [website](#).

The consultation closed on 23 January 2018.

10.1 Gambling Commission formal advice to the DCMS

A Gambling Commission [letter](#) of 28 February 2018 set out the Commission’s formal advice on the DCMS review of gaming machines.¹¹⁶ On B2s, the Commission recommended a stake limit at or below £30 and a package of wider measures:

(...) we agree with RGSB that there is a precautionary case for a stake cut below £50, which is now the effective limit for most players, and we think the maximum stake should be materially lower than £50. In our view, a precautionary approach should involve a stake limit at or

¹¹⁰ [“Government to take action on fixed odds betting terminals”](#), DCMS press release, 31 October 2017

¹¹¹ Slots - a game which is mechanical or virtual in nature and which uses spinning reels, discs or other representations of moving or changing symbols. Non-slots - virtual games of the type played in casinos, primarily roulette, and other virtual sporting events such as horse and dog tracks (DCMS, *Consultation on proposals for changes to gaming machines and social responsibility measures*, October 2017, p12)

¹¹² Ibid, pp14-5

¹¹³ Ibid, p12

¹¹⁴ Ibid, p20

¹¹⁵ Ibid, Annex B

¹¹⁶ Gambling Commission, [Letter to Rt Hon Matt Hancock on the Review of Gaming Machines and Social Responsibility Measures](#), 28 February 2018

below £30 if it is to have a significant effect on the potential for players to lose large amounts of money in a short space of time. The chosen level will depend on the weight that Ministers attach to risk of harm, implications for the way different products are regulated, consumer choice, and public and stakeholder opinion.

10. However, we do not consider that a stake cut alone on B2s (irrespective of the level) would go far enough to address the risk of harm fully. We consider that it is necessary to recommend a package of measures to address harm. This package would not just address the risk of financial harm from B2 machines. It would also minimise the risk of diverting problematic play onto other machines or other forms of gambling, and would help to identify the range of indicators of problem gambling at a much earlier stage.

11. We favour a comprehensive approach, which would help to make gambling on all machines safer. A key part of this is that we see a strong case in principle to make tracked play mandatory across Category B1, B2 and B3 machines. This would increase the availability of information about play, giving:

- **consumers** access to information that would help them keep track of their own play and make informed choices about whether to continue
- **operators** no excuse if they fail to identify players that are starting to show signs of problematic gambling
- **Government and the Commission** a clearer picture of whether the industry is meeting its social responsibly...¹¹⁷

The Commission's advice also refers to recent research on gambling behaviour.

10.2 Government response to the consultation (17 May 2018)

In a [statement](#) to the Commons on 17 May 2018, Tracey Crouch, the Minister for Sport and Civil Society, announced that the maximum stake on B2s will be reduced to £2. Secondary legislation will be introduced "in due course".¹¹⁸ No changes are being made to the stakes and prizes on other categories of gaming machine.

The Government's [response](#) to the October 2017 consultation set out its reasons for choosing a stake level of £2:

1.3 (...) As we set out at consultation stage, there remain consistently high rates of problem gamblers among players of these machines, with the latest data for 2016 (England only) finding that 13.6% of players of gaming machines in betting shops are problem gamblers, the highest rate for any gambling activity. We noted that the highest proportion of those who contact the main gambling addiction provider (GamCare) identify machines in betting shops as their main form of gambling and gaming machines in betting shops also account for one of the highest proportion of those in treatment for gambling addiction. We are concerned that factors such as these are further

¹¹⁷ Gambling Commission, [Review of gaming machines and social responsibility measures – formal advice](#), p2

¹¹⁸ [PQ 147334](#), answered 7 June 2018

amplified by the relationship between the location of B2 gaming machines and areas of high deprivation.

1.4. Following analysis of consultation responses, we think that a reduction to £2 will reduce harm for the most vulnerable. In comparison to other gaming machines, B2 machines generate a greater proportion and volume of large-scale losses (for example, more than £500 in a session); and losses are larger and sessions longer for those who bet at the maximum stake (£100) than those who play at a lower level. Even cutting to £10 leaves problem gamblers, and those most vulnerable, exposed to losses that would cause them and their families significant harm. In particular, we note that over 170,000 sessions on B2 roulette ended with losses between £1,000.01 and £5,000. These sessions persist at average stakes of £5 and £10, but by contrast, none involved average stakes of £2 or below. We also think that a limit of £2 is likely to target the greatest proportion of problem gamblers and mitigate the impact on those most vulnerable to harm, such as those in more deprived areas and those who are unemployed. There was clear support for this measure at consultation stage from the public, local authorities, faith groups, Parliamentarians, charities, interest groups and academics, as well as from some within the betting sector itself, with calls for cutting the stake limit to £10 or less from one betting operator...¹¹⁹

The Government's response noted the potential risks of other category B machines:

1.6. We are alive to the risks posed by other Category B gaming machines, so we welcome steps taken by the [Gambling] Commission to take forward proposals to improve player protections on B1 and B3 machines, including measures such as time and spend limits for players, which are already in place on B2 gaming machines. We acknowledge the complexities around identifying and implementing harm-minimisation measures and therefore encourage the Commission, RGSB and industry to continue to develop, trial and evaluate further measures in the pursuit of reducing harm.

The Government acknowledged the potential impacts of a £2 stake on the gambling industry and said that it would "continue to liaise with key stakeholders on how the impact of these measures can be best managed and help them make necessary preparations. But we are clear that this action is necessary to protect those most vulnerable from harm".¹²⁰

On implementing the new stake, the Government said that it would work "constructively" with the devolved administrations:

2.12. Gambling is devolved in Northern Ireland, but substantially reserved in Scotland and Wales. However, as of 23 May 2016, the Scottish Parliament and Scottish Ministers have executive and legislative competence to vary the number of high-staking gaming machines authorised by a new betting premises licence in Scotland. Under the Wales Act 2017, identical powers were transferred to the Welsh Ministers and the National Assembly for Wales. We are committed to working constructively with devolved administrations

¹¹⁹ DCMS, [Government response to the consultation on proposals for changes to Gaming Machines and Social Responsibility Measures](#), May 2018, footnote removed

¹²⁰ Ibid, para 3.9

as we move towards implementation of the £2 stake limit on B2 gaming machines.

An [Impact Assessment](#) was published at the same time as the Government's response.

Reaction

Tracey Crouch's [statement](#) to the Commons was welcomed by members of all parties. However, the ABB has [warned](#) that a stake of £2 could lead to 21,000 job losses:

This is a decision that will have far-reaching implications for betting shops on the high-street.

We expect over 4,000 shops to close and 21,000 colleagues to lose their jobs. The independent expert advice warned that this would simply shift people, the majority of whom gamble responsibly, to alternative forms of gambling where there is less chance of human interaction and its impact on problem gambling levels is far from certain.

As the industry adjusts its business model, those shops that do survive will continue to provide a safe place to gamble with staff interaction and industry leading responsible gambling measures and support British sport.¹²¹

Philip Davies referred to the impact on the industry in his response to Tracey Crouch's statement:

It has come to something when Members of this House, particularly those on the Labour Benches, cheer when a decision is made that will put up to 20,000 decent working-class people out of their jobs when there is no evidence to do so. That was even admitted by Adrian Parkinson who ran the Campaign for Fairer Gambling and who, last week, wrote an article in The Daily Telegraph saying that there was actually no evidence behind the campaign that he was running, which has taken in all these Members across the House. By how much has the Minister's Department estimated that the problem gambling rate in this country will reduce as a result of this decision, and what evidence does she have for making that estimate?

Tracey Crouch replied:

Some 176,000 people who play FOBTs are problem gamblers, which is currently the highest rate of gambling activity by product. We respect and understand that this decision may well have an impact on jobs in bookmakers, but we have addressed the harm of fixed odds betting terminals and we are working very closely with the industry to support bookmakers to continue to be able to grow and contribute to the economy. On the impact on problem gamblers, we expect this decision to have a significant impact on the reduction of problem gambling.

On potential job losses, Patricia Gibson asked:

(...) Does the Minister agree that if outlets do close, it is because they were open specifically to house these machines, and that the real

¹²¹ ABB, "[Statement on Government changes to gaming machines](#)", 17 May 2018

danger to jobs in the bookmaking industry is the deployment of self-service betting terminals?

Tracey Crouch replied:

It is only fair that I inform the House that a significant number of people who work in bookmakers called for us to make these stake reductions or ban these machines altogether because they have seen a change in customer behaviour in betting shops. The addition of many people to these machines has led to violence and intimidating behaviour towards members of staff, sometimes in single-staffed bookmakers.

While we recognise that there may well be an impact on jobs, we will work closely with colleagues across Government and with partner organisations to ensure that we support members of staff. We are seeing a shift in the way that gambling is done, and there has been significant consolidation within the industry. This industry is changing, regardless of today's announcement, but we want to ensure that we support the safety of staff.

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