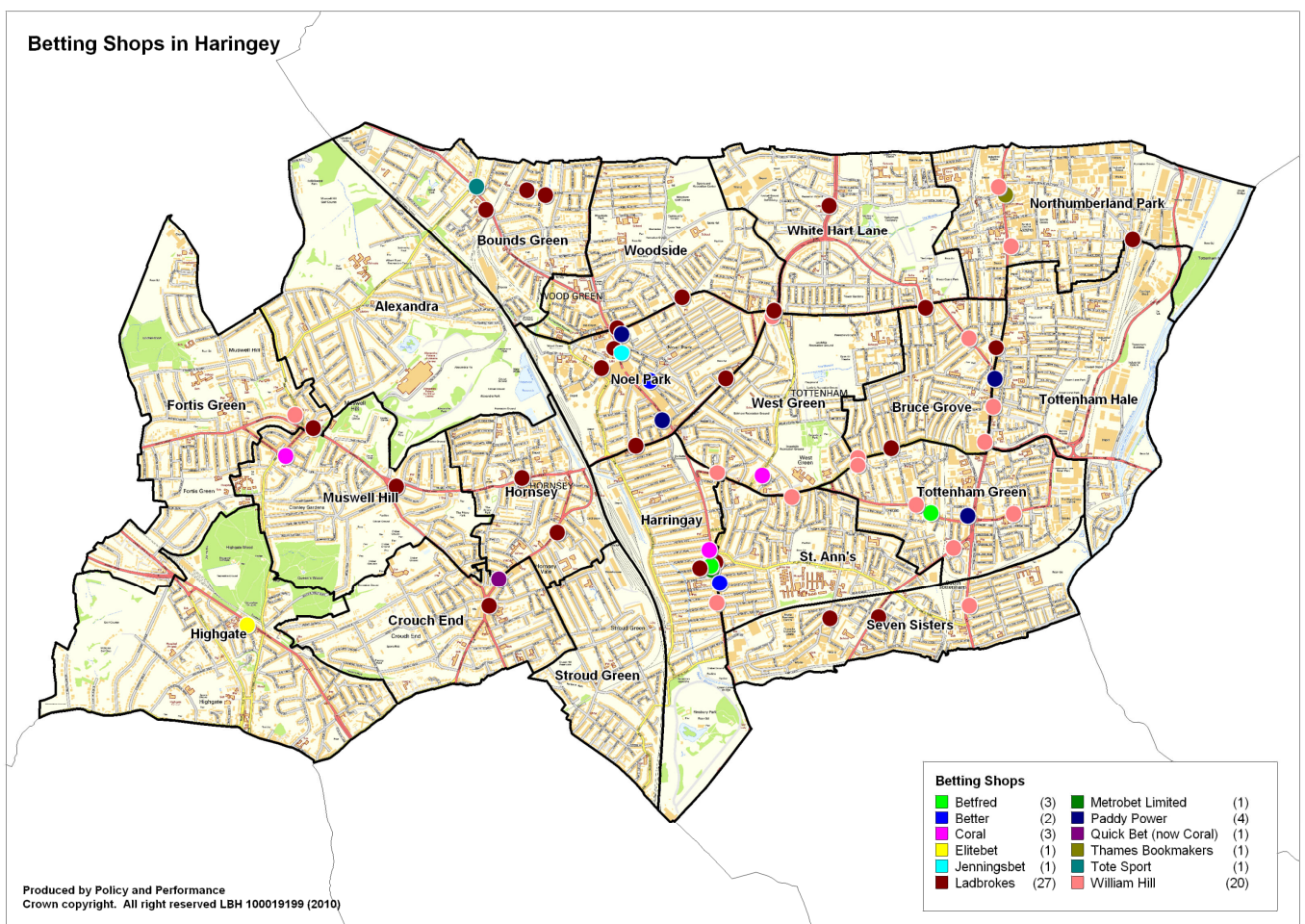




Haringey Council

# Scrutiny Review of the Clustering of Betting Shops in Haringey



**A REVIEW BY THE OVERVIEW AND SCRUTINY COMMITTEE**

April 2011

[www.haringey.gov.uk](http://www.haringey.gov.uk)

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**Foreword**

Localism is alive and well in Haringey!

Following a council debate in July 2010, Scrutiny decided to give the community a voice and examine the emerging question of clusters of betting shops that have taken root in several of our town centres.

Many local people are worried that this clustering is changing the character and appeal of these traditional retail centres. The industry states that they are well used by local people and employ many hundreds of Haringey residents.

The distillation of all of the evidence we received is contained in this document with recommendations that, if adopted by Government and Haringey, could strengthen the influence local people have over their shopping centres.

Over seventy individuals turned up for our listening session with many more emailed contributions. The gambling industry was an active and open-handed contributor and the committee was impressed at their willingness to listen and engage with their host communities.

The Committee's thanks go to all those who came to talk to us, managers and staff of the betting shops we visited and the support and advice of Haringey officers.

This debate will not finish with the publication of this report; we will still pass on feedback from all sectors, so please email me with any comments or suggestions you would like to make.



**Cllr Winskill (Chair of the Scrutiny Review Panel)**

**Other members of the review panel:**

**Cllr Browne, Cllr Diakides, Cllr Ejiofor and Cllr Newton**

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## 1. Executive Summary

### Background

- 1.1 The clustering of betting shops in Haringey attracted considerable community concern in 2009 and 2010 and prompted substantial coverage in local media. The clustering of betting shops was discussed by local Councillors at Full Council in July 2010 and was subsequently picked up by Overview & Scrutiny for further examination. This report details the work of this scrutiny panel and the conclusions and recommendations reached from the submissions it received. It is hoped that this report, if adopted, will guide and inform the Council's approach to this issue.
- 1.2 It is important to state at the outset that this was not an examination of the desirability or moral acceptability of gambling in the community. The panel accepts that betting shops have been part of the community for a number of years and provide a desired leisure service among local residents. The focus of this review however was to examine the propensity of betting shops to cluster together and to record what impact this has had on local communities.
- 1.3 The review had a number of objectives:
- to raise awareness of the licensing and planning framework for gambling premises
  - to establish whether the Gambling Act (2005) has precipitated a rise in gambling premises licensed in Haringey
  - to assess the distribution of betting shops and the degree to which these are clustered
  - to assess the impact of the clustering of betting shops within local communities
  - identify possible approaches to control future clustering of betting shops in the community
  - identify local solutions to problems associated with the clustering of betting shops.
- 1.4 There was considerable support for the review among local residents, community groups and business and community representatives. Over 70 people attended the review panel meeting and numerous written submissions were received. Betting shop industry representatives were also fully supportive of the review process, and provided helpful input in to the review and made themselves freely available for questioning by both the panel and broader public.

### How and why do betting shops cluster?

- 1.5 Whilst the Gambling Act (2005) has brought some liberalisation to the gambling license process, the panel found no evidence that this had contributed to an increase in the number of betting shops in Haringey. The panel noted that total betting shop estate in the borough has remained largely the same since the Act came in to force.
- 1.6 The panel noted however, that some betting shops had moved from local shopping parades to more prominent positions within local shopping centres. Analysis of the current distribution of betting shops would appear to demonstrate that these had clustered in a number of areas throughout Haringey: Harringay Green Lanes,

Wood Green, Bruce Grove and Tottenham Green. In this context, given that there has been no increase in the betting shop estate, it is suggested that some process of market adjustment has taken place, with less profitable betting shops being replaced by those in more commercially viable areas.

- 1.7 The panel noted that there were a number of possible factors which may have contributed to the clustering of betting shops in these localities:
- the removal of a demand test within the Gambling Act (2005) to ensure provision was proportionate to need
  - the availability of suitable premises following the closure of banks and other financial services
  - migration of betting shops to areas of higher footfall
  - extend opportunities to locate Fixed Odds Betting Terminals which contribute a significant proportion (up to 50%) of betting shop profitability.

#### Impact of the clustering of betting shops

- 1.8 The panel received submissions from local residents, community groups, residents associations and local businesses on the impact that the clustering of local betting shops had within their community. From this evidence, the panel noted that clustering had:
- impacted on the retail appeal and character of areas in which local people live
  - contributed to incidents of low-level crime and ASB (anti-social behaviour)
  - contributed to increase levels of street litter and other related shop generated debris
  - contributed to concerns about the longer term sustainability of local shopping centres.

- 1.9 The panel received many submissions from local residents concerning the impact that the clustering of betting shops may be having in local communities, in particular the way that this restricted the choice of retail outlets available and affected the appeal of local shopping centres. Similarly, the panel noted that the clustering of any retail use may also impact on the future sustainability of local shopping centres. Aside from the clustering of retail uses, the panel were aware that local shopping centres faced other significant challenges from on-line retail and out of town retail parks.

- 1.10 In this context, the panel were of the opinion that the clustering of any retail/service use, not just betting shops, may not be beneficial to local communities and that approaches to maintain the diversity and retail appeal of local shopping centres should reflect this approach. The panel was aware that the clustering of any retail use was likely to impact on the retail appeal and sustainability of local areas. Therefore, the panel were keen to ensure that a clustering policy is developed and integrated in local planning policies.

- 1.11 In the course of the review, the panel received submissions from the local community regarding concerns over the operation of Fixed Odds Betting Terminals. It was perceived that, aside from having a possible role in the clustering of betting shops, FOBTs were also associated with low level crime and disorder in betting shops, mostly relating to criminal damage of the machines

themselves. The panel also noted community concerns regarding the contribution that FOBTs make to betting shop turnover and profitability and the impact that they may have on financially challenged communities. The panel have made a number of recommendations to support further research into their use.

- 1.12 Whilst there was some evidence to suggest that there was an association between betting shops and low level crime (mainly criminal damage to Fixed Odds Betting Terminals) and disorder (occurring outside the betting shop premises), it was the view of local police that betting shops were not significant contributors to local crime figures. Furthermore, no evidence was received in this review to link the clustering of betting shops to crime and disorder. Local police did conclude however, that betting shops had become a focal point for crime and ASB in areas where this was already known to be a problem.
- 1.13 The review found no evidence that the clustering of betting shops generated any significant footfall or trade for local retailers, nor added to the diversity or vibrancy of the host areas; however the panel acknowledged that as many as 500 local jobs might derive from the betting shop industry.
- 1.14 The panel noted submissions from the Gambling Commission and GamCare which suggested that there was no evidence to support an association between the clustering of betting shops and problem gambling. The panel also noted that any moves to restrict clustering would have little impact on problem gambling, given the availability of other betting mediums.

#### Contribution of betting shops to Haringey

- 1.15 The panel acknowledged that betting shops have had an established presence in the Haringey, with the major gambling operators having had shops in the borough for nearly 40 years. The panel also received submissions from betting shop users and noted that betting shops provide a desired leisure service to some local residents.
- 1.16 As noted earlier, betting shop operators contribute to the local economy through the opportunities for employment generated by betting shops. Betting shop staff indicated that they were well trained and had access to company pension scheme through their employment. The panel also received submissions from operators which noted their contribution to the national economy through general taxation.
- 1.17 The Gambling Commission and GamCare noted that regulation of the gambling industry was high in comparison to other countries, which had contributed to lower levels of problem gambling in the UK. The panel noted that betting shop operators were voluntary contributors to projects that support research, education and treatment for people with a gambling problem. In 2010-11, the industry contribution was approximately £6million. The panel noted the views of the Gambling Commission and GamCare that they found operators to be responsive to social responsibility issues when these arose.

#### The licensing and planning framework for betting shops

- 1.18 The panel firmly believed that the current gambling license framework in which the Licensing Authority must 'aim to permit' restricts the power of the authority to act to



prevent the clustering of betting shops. Nor did the panel feel that this framework allows for the consideration of genuine local concerns to be adequately represented or considered in gambling license decisions. (A depiction of the representations which can be made within the Gambling Act is contained in 5.15).

- 1.19 It was apparent to the panel, that the Gambling Act (2005) offers no remedy for the clustering of betting shops, or any solution to other amenity issues associated with the clustering of betting shops. Cabinet members should note that there is clear community concern that the Act is incompatible with proposed and new legislation to promote localism.

#### The way forward

- 1.20 The suggested way forward from Ministers is an Article 4 Direction, a planning regulation to restrict planning rights granted under General Permitted Development Rights. The panel heard evidence however to suggest that there may be legal and financial challenges should the Council adopt this approach:

- cost of consultations among local businesses and communities affected
- its ability to include all betting shops within a particular cluster
- the ability to use an Article 4 Direction to control a business operation (i.e. betting shop) as opposed to a Use of Class (i.e. A2 retail financial and other professional services)
- the evidence threshold at which an Article 4 Direction is approved or accepted or subject to legal challenge
- resource implications for compensating those businesses or buildings that have General Permitted Development Rights removed through the application of the Article 4 Direction.

- 1.21 Nonetheless, the use of an Article 4 Direction continues to be the recommended approach suggested by Ministers to control the clustering of betting shops. In this context, the panel suggest that further work is undertaken locally to demonstrate the viability (or otherwise) of such an approach if adopted by the Council.

- 1.22 Members of the panel were of the view that existing planning documents could be strengthened to include a clustering policy and which sought to control the clustering of any retail, business or service use. The panel have also noted that a policy has been drafted to sit within the Councils Local Development Framework: *The Provision of Parades to Support Sustainable Communities* which seeks to ensure that all shopping parades provide a range of services to meet the needs of the local area and provide a varied range of goods and services to the local community. This policy will link to *Protection of Shops in Designated Shopping Areas* which will seek to limit frontage to no more than three non retail uses in a row. Both of these policies will be consulted upon in 2012 when the DM DPD<sup>1</sup> within which they will sit goes out for a second round of public consultation.

- 1.23 In the short term, there would appear to be no immediate solution to the issue of clustering of betting shops or other retail uses that cluster. The panel does recommend therefore that there must be continued efforts to lobby for change to gambling license legislation or to planning control regulations to enable local

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<sup>1</sup> DM DPD – the Development Management Development Plan Document

Councils and local residents to have greater influence on decisions which affect local communities.

## 2. Recommendations

During this review, many submissions were made which were considered as evidence whether empirical or anecdotal at each end of the spectrum. All evidence was, however, given due weight and considered as a whole. This means that the nature of its source was taken into account when assessing its contribution to the report and in making the recommendations.

- 2.1 The clustering of *any* retail, business or service use (including betting shops) may limit the retail appeal and affect the vitality and viability of shopping areas in which these clusters occur. The panel recommended that the concept of 'clustering' should be clearly defined and appropriately reflected in relevant planning policy documents. The panel also recommended that the planning service should consider the development of a '**clustering**' policy'.
- 2.2 The panel recommend that the Licensing Team establish a **Responsible Gambling Premises Scheme**, similar to the Responsible Licensee Scheme already in operation in Haringey. Local gambling operators should be encouraged to sign up to this voluntary agreement which sets clear standards and procedures that:
- ensure that clean and presentable shop frontages are maintained
  - discourage customers from gathering outside betting shop premises
  - reports crime and anti-social behaviour both on and outside betting shop premises to appropriate authorities
  - ensure details of where people with gambling problems can obtain help and advice are prominently displayed
  - signage regarding ASB, criminal damage and underage usage of FOBTs is prominently displayed
  - ID checks are systematically employed to prevent under age gambling.
- 2.3 In order to inform the effectiveness and viability of local approaches to controlling the use of the clustering of betting shops, the panel recommend that the Council should develop a full appraisal of the costs and benefits of adopting an **Article 4 Direction**.
- 2.4 The panel recommend that the Council should continue to lobby central government for amendments to the **Gambling Act (2005)**. In doing this, it should also seek to develop alliances with other local authorities in which the clustering of betting shops is known to be of local concern. Explicitly, the Council should lobby central government to:
- reintroduce a local 'demand test' for gambling premises licenses, where the local authority may assess the need for such use in a local area
  - remove betting shops from A2 Use Class and be considered 'sui generis' and defined in their own Use Class
  - ensure that local concerns and interests are fully represented and considered and prioritised in the decision to license gambling premises
  - ensure that crime and ASB are defined and recognised within the Gambling Act licensing procedures.

- 2.5 The panel recommend that the Council should write to the Department of Culture, Media and Sport and the Gambling Commission about the concerns associated with the **Fixed Odds Betting Terminals**. In particular the panel recommended that the Council should:
- a) argue for a change in the licensing conditions of FOBTs so that:
    - licenses for FOBTs are considered separately from those of premises licenses and not allowed as part of the wider license
    - the retention rates of FOBTs are prominently displayed on each machine
  - b) suggest that independent research is commissioned to investigate:
    - the association of FOBTs with crime and disorder
    - the role of FOBTs on those with problem gambling
    - the contribution of FOBTs to the profitability of betting shops, and the propensity of betting shops to cluster.
- 2.6 The panel recommend that there should be **improved liaison** between betting operators and Safer Neighbourhood Teams and borough intelligence in helping to reduce low level crime and ASB in relation to the local betting shop estate. This should include:
- consistent standards and process for reporting crime and ASB across all operators
  - improved consultation in relation to prospective location of betting shops
  - improved consultation to ensure that betting shops are planned and designed to improve security and prevent crime and ASB (i.e. shop lay out, location of CCTV, location of FOBTs and positioning of cash desks).
- 2.7 The panel recommend that the Council should undertake further work to investigate whether the clustering of betting shops has precipitated an increase in **rental values** in the areas in which these have occurred.
- 2.8 That panel recommend that the Council should consider if there is a role for **Area Committees** in monitoring the clustering of retail uses and the impact that this may have on the communities for which they are responsible.
- 2.9 Given the associated risk factors and co-behaviours associated with problem gambling (smoking, alcohol usage), a copy of the report is made available to **Public Health Directorate** for dissemination among local health and associated professionals to improve awareness and possible treatment options.

### **3. Introduction**

- 3.1 There has been widespread concern among both councillors and local residents about the clustering of betting shops in Haringey. It is perceived that the liberalisation of gambling laws, as enacted through the Gambling Act 2005, has allowed for the clustering of betting shops which may have an adverse impact on the communities and areas in which they are clustered.
- 3.2 This issue was discussed at Full Council on 19<sup>th</sup> July 2010. Whilst councillors did not have any moral objections to gambling per se, concerns were raised that the character and amenity of an area may be affected where betting shops clustered.

Specifically, councillors were concerned that the concentration of betting shops in a local area may:

- not reflect the needs or expectations of local people
- limit the choice and retail appeal of a local area to local residents
- impact on the future sustainability of local communities.

3.3 In light of these concerns, members of the Overview & Scrutiny Committee agreed to conduct an investigation in to the clustering of betting shops in Haringey. This report details the work of the scrutiny review panel in conducting this review and highlights the conclusions and recommendations of the panel.

3.4 The panel hopes that the conclusions and recommendations contained within this report will guide and inform the Council's approach to this issue, help raise awareness of the licensing framework for betting shops and offer solutions to locally identified problems.

## **4. Aims and methods**

### Aims of the review

4.1 The Overview & Scrutiny Committee commissioned a panel of local Councillors to conduct an in depth review in to the clustering of betting shops. This scrutiny review sought to address the following overarching questions:

- Has the concentration of betting shops increased in the borough since the Gambling Act (2005) came in to force, and if so, has this adversely affected local communities?
- If communities are adversely affected, are there any local solutions to these problems?

4.2 The scrutiny review focused exclusively on betting shops and did not concern itself with other gambling mediums (i.e. on-line) or other forms of gambling (such as bingo or gaming centres).

4.3 Within the overarching aims set out above, the review sought to address the following objectives:

- to raise awareness of the licensing and planning framework surrounding the regulation of betting shop premises in Haringey
- to establish whether the Gambling Act (2005) has precipitated a rise in gambling premises licensed in Haringey
- to assess the spatial distribution of licensed gambling premises across Haringey and the degree to which these are clustered
- to collect and collate evidence from local stakeholders on the impact of the clustering of betting shops within local communities
- to assess how other Local Authorities are dealing with this issue
- should any adverse affects/impacts of the clustering of betting shops be identified within the review, to assess ways in which these could be addressed
- to identify ways in which the findings and conclusions of this review should be communicated and disseminated to a) local communities b) national and local decision makers.

#### Panel meeting

- 4.4 The panel decided that an extended panel meeting would be the most appropriate mechanism through which to receive evidence to support this review. It was felt this process would enable a focused investigation of the issues relating to the clustering of betting shops in Haringey. Holding an extended panel meeting instead of a series of panel meetings enabled participants to hear and respond to evidence presented and so allow for more informed discussion of the issues raised.
- 4.5 The panel meeting was split in to two sessions: session one to hear submissions from key stakeholders and session two from local residents, community groups and other local businesses. Sessions were run consecutively on the same day.
- 4.6 In the first session, key stakeholders were invited to attend and give evidence to the panel at this meeting, these included:
- Council officers from the Licensing, Planning Policy and Legal Services departments who provided information on the framework for licensing gambling premises (betting shops).
  - The Gambling Commission (the gambling regulator)
  - The Association of British Bookmakers (the trade association for betting shop operators) and individual betting shop operators were also invited to attend to provide an industry perspective to the panel
  - Representatives from the police and GamCare (a support service for those with problem gambling) also attended this session to provide evidence to the panel on the impact of the clustering of betting shops.
- 4.7 The second session was dedicated to the participation and involvement of local residents, community groups and residents associations. The focus of this session was to allow local people to provide evidence to the panel on the impact that the clustering of betting shops had within their communities. Approximately 70 people attended one or both of these evidence gathering sessions.
- 4.8 The full agenda for the panel meeting together with a list of all stakeholder participants is contained in Appendix J.

#### Assessment of internal and external data sources

- 4.9 The panel commissioned reports from Council officers to provide background information to support the scrutiny review process. In addition the panel also assessed external data (research, policies and practice) from the Gambling Regulator, research organisations and other local authorities.
- 4.10 The panel also invited written evidence to be submitted from local residents, businesses community groups and residents associations. In total 14 written representations were received by the panel.

#### Panel visit

- 4.11 Members of the panel undertook a site visit to an area in which betting shops clustered (Wood Green). This visit, which was facilitated by betting shop operators, enabled panel members to visit three betting shops in the Wood Green

'cluster'. The panel was given the opportunity to speak to staff, betting shop users and representatives of the operators who accompanied members on the visits.

- 4.12 A focus group was also organised by gambling operators for panel members to meet with betting shop staff and to discuss with them issues around the clustering of betting shops. The group provided an opportunity to hear from a wide range of staff who worked for different operators across the borough. The focus group looked at how and why betting shops clustered together and whether clustering affected the use or profitability of individual shops. The meeting also allowed panel members to discuss other betting shop issues such as ASB, efforts to prevent under age gambling and support provided to those with a gambling problem.

## 5. Background

### The Gambling Act 2005

- 5.1 The Gambling Act (2005) was introduced to reflect widespread changes that have occurred throughout the gambling industry and in recognition of the need to modernise and update a regulatory framework which had been in force for nearly 40 years. The centrepiece of this legislation was the creation of the Gambling Commission, a new independent regulator for all gambling activities in the UK.
- 5.2 The Gambling Commission is required to regulate gambling in the interests of the public and is responsible for the regulation of bookmakers, casinos, bingo clubs, lottery operators, arcade operators and remote gambling operators. In regulating all gambling operators, the Commission is required to adhere to the three key gambling objectives:
- to keep crime out of gambling
  - ensure that gambling is conducted fairly and openly
  - to protect children and vulnerable people from being harmed or exploited.
- 5.3 The Gambling Act (2005) established a tripartite system of regulation involving the government, the Gambling Commission and the Licensing Authority (the Local Authority). The regulatory framework for the gambling industry is underpinned by the issuing of three types of license; operating licenses, personal licenses and premises licenses. The type of license, purpose and the issuing authority are described in the table below:

<b>License Type</b>	<b>Issuer</b>	<b>Purpose</b>
Operating License	Gambling Commission	That operators comply with principle gambling objectives
Personal License	Gambling Commission	Certain senior individuals to require a license within some operators
Premises License	Licensing Authority	Applications considered where gambling premises are located

### The role of the Gambling Commission

- 5.4 The Gambling Commission issues operating licenses to prospective gambling providers. A gambling operator wishing to open a gambling establishment in any locality will first need to obtain an operating license. The Gambling Commission will assess prospective operators to ensure that it has appropriate governance

procedures and is compliant with the overriding aims of the legislation (as in 4.2). Successful applicants may then apply for a premises license from the Licensing Authority where it wishes to conduct its gambling activities.

- 5.5 Through providing information, guidance and support to Licensing Authorities the Gambling Commission aims to ensure that there is a consistent national standard of licensing. The Gambling Commission has extensive powers and may impose a range of restrictions on individual licensees. The Commission can enter premises, impose unlimited fines and ultimately withdraw licenses. The Commission also has powers to investigate and prosecute illegal gambling.

#### The role of the Licensing Authority (Local Authority)

- 5.6 The Gambling Act (2005) requires each Licensing Authority to produce a Statement of Gambling Policy for its locality. This policy is underpinned by the three gambling principles (as set out in 4.2) and is intended to show how the Licensing Authority will exercise its functions and the principles it intends to apply. The Licensing Authority must demonstrate that it has consulted local stakeholders in the development of the local gambling policy.
- 5.7 Whilst all Licensing Authorities are required to produce a local gambling policy, there is in effect little local variation, as the content of such policies are tightly prescribed by the regulations issued with the Act.

#### Premises License

- 5.8 The main role of the Licensing Authority is to consider applications for premises licenses from gambling operators intending to conduct gambling activities in the locality. The Licensing Authority is required to approve premises licences for all gambling activities in the locality including:
- bingo
  - betting shops
  - adult gaming centres (high stakes electronic gaming)
  - family gaming centres (lower stakes electronic gaming)
  - casinos
  - racecourses and dog tracks.
- 5.9 In considering an application for a premises license, there are a number of license conditions which the Local Authority can consider, these are known as mandatory, default and discretionary conditions of the license. Mandatory and default conditions are prescribed by the Gambling Act.<sup>2</sup> Mandatory conditions cannot be varied by the Licensing Authority but default conditions can be altered or removed by the Licensing Authority.
- 5.10 The Licensing Authority does have limited powers to vary the conditions of the premises license under the discretionary guidance. Such variations may include the opening hours or security arrangements for the proposed gambling establishment. Once again, the conditions that the Licensing Authority can set within individual licenses are tightly prescribed by the Gambling Commission and

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<sup>2</sup> An example of mandatory conditions might be: a Prominent Notice prohibiting under 19's at every entrance, Summary of license to be displayed in a prominent place. Default conditions relate to times for gambling i.e. for betting shops 7a.m.-10p.m.



cannot contravene guidance issued through the regulator. In summary, the Licensing Authority can only set conditions for a premises license where:

- they are relevant to make the building safe
- are directly related to the premises
- are fair and reasonable and relate to the scale of the premises
- reasonable in all other aspects.

#### Aim to permit

5.11 It is of critical importance to note that the Gambling Act clearly specifies that the Licensing Authority shall aim to permit applications for a premises license so long as this conforms to relevant Codes of Practice, in accordance with any relevant guidance issued by the Gambling Commission, reasonably consistent with the licensing objectives and lastly in accordance with the policy statement published by the Licensing Authority. In this context, so long as the applicant can demonstrate that the license does not contravene the codes of practice and is reasonably consistent with the 3 gambling objectives (crime and disorder, fair and open gambling & protection of children and vulnerable adults) there is limited scope for the Licensing Authority to reject the application.

5.12 Prior to the Gambling Act (2005), the approval of local gambling licences was exercised by the Local Magistrates Court. Within this previous system there was more local discretion in considering license applications, in particular, Magistrates could apply a 'demand test', where licenses could be withheld if it was considered that there were too many gambling premises to meet anticipated demand in a particular area. There is no such provision in the Gambling Act 2005.

#### Enforcement of Gambling Act

5.13 Enforcement of the Gambling Act (2005) and associated regulations and licenses is shared between the Gambling Commission, the Licensing Authority and the police. The Licensing Authority is specifically expected to monitor and enforce the conditions of premises licences. To this end, an annual inspection of gambling operators in the area is undertaken to ensure that they are compliant with the terms of their premises licences. The inspection may assess a range of factors including:

- Ensuring that there is no change to the specified floor plan
- Is compliant in terms of the number and location of gaming machines
- Ensuring that self exclusion forms barring problem gamblers are prominently displayed
- Contact information from agencies providing support for problem gamblers is also prominently displayed.

#### Greater local participation in licensing decisions

5.14 By making the Local Authority the Licensing Authority instead of the Magistrates Court, the Gambling Act (2005) intended to give local people a greater say in local licensing decisions. As the business of the Licensing Authority is managed through the existing Licensing structures of the Local Authority, it was anticipated that greater local participation and greater local scrutiny of gambling license applications would be achieved through:

- Licensing and Planning Committee meetings being held in public
- elected representatives being able to sit on Licensing Committee

- elected representatives being able to make representations about a license without being asked by a resident to do so.

5.15 When the Licensing Authority is considering a premises license from a gambling operator, the Gambling Act specifies that representations may be made from a variety of local stakeholders including responsible authorities (e.g. Local Authority, police, planning, fire authorities), a person resident close to the prospective gambling premises, local business interests or representatives of any of the preceding groups (such as lawyers, Councillors or other community representatives). However, representations from any of the above parties can only be made if they are relevant to the three overarching gambling objectives; that it is fair and open, does not generate crime & disorder and ensures the protection of vulnerable adults and children (as specified in 3.2.).

5.16 In order to influence gambling license decisions, local representations must produce sufficient evidence to be able to demonstrate how the granting of a specific premises license will affect the overarching gambling principles. That is, how will the granting of one specific license impact, for example, on crime and disorder in that locality?

5.17 All appeals against decisions made by the Licensing Authorities in England and Wales are made to the Magistrates Court.

The role of planning and Use Class Orders in relation to betting shops

5.18 While there are no specific planning regulations which may determine the number or spatial location of betting shops in any location, such premises, like all other retail outlets are subject to national and local planning guidelines which guide and inform planning decisions.

5.19 National and regional planning policy and guidelines do not have specific guidelines relating to betting shops or clusters of betting shops, but the specific role of planning departments in relation to maintaining diverse uses which appeal to local communities can be summarised as thus:

- Planning Policy Statement 4: planning should “support a diverse range of uses which appeal to a wide range of age and social groups” Policy EC
- London Plan (Policy 3D.3): boroughs should provide a policy framework for maintaining, managing and enhancing local and neighbourhood shopping facilities.

5.20 The Use Classes Order<sup>3</sup> (with amendments) were introduced to remove unnecessary planning applications from the planning process and to help speed up this system. The Use Classes Order dates, in some form, from as early as 1972. It groups together uses that have similar land-use impacts and characteristics. There are 5 main classes within the retail section of the Order: A1 for shops, A2 for financial and professional services, A3-A5 food and drink outlets.

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<sup>3</sup> The Town and Country Planning Act (Use Classes) Order 1987 with amendments

5.21 Betting shops fall within Use Class A2 (Financial and Professional Services)<sup>4</sup> of the Town and Country Planning (Use Classes) Order 1987 (as amended). Planning permission is required to turn any retail or other unit into a betting shop, but planning permission is not required for any change in use within Class A2 (e.g. for an estate agent or a bank to become a betting shop). Neither is planning permission required to turn any unit into a betting shop (or other A2 use) from Classes A3, A4 and A5. The table below summarises this position.

<b>From</b>	<b>To</b>
<b>A2</b> (professional and financial services) when premises have a display window at ground level	<b>A1</b> (shop)
<b>A3</b> (restaurants and cafes)	<b>A1</b> or <b>A2</b>
<b>A4</b> (drinking establishments)	<b>A1</b> or <b>A2</b> or <b>A3</b>
<b>A5</b> (hot food takeaways)	<b>A1</b> or <b>A2</b> or <b>A3</b>

**Table 1: permitted development rights within the Use Class Order**

5.22 The Unitary Development Plan (2006) is the statutory plan relating to the development of land use and buildings in the borough. This will be replaced by the Local Development Framework, a folder of planning policy documents which will guide future growth and development in the borough. The UDP, the current land use plan for the borough covers areas such as town centres and retailing. This will provide guidance on such issues as protection of shops in town local town centres (TCR3).

5.23 The current statutory plan, the Unitary Development Plan, (UDP) states that change from A1 retail will be permitted where (TCR3):

- 1 - resulting proportion of A1 does not fall below 65% in a primary frontage and 50% in a secondary frontage
- 2 - the change of use does not result in a significant break – normally three units – in the continuity of the retail frontage
- 3 - individually or cumulatively the proposed use does not have a detrimental effect on the vitality, viability or predominantly retail function of the centre.

5.24 Since 2000, 17 planning applications for betting shops have been received by Development Management; 11 of which have been granted planning permission, 5 have been refused and 1 withdrawn. Three applications have been the subject of appeals, of which one appeal was upheld. It must be borne in mind that Development Management will not receive a planning application for any proposed betting shops where a change of use requiring planning permission is not involved (see 4.21).

#### Article 4 Direction

5.25 It has been suggested that an Article 4 Direction could be used to control the clustering of betting shops. This is a power available under the 1995 General Development Order allowing the Council, in certain instances, to restrict permitted development rights. Article 4 Directions are area based and the purpose of the Direction is to remove the 'permitted development rights' of a property and bring it under planning control. Following the implementation of an Article 4 Direction

<sup>4</sup> Financial Services – Banks, Building Societies and Bureau de Change. Professional Services (not Health or Medical Services) – Estate Agents & Employment Agencies, Other Services – Betting Shops.

area, development that had been permitted would now require planning permission.

5.26 There are however, strict guidelines on the application of an Article 4 direction. Government guidance on Article 4 Direction is set out in circular 9/95 'General Development Order Consolidation 1995' and states that:

*“permitted development rights have been endorsed by Parliament and consequently should not be withdrawn locally without compelling reasons. Generally...permitted development rights should be withdrawn only in exceptional circumstances”.*

5.27 Applications for an Article 4 Direction to remove statutory planning rights and bring development in to planning control are made to the Secretary of State. Such an application to reduce the clustering of betting shops would need to demonstrate the specific area(s) in which this is to be applied and must be supported by substantive body of local evidence which demonstrates local need and the harmful effects of clustering.

#### Sui Generis

5.28 An alternative approach to limit the clustering effect of betting shops could be to make them 'sui generis'<sup>5</sup>, that is, sitting in a use class of their own. If betting shops were identified as thus, planning permission would always be required for a change of use unless the shop unit was already a betting shop and the change is just to the provider of the service. Such a change would require extensive political lobbying, as this could only be enacted through a change in national planning policy and regulations.

#### Gambling and betting shops – a national perspective

5.29 Gambling can be defined as *‘the wagering of money or something of material value on an event with an uncertain outcome with the primary intent of winning additional money and/or material goods’*. Gambling can take many forms and operate through a variety of mediums. The following table outlines the main forms of gambling and the nature of the activities involved.

	<b>Definition</b>	<b>Example</b>	<b>Medium</b>
<b>Gaming</b>	Stakes on a game of chance	Casino games	Casinos, internet.
<b>Betting</b>	Stakes on a race, outcome or event	Sports results	On course, bookmakers, internet, telephone,
<b>Lottery</b>	Allocation of prizes on basis of chance	National Lottery Local Lotteries	Retail outlets, internet, tele. & other venues.

5.30 The British Gambling Prevalence Survey is conducted every three years the most recent survey was published in 2011. Gambling prevalence data from this survey indicated that 73% of the adult population undertook some form of gambling activity in the previous 12 months.<sup>6</sup> This is an increase on rates observed in the previous survey in 2007 (68%).

<sup>5</sup> A use which does not fall into any of the categories defined within the Town and Country Planning (Use Classes) Order 1987.

<sup>6</sup> Gambling Prevalence Survey 2011

- 5.31 The most popular form of gambling in the UK is the National Lottery in which 59% of the adult population participate.<sup>7</sup> Other lotteries (25%), scratchcards (24%), horseracing (16%) and slot machines (13%) were the other most popular forms of gambling activity.
- 5.32 If those who solely gamble on the National Lottery are excluded, 56% of adults participated in some form of gambling activity. This represents a significant increase from previous surveys in 1999 (46%) and 2007 (48%). This highlights the significant increase in other gambling activities such as buying scratchcards (20% in 2007 24% in 2010), betting on sporting events (other than horse racing or grey hounds) at bookmakers (3% in 1999, 9% in 2010) and gambling on Fixed Odds Betting Terminals (3% in 2007, 4% in 2010).<sup>8</sup>
- 5.33 Among those who have gambled in the past year, the overwhelming majority (81%) continue to do so 'in person', that is through placing a bet in a betting shop, buying a scratch card in a shop or visiting a casino or bingo hall. 17% of past year gamblers do so both 'in person' and 'on-line' via the internet. Just 2% of gamblers solely used 'on-line' methods to gamble.<sup>9</sup>
- 5.34 The use of betting shops as a gambling medium continues to dominate some gambling activities. Betting in person at a bookmaker's was the most common option for horse races (72%), sports events (76%) and non-sports events (76%).<sup>10</sup>
- 5.35 Total UK gambling stakes have risen from £53billion in 2001-2 to £91 billion in 2005-6.<sup>5</sup> In this context, the gambling industry is a significant contributor to the UK economy employing over 120,000 people and contributing £1.4 billion to the exchequer each year<sup>11</sup>; equivalent to 1% of all government revenues.<sup>12</sup>

<b>UK Gambling Stake 2001/02-2005/06 (£ million)<sup>13</sup></b>	
<b>Financial Year</b>	<b>Total Stake</b>
2001-02	52,561
2002-03	63,394
2003-04	77,916
2004-05	92,496
2005-06	91,516

#### Betting shops in Haringey

- 5.36 Betting shops were first legalised in the UK in 1961. Historically, there were many more betting shops in the UK than there are at present; in the early 1980s there were estimated to be approximately 15,000 betting shops. With consolidation among gambling operators however, it is estimated that there are approximately 8,800 betting shops currently in operation in the UK.

<sup>7</sup> Gambling Prevalence Survey 2011

<sup>8</sup> Gambling Prevalence Survey 2011

<sup>9</sup> Gambling Prevalence Survey 2011

<sup>10</sup> Gambling Prevalence Survey 2011

<sup>11</sup> Preventing UK Gambling Harm, Responsibility in Gambling Trust, 2007

<sup>12</sup> Department of Culture Media & Sport, Gambling Data 2008

<sup>13</sup> HMRC bulletins, Gaming Board, Gambling Commission Annual Reports, DCMS estimates.

5.37 Local data indicates that as of August 2010, there were 66 betting shops in Haringey. Licensing data would appear to indicate that the majority (70%) of these betting shops were operated by two major gambling operators.

Operator	Units	Operator	Units
Ladbrokes	27	Elite	1
William Hill	20	Jennings	1
Betfred	4	Metrobet	1
Coral	4	Thames	1
PaddyPower	4	Totesport	1
Betterbet	2	<b>Total</b>	<b>66</b>
Jennings	1		

5.38 There has been some speculation that since the Gambling Act (2005) came into force, there has been an increase in the number of betting shops locally. Local licensing data however would suggest that there has not been an increase in the number of betting shops in Haringey since the Gambling Act (2005) came in to force: whilst 10 new betting shop licenses have been granted 12 have been surrendered. This could indicate that some market adjustment has been taking place since the Act has come in to force.

The distribution of betting shops in Haringey

5.39 Appendix A demonstrates the distribution of betting shops across Haringey. This would appear to indicate that the location of betting shops is not evenly distributed:

- a majority (85%) are located in the east of the borough
- major betting operators have a majority of units located in the east of the borough:
  - Ladbrokes 22 of 27 units in the east of the borough
  - William Hill 19 of 20 units in the east of the borough

5.40 Closer analysis of the location of betting shops (Appendix A) would appear to suggest that there are number of localities where these are clustered in the borough, these include:

- Harringay (Green Lanes/ St Ann's Road)
- Wood Green (High Road/ Lordship Lane)
- Tottenham Green (West Green Road/High Road)
- Bruce Grove (High Road).

5.41 There are wide variations in the number of betting shops located in each local authority ward in Haringey (Appendix B). This data is summarised below:

- the average number of betting shops per LA ward in Haringey is 3.4
- Noel Park ward has the highest number of betting shops (n=11)
- two wards (Alexandra and Stroud Green) do not have any betting shops.

5.42 Analysis of the location of betting shops in Haringey by social deprivation has been undertaken (Appendix C). This demonstrates that 28 out of 66 (42%) of betting shops in Haringey are located in super output areas which are among most socially deprived (top 10%) in England.

- 5.43 Using licensing data collected from eight neighbouring local authorities comparisons have been made in terms of the number of licensed betting shops in operation (Appendix D) and the adult population per betting shop (Appendix E). Analysis of this data demonstrates that:
- Islington (n=80) and Newham (n=80) have the highest number of betting shops whilst Waltham Forest (n=61) has the lowest
  - The highest concentration of betting shops per adult population is in Islington (2,020 adults per betting office) and the lowest being in Enfield (with 3,210 adults per betting office).
  - Haringey is in the mid range in both these assessments: there being 66 betting offices in the borough, and, 2,740 adults per betting office.

## **6.0 Action taken by the Council prior to the review**

### Licensing Appeals

- 6.1 Haringey received applications for three new gambling premises in Harringay Green Lanes in the early stages of the Gambling Act (2005) coming into force (two applications for betting shops and one application for an Adult Gaming Centre). These applications received a number of representations from local residents, police and ward councillors. The applications were subsequently refused by the Licensing Committee.
- 6.2 Based on the weight of evidence received, the Licensing Committee rejected the applications for not being in accordance with licensing objectives and could not see how any conditions that could be imposed would overcome these objections. The Committee rejected the applications in respect of:
- keeping gambling free of crime and disorder (e.g. the association of gambling in this locality with crime and disorder)
  - Protecting children, young people and vulnerable adults (e.g. the concentration of houses of multiple occupation in the area would place vulnerable residents at risk of exposure to gambling).
- 6.3 All three operators appealed the decision to the Magistrates Court. The Licensing Authority defended its decision and provided further evidence from local residents, a local GP, the Director of Public Health and local police officers. The magistrates upheld the appeal and ruled that the Licensing Authority had acted unreasonably. The Magistrates cited that in reaching their decision they had regard to section 153 of the Act, which stated that the Licensing Authority should “aim to permit”.

### Lobbying Central Government

- 6.4 The Cabinet Member for Neighbourhoods has lobbied both the Government and the Local Government Association for a change to the Gambling Act (2005) and associated guidance.
- 6.5 On the 19<sup>th</sup> August 2008 the Cabinet Member wrote to the then Secretary of State for Culture Media and Sport, the Rt., Hon., Andy Burnham MP, expressing concern that local authorities have no effective controls to limit the number of gambling premises opening in their boroughs. In the letter (Appendix F), the Cabinet

member reflected on the experiences of Haringey and a Counsel opinion that in effect, no new application could be refused.

- 6.6 Initially the response from the Department of Culture Media and Sport (DCMS) was that it was too early to make changes, but further lobbying through the Local Government Association resulted in an announcement on the 2 December 2008 by the then Prime Minister that he would ensure that “local communities and their authorities have sufficient **powers to prevent the clustering of betting shops** in areas where this is a problem.” This commitment was subsequently confirmed as a Government priority in the Queen’s Speech. It was understood that there would be an early review of the powers available to local authorities and a published report of the findings and proposals. To date no report has been published.
- 6.7 In February 2010, the Cabinet Member wrote again, this time to Rt., Hon., Ben Bradshaw MP the then Secretary of State for Culture Media and Sport, seeking confirmation of whether the review of powers to deal with the clustering of betting shops had been undertaken, and the date by which the findings would be published (Appendix G). Officers also supplied submissions to the Head of Regulation at DCMS to support the need for change in the legislation and guidance, and for DCMS to sponsor a study into the impact of betting shops. Although DCMS accepted no guidance had been issued they did identify that they believed Local Planning Authorities could effectively use Article 4 Directions to control problems.
- 6.8 In July 2010 the Leader of the Council and the Cabinet Member wrote again, this time to the Rt., Hon., Jeremy Hunt MP, Secretary of State at DCMS. In this letter (Appendix H) an explanation was sought of the Government’s position, provided an explanation for why Article 4 Directions are an inappropriate power for dealing with the clustering of betting shops, and highlighted the increasing concern that betting shops are linked to crime and low-level disorder.
- 6.9 In response (Appendix I), the John Penrose MP, Minister for Tourism and Heritage wrote to confirm that he believed that Article 4 Directions under the Town and Country Planning Act are appropriate where there is a “real or specific threat”. He further confirmed that there was a discussion being undertaken on how guidance could be improved so that where there is a link between crime and disorder and specific premises, action could be taken.

#### Problem Solving Group

- 6.10 A problem solving group involving the police, Community Safety, Licensing Department and Director of Public Health was established which looked specifically at the evidence of impact from betting shops. This group concluded that although there was evidence that betting shops in Haringey were associated with reported crime (i.e. FOBTs criminal damage criminal damage and some evidence of under age usage) this was low compared to other uses: disorder recorded across the whole betting shop estate was less than that recorded at a single popular takeaway.
- 6.11 The local problem solving group agreed to undertake a number of tasks:
- complete further study on underage sales – Trading Standards/Licensing



- task truancy patrols on potential locations
- lobby for improved powers to control location/numbers of FOBTs
- maintain CCTV tasking of hot spot locations.

## **7. Factors in the location and clustering of betting shops in Haringey**

7.1 Licensing data has already established that there has been no growth in the betting shop estate in Haringey: as of July 2010, there were 66 betting shops in which are an equivalent number prior to the Gambling Act (2005) coming in to force. Whilst there has been little change in the absolute numbers of betting shops, there is evidence to suggest that a number of trends have affected the distribution and profile of betting shops in the borough, and ultimately contributed to perceptions of clustering.

### Higher profile within local shopping centres

7.2 Whilst the volume of betting shops may not have increased, evidence presented to the panel would appear to indicate that there has been a distinct trend in which some betting shops have migrated from smaller neighbourhood shopping parades to more prominent positions within local shopping centres. This trend was reported in both Haringey and other London boroughs. In part, this has been a result of the departure of banks and building societies from local shopping centres (who have centralised customer service operations), which given that these are of the same use class (A2) have presented new opportunities for betting shops to relocate.<sup>14</sup>

7.3 It was also suggested to the panel that a significant number of smaller independent betting shop operators have been taken over by some of the larger and better established corporate gambling operators. Similarly, it was noted that a number of new corporate gambling operators betting have made an entry in to the local shopping centres. The cumulative effect of both these trends is that through standardises corporate livery, betting shops are more recognisable and visible within local shopping centres and to local residents.

7.4 In addition, residents from a number of local areas also indicated that the profile of betting shops within local shopping centres was all the greater because many had double frontages or a had dual aspect (where these were situated on a road junction). To this extent, many residents felt that the actual presence or profile of betting shop premises was underplayed in local shopping centres, as the visible frontage far exceeded the actual number of shops.

### Defining clustering

7.5 As has been previously discussed, the mapping of betting shops in Haringey (Appendix A), would appear to demonstrate a number of features; that there are four areas in which shops appear to cluster (Harringay Green Lanes/ Wood Green, Tottenham Green and Bruce Grove) and that a majority of (85%) are situated in the east of the borough. This raised two issues for the panel and for other local stakeholders.

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<sup>14</sup> Cornered shops London's small shops and the planning system Planning and Housing Committee, Greater London Assembly, July 2010

7.6 Firstly and most importantly, this raised the issue of cluster definition: what is a 'cluster' and at what level or number does this become problematic for the community. This situation was exemplified in submissions given by residents of the Green Lanes area, which noted that five betting shops had existed in the area for a long time, and did not precipitate substantive concerns among the community at that time. However, the addition of four new betting shops in a small geographical area (the intersection of Green Lanes/ St Ann's Road) had now given rise the perception that this was now a problem for the community.

7.7 In this context, the panel felt that there was an explicit need to define 'clustering' and attempt to define at what level the congregation of betting shops (or indeed any other retail uses) may become problematic for the community. It was felt that where appropriate, these should be reflected in local policy and planning documents to guide and inform future development and planning decisions.

#### Gambling Act (2005)

7.8 The panel heard evidence which suggested that the introduction of the Gambling Act, in effect, limited the power of the Licensing Authority (the Council) to influence the number and distribution of gambling premises (including betting shops) within that authority area. The panel noted that there were three specific provisions within the Gambling Act (2005) which limited the power of local authority to influence the spatial distribution of gambling premises:

- the removal of the 'demand test' which was present in previous legislation
- the requirement of the Licensing Authority to 'aim to permit' applications
- the narrowing of the scope for permissible local objections to gambling premises (i.e. to those that relate to the 3 gambling objectives fair, crime free and not affect children or vulnerable adults).

7.9 As has already been described in this report, prior to the Gambling Act (2005) coming in to force, licensing arrangements for gambling premises were conducted through the Magistrates Court. This process also required Magistrates to carry out a demand test which assessed existing gambling provision and the need for additional gambling premises in that locality. The Gambling Act (2005) whilst transferring the application process to the Local Authority, removed the power of that authority to conduct a '**demand test**' to assess local need for gambling premises.

7.10 Whilst it was suggested that the removal of the 'demand test' would precipitate a rise in the number of gambling premises within local authority areas, there was no evidence presented to the panel to suggest that this was the case in Haringey. Indeed, the number of betting shops in the borough has remained largely the same. It was the view of the gambling industry that the removal of the 'demand test' helped to remove anti-competitive aspects to the licensing process. It was suggested however, that greater 'marketisation' of the betting shop industry has been offset by an increased regulation of the industry as a whole.

7.11 The panel noted evidence concerning the addition of a provision within the Gambling Act (2005) which specifically identified that the Licensing Authority must '**aim to permit**' a gambling license application so long as evidence was not presented to suggest that any of the three governing principles of gambling (fair

and open, crime free and did not affect children or vulnerable adults) were contravened. It was noted that the inclusion of the 'aim to permit' clause together with a reduced scope in which local objections could be heard, limited the power of the Licensing Authority to withhold premises licenses.

- 7.12 The panel heard that the 'aim to permit' clause had been crucial in the overturning of decisions made by the Licensing Authority to refuse premises license for betting shops in Haringey. In contesting betting shop operators appeals to the magistrate Court, the Council was supported by evidence from the police and health authority and local residents. In approving the appeal, the court ruled that there was insufficient evidence to demonstrate how the granting of one additional betting shop license to existing estate of over 60 betting shops would impact on the three gambling objectives (i.e. keeping it crime free, fair and open or affect children or vulnerable people). In this context, the Licensing Authority (Council) should 'aim to permit' the license and therefore all appeals were upheld.
- 7.13 The panel also noted from officers, that the weight evidence required to influence gambling license conditions was such that the process of evidence gathering that would be needed to challenge individual gambling license applications would put this beyond the means or resources of Local Authorities or other interested parties. It panel also noted that there is there is a dearth of national research to demonstrate the impact of gambling, particularly relating to the use of betting shops which could be used to support any challenge within the licensing process.
- 7.14 Although the intention of the new licensing framework as set out in the Gambling Act (2005) was intended to improve local accountability, the panel heard submissions from a number of local residents to the effect that they felt excluded from the licensing process, because there were few if any opportunities in which local people could influence licensing decisions. In this context, it was suggested to the panel that there was a democratic deficit in the operation of the licensing process, where the 'aim to permit' provision within the Gambling Act (2005) overrode the interests of local residents.
- 7.15 In the context of the above, it was concludes that the Local Authority and other local stakeholders within the community were able to exert little influence on the number or spatial distribution of betting shops in the Haringey.

#### Prevalence of betting shops in the east of the borough

- 7.15 In terms of the distribution of betting shops, there was widespread concern among community representatives, that the majority of these were located in the east of the borough, given the higher levels of socio-economic deprivation experienced by residents here than other parts Haringey. The location of betting shops disproportionately within the east of the borough (85%), led many community representatives to speculate that gambling operators had actively targeted areas of social deprivation in which to locate betting shops.
- 7.16 The correlation between the location of betting shops and social deprivation has already been mapped in this report (Appendix C). This highlighted that 43% of betting shops are located in the most deprived super output areas (10%).

- 7.17 The Gambling Regulator highlighted evidence from the Gambling Prevalence Study, from which it was noted that the prevalence of gambling was associated with personal income where those on the lowest income were least likely to gamble. Both the gambling regulator and gambling operators suggested that in this context, it would not make commercial sense for areas of social deprivation to be targeted in this way. This would appear to be supported by the 2010 prevalence survey (published since this evidence was received) which concluded that area deprivation was not associated with the overall prevalence of gambling.<sup>15</sup>
- 7.18 In their submissions to the panel, betting shop operators were keen to dispel any notion that there was any policy which targeted betting shops in areas of social deprivation. In seeking to explain why most of the betting shops were located in the east of the borough, betting shop operators cited a number of factors which may have influenced this distribution across the borough:
- a higher population density and greater footfall in the east of the borough offered greater business opportunities
  - existing betting shops can be an indicator of successful businesses, which may be a guide for further business opportunities for additional shops in that area.
  - more protected frontage in the west of the borough limited possible sites for betting shops.
- 7.19 Further evidence received by the panel appeared to reiterate the importance of **passing footfall** in the location of betting shops:
- licensing authorities noted the migration of a number of betting shops to more prominent positions within local shopping centres, which suggested that footfall was an important factor in their location
  - evidence obtained through the focus group held among betting shop staff, indicated that a shops overall customer base consisted of equal proportions of core regular clients and passing trade opportunities (footfall)
  - submissions from betting shop operators suggested that there is a correlation between betting shop clusters and high footfall areas in the borough (e.g. Wood Green High Road, Green Lanes and Tottenham High Road).

#### Fixed Odds Betting Terminals

- 7.20 Fixed Odds Betting Terminals (FOBTs) use touch screen technology and offer more frequent play and higher pay outs than traditional gaming machines. FOBTs are an ancillary entitlement under the under the Gambling Premises License process, and operators are allowed a maximum of four in each betting shop. These were introduced to betting shops in 2001 and were estimated to be 27,500 FOBTs in the UK at the end of 2008.<sup>16</sup>
- 7.21 There has been media speculation that the development of FOBTs have helped to arrest the decline in the overall betting shop estate given the significant contribution these have in individual betting shops profitability and of operators themselves.<sup>17, 18</sup> In the context of this review, the panel received further

<sup>15</sup> British Gambling Prevalence Study 2010

<sup>16</sup> Gambling Commission, Industry Statistics 2008/09

<sup>17</sup> The Virtual Wheel of Fortune, The Guardian, 20.8.04

<sup>18</sup> William Hill Unfazed by Gaming Review, The Telegraph, 28.02.08

submissions concerning the profitability of FOBTs and how this may be linked to the clustering of betting shops in local areas.

- 7.22 The panel noted that each individual FOBTs can generate a gross profit of up to £750 per week and now contribute more to the profitability of betting shops than traditional sports betting, such as horse-racing, greyhounds or football. The importance of this revenue stream to betting shops was confirmed to the panel by betting shop operators, who confirmed that FOBTs contributed to between 40-50% of the profits of individual betting shops. Given the restrictions on the number of FOBTs that can be operated from each betting shop, it was suggested that opening additional shops in areas of high footfall may present further opportunities for operators to maintain and develop revenue streams, but also contribute to the clustering effect seen in these areas.

#### Clustering, profitability and market adjustment

- 7.23 Whilst the panel acknowledged that footfall plays an important role in the location of betting shops, the panel sought to explore further why betting shops clustered and what impact new additions to a local betting shop cluster had upon the profitability of existing betting shops. In this context, the panel noted two important contributions to the evidence:
- betting shop staff (in a focus group), noted that the entry of a new betting shop did not lead to any reduction in customer business in both the Wood Green and Green Lanes cluster
  - One of the major betting shop operators reported that business was affected (i.e. profits were diluted) when a new betting shop entered an existing cluster, implying that the profitability of betting shops is affected by new competition.
- 7.24 From this it could be inferred that the clustering of betting shops occur where there is sufficient footfall to maintain a customer base and profitability of individual shops. Evidently, a point may be subsequently reached in which market saturation may occur, where the addition of a further betting shop may impact on the profitability of shops in that cluster. In this context, it was suggested that market competition would determine the number of betting shops that exist in the locality and their propensity to cluster. This was verified by gambling operators, who indicated that they would not hesitate to close loss making betting shops, and that in such circumstances reductions had been made in their betting shop estate.
- 7.25 It was suggested that as the profitability of betting shops may be affected by clustering the industry may itself come to an agreement amongst themselves not to cluster in certain areas. The panel noted that this was an unlikely outcome, as individual operators were in competition with each other and the decision to locate to a particular area is a commercial decision taken by individual operators. Such restrictions or agreements on clustering among gambling operators would also fall foul of anti-competition laws.

### **How do betting shops contribute to Haringey?**

- 8.1 Betting shop operators provided submissions to the panel in both documentary form and in person. A submission was presented through the trade association (Association of British Bookmakers) and through individual operators themselves.

Betting shop operators allowed questioning from both the panel and members of the public which attended the dedicated panel meeting.

- 8.2 It was noted that both major gambling operators had a long established presence in the borough, with the first shops being developed here in throughout the 1960's and 1970's. It was noted that one of the major operators had not increased its estate (the number of betting shops in the borough) for a number of years, even after the Gambling Act (2005) has come in to force. In this context, operators indicated that it was important to phrase the debate in the context that betting shops are an established part of the fabric of retail shopping centres, provide a desired leisure service and contribute to the diversity of that community.

#### Key features of the industry

- 8.3 Operators highlighted a number of key features of their business which it hoped the panel would reflect upon in considering the issue of the clustering of betting shops. It was noted that the industry is a high turn over and low margin business; of all the stakes gambled at betting shops 85% are returned by way of winnings. It was also suggested that gambling operators were significant contributors the public purse where operators pay more in general taxation than they do to their shareholders. In this context, the industry indicated that it 'paid its way'.

- 8.4 The gambling operators also noted that the industry was highly regulated, and that in international comparisons was one of the most highly regulated gambling industries in the world. The panel noted evidence that both operators and individuals were subjected to rigorous checks in licensing processes. Operators also indicated that there was a high level of technical regulation of the industry, such as in the operation of gaming machines. As a consequence of high levels of regulation, it was suggested that comparative to many other countries, low rates of problem gambling prevail in the UK.

#### Employment opportunities

- 8.5 Operators noted that betting shops were active contributors to the local community in that they provided a significant number of employment opportunities for local people. It was indicated to the panel that approximately 300-320 people were directly employed by operators in betting shops in Haringey. In addition, the head office of one of the major gambling operators was also located here in the borough where another 170 people worked. In this context, the gambling industry provided close to 500 jobs in Haringey.

- 8.6 From a focus group conducted with staff who worked in local betting shops, the panel noted that staff were mostly local people and were very grateful for the employment opportunities which the gambling operators presented. Staff also made clear to the panel that they were well treated by their employers in that they felt that they were well-trained and had access to staff pension scheme, both of which were considered to be positive in current economic environment.

#### Social responsibility

- 8.7 Gambling operators also sought to emphasise to the panel that they fully acknowledged the social responsibility duties of their business. Whilst acknowledging that problem gambling was low, operators noted that staff were

trained to identify those with problems and operated a number of schemes to help them (self barring). Gambling operators were also financial contributors to support education, treatment and support for those with a gambling problem; in 2011, this was estimated to total £6million. It was noted that the operations of GamCare, which provides advice, treatment and support for problem gamblers was also funded through gambling operators.

- 8.8 In response to concerns around under age gambling, operators indicated that they had sought to improve awareness and challenge amongst their staff. The panel noted that operators had instituted a Think 21 policy within their organisations, so that everyone that appeared under this age was challenged. Submissions from both the Gambling Commission and GamCare verified that the industry had been responsive to this and other similar concerns.

## **9. Impact of the clustering of betting shops**

### Sustainability of local shopping areas

- 9.1 The panel received submissions from local residents, businesses and residents groups to suggest that the clustering of betting shops, may impact on the future sustainability of local shopping areas. A consistent theme within this evidence was that the clustering of betting shops in particular localities, restricted the retail choice available to local residents and that the attractiveness or appeal of local shopping centres was reduced as a result.
- 9.2 By way of an example, local residents, community groups and indeed business representatives from Green Lanes suggested to the panel that volume of gambling premises in this area (8 betting shops and 1 Adult Gaming Centre) did not add to the diversity of retail options available to local residents. Furthermore, limitations on the shopping options and the attractiveness of that area to potential shoppers were further limited where betting shops clustered (particularly at the intersection of Green Lanes with Salisbury / Warham Road).
- 9.3 Residents noted that the prevalence of betting shops in their communities and the way in which they appeared to cluster, tended exclude certain groups from these areas within their community. The panel noted that there were certain sections of the community that were legally excluded from betting shops (e.g. under 18's), whilst others had no interest in the nature of their business (such as those who do not gamble). The panel also received submissions from some residents to the effect that that they actively avoided betting shops (those who had a moral objection to gambling, had young children or seeking to avoid customers that loitered outside these premises). The cumulative impact of this was that this created 'dead retail frontage' which did little to encourage community attachment or support for areas in which betting shops clustered.
- 9.4 On the submissions received by the panel, it was apparent that local residents and business representatives concurred in the opinion that the clustering of betting shops also did little to encourage people to visit local shopping centres from outside the local community. Submissions received from the Green Lane Traders Association suggested that betting shops did not generate any significant footfall in

the area and may actually impact on the viability of local shopping centres in which they clustered.

- 9.5 The panel also received evidence which suggested that the migration of some betting shops in to local shopping centres had increased trading pressures on local *independent* retailers. It was suggested that the increased presence of betting shops had contributed to an increase in local rental values in local shopping centres, beyond that which could be matched by local independent retailers. Furthermore, it was suggested that independent retailers also did not have the corporate backing and support infrastructure of betting shops which placed them at a disadvantage. Local residents were mindful of the role of independent retailers in creating diverse and appealing shopping centres, and were thus concerned of the threat posed by betting shops and the broader 'corporatisation' of their local shopping centres.
- 9.6 It was the view of the panel that the impact of the clustering of betting shops on local business rents should be the subject of further local investigation. Such a study would help ascertain if there is any definitive evidence on the association of the clustering of betting shops and business rent values, and if confirmed, identify possible ways going forward.
- 9.7 In terms of the sustainability of local shopping centres, many of the submissions received related to the concerns around the clustering of betting shops. The panel were all too aware however, that other retail uses also clustered in local shopping centres; other examples noted by the panel included the clustering of estate agents in Crouch End and jewellers in Green Lanes. In this context, the panel were in agreement that the clustering of any retail use was likely to have a detrimental affect on the diversity and retail appeal of local shopping areas, and this principle should inform policies and strategies concerning local retail shopping centres.

#### Crime, anti-social behaviour and low level disorder

- 9.8 Keeping gambling free of crime is a central tenet of the Gambling Act (2005), therefore the panel sought to explore the association between betting shops and the incidence of crime, disorder and antisocial behaviour. The panel were also keen to understand if the clustering betting shops had any further impact on crime in these areas.
- 9.9 In its submission to the panel, the Metropolitan Police reported the results of a six month audit (from April 1<sup>st</sup> 2010) of incidents of crime and disorder connected with the 66 betting shops located in Haringey. This audit indicated that:
- there were 200 incidents at which police were called
  - there were 136 actual criminal offences
  - most offences related to criminal damage (58%)
  - almost all incidents of criminal damage (89%) related to the use of FOBTs.
- 9.10 Police intelligence reported to the panel noted that a major concern appeared to be that of disorder, which related to the behaviour of customers that congregated outside betting shops. Police evidence suggested that this predominantly related to incidents of intimidation and harassment of passers by. The panel received



submissions from local residents, businesses and community groups which provided further evidence about the nature of these concerns which included:

- a local business concerned at groups of customers that loitered outside a betting shop in the Bruce Grove area who were engaged in antisocial behaviour (street drinking, fighting and urinating in public)
- residents, community groups and residents associations indicated that people felt intimidated by groups of men that congregated outside betting shops and that women and older people felt particularly vulnerable at having to pass premises in Green Lanes, Turnpike Lane and Wood Green areas
- residents associations noted that the personal safety concerns of local residents were exacerbated when they had to use these areas in the evening.

9.11 The panel noted evidence from the police concerning crime and incident reporting procedures of local gambling operators. In its analysis of incident reporting at local betting shops, police noted that there were significant variations in the number of incidents reported by different gambling operators, from which it was concluded that this was as a result of different reporting standards and procedures. The problem appeared to be twofold:

- some gambling operators had different policies for reporting crime and disorder to the local police
- the reporting process was different among gambling operators, with some choosing to report directly to local police and others via Safer Neighbourhood Teams.

9.12 The panel noted police evidence which suggested that different standards and processes through which different gambling operators reported crime and disorder occurring within their betting shop estate distorts the pattern of reporting across the borough. It was also suggested that these inconsistencies may lead to an element of under reporting of crime and disorder at local betting shops.

9.13 It was suggested to the panel that crime and antisocial behaviour problems recorded at some betting shops was as a result of shops opening in an area which was a known crime hotspot or where there was known gang activity. In this context, it was suggested that further liaison between police and gambling operators may be beneficial to ensure that any necessary adjustments to the design or layout of betting shops could be considered at an earlier stage.

9.14 Whilst there were evidently strong community concerns around the level of crime and disorder associated with local betting shops, it was the view of local police, that betting shops themselves were not a significant generator of local crime. The police also gave no evidence to suggest that there was any relationship between crime and the clustering of betting shops in local areas. Local police did conclude however, that betting shops have become the focal point or catalyst for crime, disorder or ASB in areas where this was already known to exist.

9.15 The panel also noted the submission from the Gambling Regulator and from local police to suggest that where crime and disorder issues had been raised, individual gambling operators had responded both fully and promptly. It was noted that local gambling operators have cooperated fully with local police and have helped to provide quick solutions to problems identified.

### Fixed Odds Betting Terminals

- 9.16 Aside from FOBTs possible role in the clustering of betting shops (see 7.20-7.22), other concerns were raised about these gaming machines by local residents and community groups in their submissions to the panel. Firstly, there was a concern about the amount of money that such FOBTs were making. It was suggested to the panel that given the profitability of each FOBT (estimated at £750 per week), if there were 66 betting shops in Haringey, each with four FOBTs, then these could contribute up to £10million in turnover for local betting shops. Although it was accepted that some of this money would be recycled back within the community (through local wages) concerns were raised by local residents and community groups at the possible drain on local communities this may represent, particularly those that are already socially and economically deprived.
- 9.17 The panel noted that there were concerns about the possible association of FOBTs with problem gambling. It was suggested that the turnover of play and the lure of high jackpots (£500) encouraged addictive usage, particularly among younger people. This was verified in a report from GamCare<sup>19</sup>, which supports people with a gambling problem where it was noted that:
- there was a 22% rise in calls to its help line from 18-25 year olds
  - the prevalence of problem gambling among adolescents was three times that of adults
  - 40% of GamCare clients aged 18-25 were gambling in betting shops
  - FOBTs were the most common (15%) form of gambling activity among problem gamblers aged 18-25.
- 9.18 Underage usage of FOBTs was also raised as a concern. A local resident noted to the panel the result of a test purchase scheme undertaken by the Gambling Commission, which found that almost all (98%) of 160 betting shops tested allowed an under age person to place a bet.<sup>20</sup> Although subsequent retesting found that under age gambling was prevented at 65% of shops, it was recorded that test purchases only covered over the counter bets placed with a cashier, and that usage of FOBTs, which may be more difficult to monitor, may be more widespread.
- 9.19 The panel was also made aware of the connection between FOBTs and local **reported criminal activity**. Evidence presented by local police indicated that of the 136 notified offences recorded in local betting shops in a 6 month period from Aprils 1<sup>st</sup> 2010, a majority (58%) related to criminal damage of which almost all (87%) concerned FOBTs. Submissions received by a betting shop user and betting shop staff indicated that criminal damage associated with FOBTs was predominantly as a result of people becoming frustrated in the way these machines operated.
- 9.20 Betting shop operators noted that FOBTs are regulated by the Gambling Commission and suggested to the panel that there was no substantive evidence linking the use of FOBTs to problem gambling nor had a the incidence of problem

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<sup>19</sup> We're there when the odds are stacked against you, GamCAre, Statistics 2009/10

<sup>20</sup> Under age gambling in betting shops - operators face further tests Gambling Commission 3/12/09 (www.gamblingcomission.com)

gambling risen since these were introduced. Gambling operators also suggested that any move to restrict the numbers of FOBTs may impact on the viability of the betting shop estate, which would inevitably impact on community investment and related employment opportunities for local people.

#### Children, young people and vulnerable adults

- 9.21 Protecting children, young people and vulnerable adults is one of the key principles of gambling policy, and underpin all decisions to license gambling premises. Local residents and community groups raised concerns with the panel about the impact that betting shops have on children and young people, particularly in the areas where they clustered together. Although many local residents indicated that whilst they had no moral objection to gambling, it was felt that the clustering of betting shops together with attractive window displays may normalise betting shops and gambling to young people.
- 9.22 Local residents and community groups noted the close proximity of local primary schools to clusters of betting shops in the Green Lanes area (North Harringay, South Harringay and St John Vianney) and Wood Green area (Noel Park and Alexandra Primary Schools). Parents noted therefore noted that betting shops were a feature on their journey to and from these schools. Aside from the normalisation of gambling, parents also indicated that they were concerned at having to pass the groups of men that congregated outside betting shops and associated anti-social behaviour displayed by some betting shop users.
- 9.23 Under age usage of betting shops was raised by local residents and community groups. A resident noted that they had seen a young person inside a betting shop, while in a submission from a local resident association concerns were raised that adults were being used to place bets by under-age young people. A number of representatives at the panel meeting suggested that under-age usage of betting shops was a national issue, with studies in a number of other boroughs identifying under high rates of under age usage.<sup>21</sup>
- 9.24 In response to issues around under age usage of betting shops, gambling operators acknowledged that there had been a problem in this area and that operators were working with the Gambling Commission to help improve this. The panel noted that the industry had also gone through a process of internal and external audits to help improve the industry response. It reiterated to the panel, that all staff were trained on this issue and had operators had established a Think 21 policy, where all those who looked under this age would be required to provide proof of age. The Gambling Commission also noted that operators were responding to this issue.
- 9.25 Residents and community groups were also concerned about the impact had upon vulnerable adults in areas where betting shops clustered. Residents and community groups from Green Lanes area noted that there was a large number of vulnerable adults living in this area because of the large number of hostels located in these wards (12 in Harringay and 8 in St Ann's wards) and the proximity of St Ann's Hospital (community mental health services). There was a perception that

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<sup>21</sup> Under age gambling in betting shops, Gambling Commission 2009 ([www.gambling.commission](http://www.gambling.commission))

such vulnerable adults use betting shops to 'hang out' and that this group when they participate in gambling, may be more susceptible gambling problems.

### Problem Gambling

- 9.26 The panel noted that compared to many other countries, the UK has relatively low levels of problem gambling: national prevalence data suggest that about 0.6% of the adult population have a gambling problem (equating to about 250,000 people). This rate has been stable from 1999 through to 2007. The panel sought to assess whether the clustering of betting shops had impacted on problem gambling.
- 9.27 The panel understood that although over half (54%) of those contacting the help lines of GamCare have debts of less than £10,000, it was not uncommon for people to present with much larger six figure debts (over £100, 000). The amount of debt incurred from gambling is of course relative: people on high incomes can afford to lose much more than those on lower incomes. Thus a person presenting with debts of £1000 or less can still be serious if that person is on benefits or on a low wage.
- 9.28 In its submission to the panel, GamCare described some common problems that those with a gambling problem may face, such as debt, ill health, anxiety, depression and relationship problems. It was suggested to the panel that the estimated cost of dealing with these problems nationally was in excess of £2billion per annum. Whilst noting the existence of support services such as Gamblers Anonymous and GamCare, the panel heard that dedicated healthcare provision was scarce; there being just one dedicated health clinic in the England that addressed the adverse health effects of problem gambling.
- 9.29 Submissions received from both the Gambling Regulator and GamCare, noted that the that there were a number of important factors which were associated with problem gambling:
- the availability of gambling opportunities
  - the frequency in which a person gambled
  - the range of gambling mediums (e.g. betting shops, on-line) and activities (e.g. scratchcards, FOBTs, horseracing).
- 9.30 In assessing the impact that the clustering of betting shops may have on problem gambling, both the regulator and GamCare noted that there was no evidence to support or contradict such an association. Whilst it was recognised that the opportunity to gamble was a factor in the propensity to gamble and that by having more betting shop in a particular area may make it easier for people to gamble, there was no evidence to suggest that this would precipitate an increase in problem gambling. Indeed, the panel noted that moves to restrict the clustering of betting shops was unlikely to have a significant impact on problem gambling given the alternative mediums through which individual would still be able to gamble.
- 9.31 GamCare also indicated that, in its assessment, the UK had responsible gambling industry in which companies are well run and individuals are fully assessed and trained within the licensing objectives. It also noted that gambling industry employees were well trained to identify individuals with a gambling problem and to signpost them to sources of support. Both the Gambling Commission and

GamCare noted that the industry had been responsive to shortcomings highlighted in the past.

- 9.32 Evidence was also submitted to the panel which noted associations between problem gambling and other addictive behaviours such as smoking, alcohol consumption and drug use.<sup>22</sup> In this context, the panel noted that problem gambling could be seen as a broader public health issue. Given the lack of dedicated healthcare provision, the panel were keen to ensure that local health and associated health care professionals were aware of problem gambling risk factors, co-behaviours (e.g. alcohol abuse, smoking) and associated problems (e.g. debt, stress, anxiety) and how best these can be supported locally.
- 9.33 Since evidence was submitted for this review, the most recent national prevalence survey has been published which has shown a significant increase in the rise of problem gambling: the rate of problem gamblers in the adult population has risen from 0.6% in 2007 to 0.9% in 2010. It is too early to establish if this is part of an established trend or if there are any specific factors which have underpinned such an increase.

#### Social deprivation

- 9.34 Local residents also suggested that the clustering of betting shops in the most deprived areas of the borough was compounding social deprivation in those areas. As has already been noted, FOBTs are estimated to contribute up to £10million of betting shop turnover in Haringey alone (see 9.16) which may come from those who can least afford it.
- 9.35 Similarly, the demographic characteristics associated with problem gambling (young males, black and Asian communities, low income, the unemployed and in poor health<sup>23</sup>) would appear to correlate with that of the east of the borough, where 85% of the betting shops are located. As a consequence, issues associated with problem gambling (debt, ill-health, smoking, alcohol use, anxiety, depression, relationship problems) may contribute further to the cycle of social deprivation.

#### Impact on local environment

- 9.36 Local residents, community associations and other traders provided submissions to the panel which suggested that gambling operators did not fully acknowledge the impact of betting shops on the local environment. The panel heard that the frontages to some shops were not always well maintained and in some cases, repairs remained outstanding for considerable periods of time. Most importantly, betting shop users who congregated outside betting shops (primarily to smoke or drink) created street litter from discards. Residents from across many areas indicated that this was a problem which adversely affected the character and attractiveness of the area in which they lived.
- 9.37 In a submission from an independent trader from the Bruce Grove area it was noted that large groups of betting shops users (6-12 people) congregated outside an adjacent betting shop. As betting shop users had been drinking and there were

<sup>22</sup> Gambling, alcohol consumption, cigarette smoking and health ; findings from the 2007 British Gambling Prevalence Survey Gambling Commission 2009

<sup>23</sup> Gambling Prevalence Study 2010 (Section 6.2) Gambling Commission

no toilet facilities inside the betting shop, it was noted that the surrounding area was often used as a toilet. As the business of this trader was food retail this represented significant business concern.

- 9.38 In their submissions to the panel, the betting shop operators acknowledged the local environmental concerns about the operation of some of its shops in Haringey and would respond to these. Furthermore, the industry indicated that it wanted to work with the authority and other local organisations on this issue and would help where it was able to act.

## **10.0 How have other Local Authorities dealt with the betting shop issue?**

- 10.1 The panel noted that the issue of the clustering of betting shops was not confined to Haringey but that similar concerns had arisen in a number of other Local Authorities in London including Hackney, Waltham Forest, Harrow and Ealing. An Early Day Motion condemning the proliferation of betting shops was signed by 19 MPs, of which 7 represented London constituencies.<sup>24</sup> Indeed, such has been the widespread concern about this issue, that the **Local Government Association** has had direct meetings with the Department of Media, Culture and Sport in 2009 on behalf of local authorities.<sup>25</sup>
- 10.2 In the **London Borough of Hackney**, a scrutiny commission conducted a review of betting shops in Hackney. This review identified 64 betting shops many of which clustered in areas of high social deprivation. This review also acknowledged that the Council had limited powers to restrict such clustering of betting shops, and as such, should continue to gather local data and conduct further research in this issue to support policy aspirations in this area and to continue to lobby central government to create a separate use class for betting shops (*sui generis*).<sup>26</sup>
- 10.3 In **Waltham Forest**, the Council have sought to address the clustering of betting shops alongside the proliferation of other retail uses (e.g. take aways and estate agents), through the Local Development Framework. The borough is considering the development of a policy on clustering of retail uses which will help to identify how retail uses meet local needs and the benefits these provide to the local community. The panel also noted that 'High Street Life Strategy' has been commissioned which may be able to apply threshold limits on the number of clustered retail uses acceptable in a given frontage.
- 10.4 The panel also noted that the **London Assembly** has conducted a review in to the decline of neighbourhood shops in London. In its subsequent report, *Cornered Shops*, it noted the importance of local retail centres as point of access for goods and services to local people and the important role that local independent retailers played in the sustainability of these centres.<sup>27</sup> The report also highlighted the increasing presence of corporate retail into local retail centres (e.g. supermarket

<sup>24</sup> Early Day Motion 1192 Betting Shops in Inner London Boroughs, House of Commons, 25.3.10

<sup>25</sup> <http://www.lga.gov.uk/>

<sup>26</sup> Scrutiny inquiry on 'The Concentration of Betting Shops in Hackney' Hackney Council, July 2009

<sup>27</sup> Cornered shops London's small shops and the planning system Planning and Housing Committee, Greater London Assembly, July 2010

convenience stores and betting shops) and the challenges these presented for local independent retailers.

- 10.5 The report calls on the Mayor to make changes to the London Plan to strengthen protection for local shops and give boroughs more power to resist or negotiate on planning applications from big corporate retailers. In addition it recommends that London boroughs have policies to:
- protect retail uses in neighbourhood parades within walking distance
  - protect small retail units from adverse impacts from new retail development
  - reflect the need for local small shops to be easily accessible via a full range of sustainable modes of transport.
- 10.6 Despite the activities of the Local and regional authorities listed above, the extent to which the clustering of betting shops is of widespread national concern was questioned within the review process. The panel noted the submission from the Gambling Regulator which suggested that the clustering of betting shops was problematic in a small number of authorities, mostly in London, a view which has been subsequently supported by the Ministers in the DCLG.<sup>28</sup> In this context, there has been little support or acknowledgement of the need for national legislation.

## **11.0 Possible remedies to prevent the clustering of betting shops**

- 11.1 Given the wide ranging evidence received concerning the clustering of betting shops, the panel noted that it would be important to match specific responses to desired outcomes. In its submission to the panel, the Gambling Commission noted that it was important that the review focused on the most relevant remedies in terms of the clustering of betting shops. This was clearly spelt out to the panel:
- if the issue is one of problem gambling, then the most appropriate remedy lies within the Gambling Act
  - if the issue is one of crime and disorder, then the most appropriate remedy also lies within the Gambling Act
  - if the issue is one of nuisance, then the Gambling Act makes no provision for this, and may require more local solutions or agreements for remedies
  - if the issue is one of amenity within an area, then the review must seek redress in legislation concerning amenity, such as 'sui generis' or an Article 4 Direction.

### The Gambling Act (2005)

- 11.2 Evidence was presented to the panel concerning the implications of the introduction of the Gambling Act (2005) and how this curtailed the power of the Local Authority and other local stakeholders to influence the number or spatial distribution of betting shops in the locality. The removal of the 'demand test' and the introduction of the 'must aim to permit' clause together with the weight of evidence required to justify any challenge, effectively limited the role of the Local Authority to influence gambling license decisions or limit the way betting shops clustered together.
- 11.3 It was suggested to the panel that the 'aim to permit' clause was somehow an unintended consequence of the Gambling Act (2005), in that the full repercussions

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<sup>28</sup> Bob Neil, Parliamentary Under Secretary of State, Bookmakers and Planning (debate) 24.11.10 House of Commons

of this clause had not been fully realised when this legislation was passed. In its submission to the panel, the Gambling Commission sought to clarify any ambiguity on this matter, by stating that the removal of the demand test and the requirement for local authorities to 'aim to permit were not legislative errors, indeed, these were the explicit intentions of the legislation.

- 11.4 Further evidence from local correspondence with Ministers at the Department of Culture, Media and Sport (Appendix I) would also appear to rule out any change in gambling legislation. It is clearly the view of the department, that the issue of the clustering of betting shops is not a national issue, but restricted to a number of metropolitan authorities, and as such, changes to the national legislature would represent a disproportionate response. As an alternative, the department has recommended that the Council pursue a remedy for the clustering of betting shops through an Article 4 Direction.

#### Article 4 Direction

- 11.5 The panel considered the use of applying an Article 4 Direction to limit permitted development rights in specific areas and therefore control the clustering of betting shops. As has been reported earlier there are strict guidelines around the use of this procedure (see 4.25-4.27). Evidence presented to the panel also suggested that the use of Article 4 Direction would also not be straightforward and would face a number of significant challenges including:
- the ability to include all betting shops within a particular cluster
  - the ability to use an Article 4 Direction to control a business operation (i.e. betting shop) as opposed to a Use of Class (i.e. A2 retail financial and other professional services)
  - resource implications of conducting an extensive consultation exercise with those businesses or buildings where the Article 4 Direction is to be applied
  - the evidence threshold at which an Article 4 Direction is approved or accepted or subject to legal challenge
  - resource implications for compensating those businesses or buildings that have General Permitted Development Rights removed through the application of the Article 4 Direction.
- 11.6 To apply an Article 4 Direction to control the use of premises for a betting shop, the order would need to be made for each parade where tighter control was required and a boundary would need to be defined. The boundary of the Council's shopping parades however, may not include all of the shops within that local area, and some units may sit outside of the boundary.
- 11.7 Submissions from local planning officers suggested to the panel that an Article 4 Direction Order may not be the most appropriate tool through which to control the clustering of betting shops, given that control is exercised over the use class (i.e. A2) rather than the business operation (i.e. betting shop). Use of an Article 4 direction may therefore include a number of uses that fall within use class A2 that would be acceptable to the vitality and viability of shopping centres.
- 11.8 The panel also heard that there may be significant resource implications if the Council chose to pursue the Article 4 Direction approach to control the clustering of betting shops. The panel understood that there would be a need to conduct public



and business consultation in each of the areas proposed for an Article 4 Direction to limit permitted development rights. Furthermore, there may also be an expectation that the Council to pay compensation on a time limited basis to those businesses/ retailers /leaseholders where planning permission cannot be obtained for development which otherwise would be treated as a general permitted development (i.e. the property value may be affected if use is restricted).

- 11.9 The panel also noted Circular 9/95 'General Development Order Consolidation 1995' which makes it clear that there is a high threshold to reach before the Secretary of State will consider that an Article 4 Direction is justified, and that the current legislation is framed to be permissive. Any body of evidence gathered to support an Article 4 Direction which sought to control the proliferation of betting shops would need to be robust and conclusive in terms of any harm resulting as a consequence of this proliferation, or indeed legal challenge from interested parties. Correspondence from DCMS (Appendix I) also suggests that the application of an Article 4 Direction would need to demonstrate a 'real and specific threat'.
- 11.10 In the context of the above, the panel understood that the use of an Article 4 Direction to control the clustering of betting shops would present significant challenges for the Council. The benefits to be accrued from a successful application of an Article 4 Direction would also need to be assessed against the scale and resources required to support an Article 4 Direction. Nonetheless, given that this continues to be the recommended approach of the Department of Culture, Media and Sport, further work may need to be undertaken to identify the practicalities and pitfalls of such an approach by the Council
- Use Class – "Sui Generis"
- 11.11 The panel noted that as betting shops fall within Use Class A2 (financial and professional services) along with Building Societies, estate agents, banks and employment agencies. It was noted that planning permission is not required to turn any shop unit falling within this class in to a betting shop. Planning permission is also not required to change the use from any shop in A3 (restaurants and cafés), A4 (drinking establishments) or A5 (hot food take away) to class A2. Planning permission is required for change of use from A1 (retail) to A2.
- 11.12 In this context of the above, it was suggested that it may be possible to restrict clustering of betting through making betting shops 'sui generis', that is, a use class of their own. If betting shops were declared 'sui generis', then planning permission would **always** be required for any change of use unless the shop unit is already a betting shop and the change is just to the provider of the service.
- 11.13 The panel noted that given the evidence presented to the review on the range of impacts that the clustering of betting shops has upon the local community, clustering of betting shops would appear to affect local amenity sufficiently for them to be considered as a use class of their own.
- 11.14 The panel noted however, that the reclassification of betting shops as 'sui generis' is not a locally determined process, but would require action by central government to amend planning use class laws. The panel noted that this could be a further option for the Council to lobby central government.

### Other planning options

- 11.15 It was noted to the panel that it may be possible to develop an appropriate clustering policy which sought to limit not just the clustering of betting shops but also other retail uses in local shopping centres or neighbourhoods. It was noted that such a policy would need to have regard to:
- the number of same type establishments in the immediate area
  - the extent to which the proposed use meets an important local need (to be identified through local need surveys)
  - the potential benefits the use will provide for the wider community.
- 11.16 The current Unitary Development Plan policy, TCR3 (Protection of Shopping Frontages), sets out the criteria for determining planning applications for a change of use from retail to non retail. The emerging Core Strategy and the first draft Development Management Development Plan Document (DM DPD) have similar policies seeking to limit the number of non-retail uses in order to protect the viability and vitality of the Town and District centres in the borough. As part of the DM DPD process, the planning policy team is working on policy options and interventions, within the national planning framework, on betting shop clusters in Haringey's town centres. The emerging policy on this will be produced for the next round of consultation on the DM DPD.
- 11.17 An outline of current and emerging planning policy relating to this issue was presented to the panel. It was noted that the Core Strategy will be finalised by the end of 2011/ beginning of 2012. The panel noted that evidence presented to this scrutiny review may support the development of a clustering policy or indeed, a future policy around A2 use class to be included in the emerging DM DPD which is due for a second round of public consultation in early 2012.

## **12.0 Summary and conclusions**

- 12.1 The Gambling Act (2005) has precipitated a fundamental change in the way that gambling premises are licensed. There have been fears that the liberalisation of the licensing process, as demonstrated through the removal of a 'demand test' and requirement of the Licensing Authority to 'aim to permit' applications, would lead to a proliferation of betting shops. In practice however, there is little evidence to suggest that this legislation has contributed to an increase in the number of betting shops in Haringey.
- 12.2 What is apparent is that betting shops are more visible and recognisable in local communities. Betting shops, in the most, are part of large gambling businesses, with well recognised corporate livery and signage. The review also identified a trend where, in seeking higher footfall for their business, some betting shops have moved to more prominent positions in local shopping centres, often occupying premises vacated by banks and other financial services. It is also evident, that in this process, betting shops have clustered together in localised areas.
- 12.3 Aside from any moral objections, the review has captured and documented widespread community concerns relating to the clustering of betting shops in

Haringey. The most prevalent concern has been the impact that the clustering of betting shops has on the retail appeal of local communities. Many residents and community representatives indicated that the clustering of betting shops, with their attendant problems, have impacted on the vitality and vibrancy of the community, which if left unchecked, could affect the future sustainability of these areas as local shopping centres.

- 12.4 Critically, the panel were of the view that the clustering of any retail use may have a similar impact, as this too would restrict the choice and retail appeal of local shopping centres. In this context, approaches to improving the amenity and vitality of local shopping centres should be guided by an approach that limits the clustering of any retail use and seeks to promote a diverse range of retail options that support the needs of local communities.
- 12.5 Whilst there is little doubt that betting shop operators do make a contribution to the local community through the provision job opportunities and take their social responsibility role seriously, it was the view of local residents and community groups that betting shops were different to other retail units, particularly as they were associated with a number of operational issues which impacted on the communities in which they were situated. Submissions presented to the panel highlighted a number of concerns specifically concerning the clustering of betting shops in relation to:
- crime and anti-social behaviour
  - impact on children, young people and vulnerable adults
  - problem gambling
  - local environment
  - social deprivation
- 12.6 Specific community concerns were raised about betting shops in relation to crime and anti-social behaviour, where evidence to the review highlighted the need for further research in the use of FOBTs given their association with local disorder (criminal damage) and the need to address the anti-social behaviour of some betting shop customers that congregate outside the premises. Despite these concerns, it was the view of local police that betting shops were not significant generators of crime, though mechanisms through which crime and anti-social behaviour at betting shops were reported could be improved. The panel have made a number of recommendations to help improve this.
- 12.7 The panel has also made a number of recommendations to aim to address some of the symptomatic issues which appear to arise from the clustering of betting shops which have been raised above. It is hoped that the establishment of a local voluntary code among gambling licensees will provide a link between betting shop operators and other statutory organisations to address some of these concerns.
- 12.8 In terms of resolving the issue of clustering of betting shops, it is apparent that there is little remedy within provisions within the Gambling Act (2005). Indeed, it is apparent that this legislation offers little opportunity for a Local Authority or local residents to influence the number of spatial location of gambling premises. Whilst it may improve the Council's position to develop alliances with other Local Authorities who face similar issues with betting shops and lobby for change in this

legislation, the prospect of success may be limited given the stated intentions of this legislation (to liberalise the market) and Ministerial advice to seek alternative solutions.

- 12.9 Governmental advice would appear to focus on local planning policy with the use of an Article 4 Direction, which would aim to remove certain planning rights under General Permitted Development Orders. Evidence presented to the panel suggests that the Council may face significant legal and financial challenges in adopting this approach which may make it unviable. Nonetheless, as this continues to be recommended approach suggested by Ministers, it may be beneficial for Council to conduct a full appraisal of the use of an Article 4 Direction, which may further inform action taken by the Council and future contact with government departments.
- 12.10 Other planning approaches have been suggested to help control the clustering of betting shops and other retail uses. Given the impact on local amenity that betting shops have, it has been suggested that these should be made a use class of their own ('sui generis') and therefore require planning permission for any change. This approach however would require a change to national planning guidelines and thus would require further lobbying of central government by Local Authorities.
- 12.11 In order to tackle the clustering of any retail uses, the panel recommend that there is a need to define the concept of clustering, and the parameters in which such clustering may have harmful effects on local communities. The panel also noted that the work of local planning officers to strengthen local planning policies to prevent clustering will be paramount. It is noted that a policy has been drafted to sit within the Councils Local Development Framework: *The Provision of Parades to Support Sustainable Communities*. The policy seeks to ensure that all shopping parades provide a range of services to meet the needs of the local area and provide a varied range of goods and services to the local community. This policy will link to *Protection of Shops in Designated Shopping Areas* which will seek to limit frontage to no more than three non retail uses in a row.<sup>29</sup>
- 12.12 The panel were of the opinion that a number of positive outcomes have been achieved from the process of this scrutiny review. Firstly, and most importantly it has provided an opportunity for local residents and community groups to articulate and record their concerns about the impact that the clustering of betting shops has had within their community. This has been particularly important as many local residents have felt frustrated at their inability to contribute or influence local gambling licensing processes.
- 12.13 In the same context, betting shop operators through their full and active participation in this review process are now more aware of the concerns described by the community. Indeed, gambling operators acknowledged some of the

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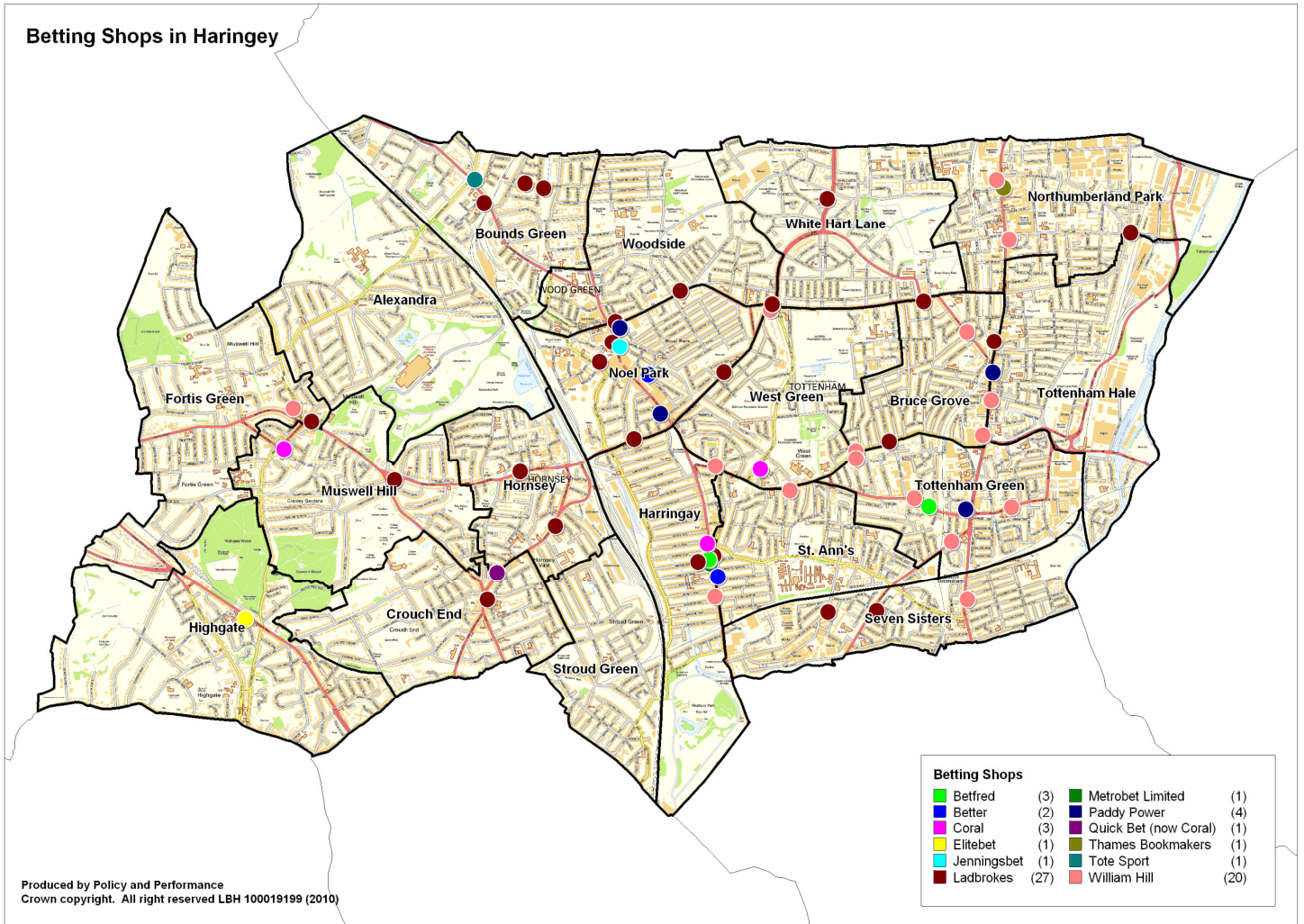
<sup>29</sup> This policy was consulted on as part of the Development Management Development Plan Document (DM DPD) consultation which took place in June 2010. Following that consultation the document is being looked at again with a view to further consultation in 2012. As part of that consultation officers are working on a potential policy to cover the provision of parades to support sustainable communities. This policy will seek to ensure that all shopping parades provide a variety of goods and services to meet the demands of the population that they are serving, and that the sustainability of any shopping parade is not compromised by the over representation of any particular use(s) to the detriment of the local community which the parade serves.

concerns raised by local residents and indicated that they would act where they had powers to do so. It would appear that the gambling industry has a positive track record in responding to identified and acknowledged concerns, and it is hoped that this continues in the context of the recommendations and conclusions within this review.

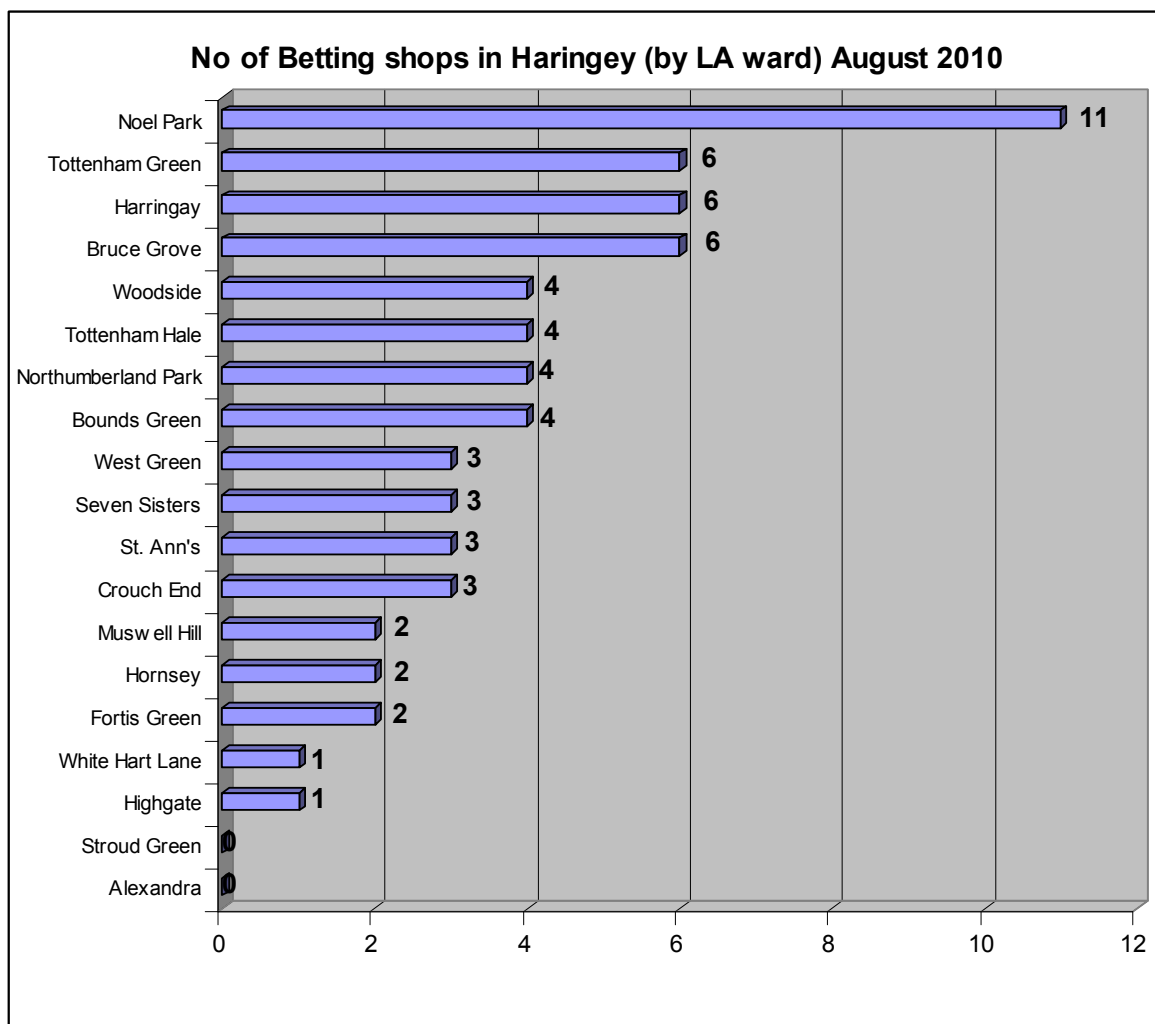
- 12.14 Finally, the panel wished to conclude through noting that the Council has a vitally important place shaping role, in helping to create healthy, diverse, vibrant and prosperous communities in which local people want to live. In this context, it is important that the Council, local people and businesses together feel that they have a role in shaping local communities. Whilst the review doesn't seek to alter the current number of betting shops, it hopes to influence future applications to minimise clustering through suggested changes to legislative and planning policy processes.



## Appendix A – The location of betting shops across Haringey.

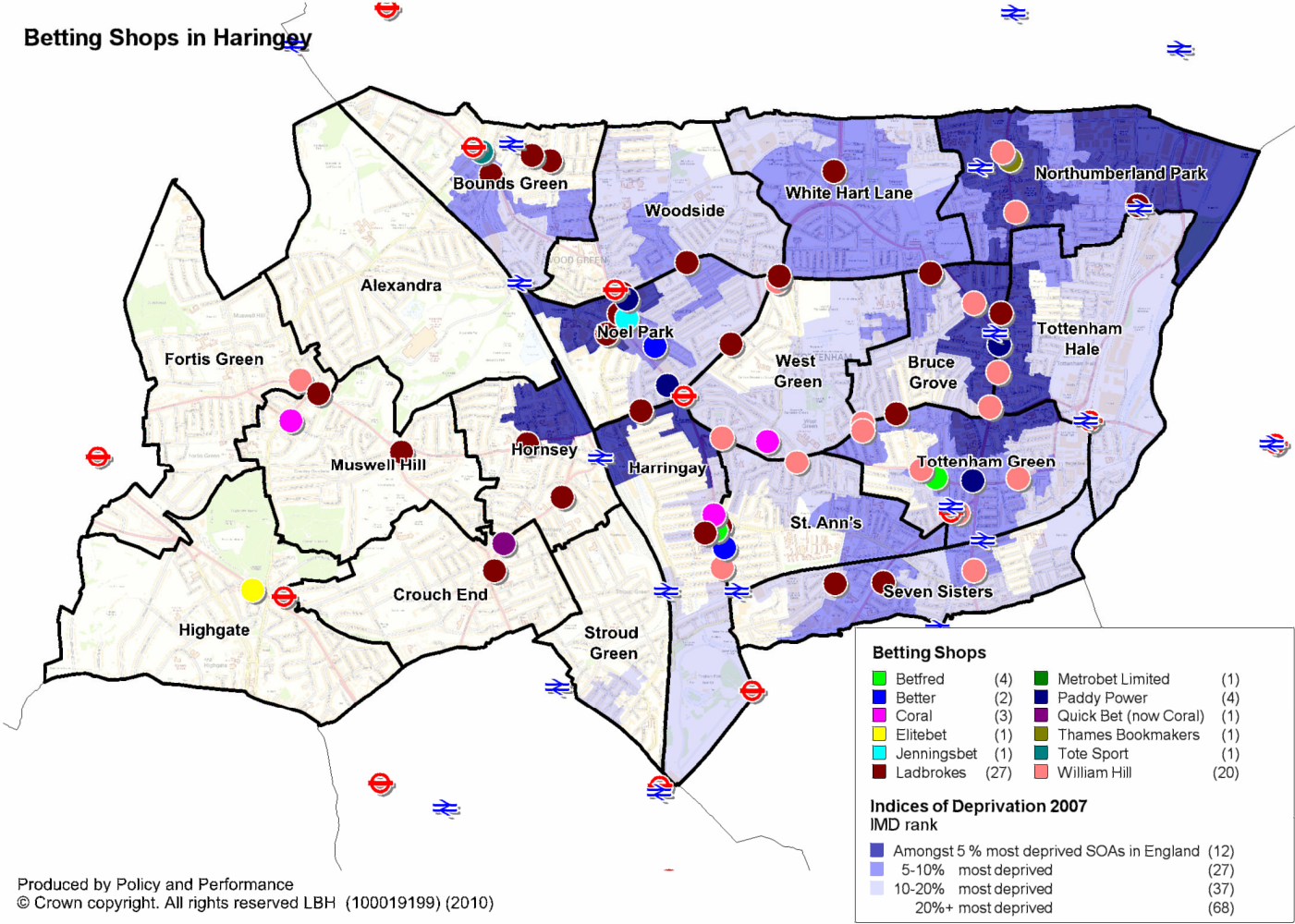


## Appendix B – Number of Betting shops by Local Authority Ward



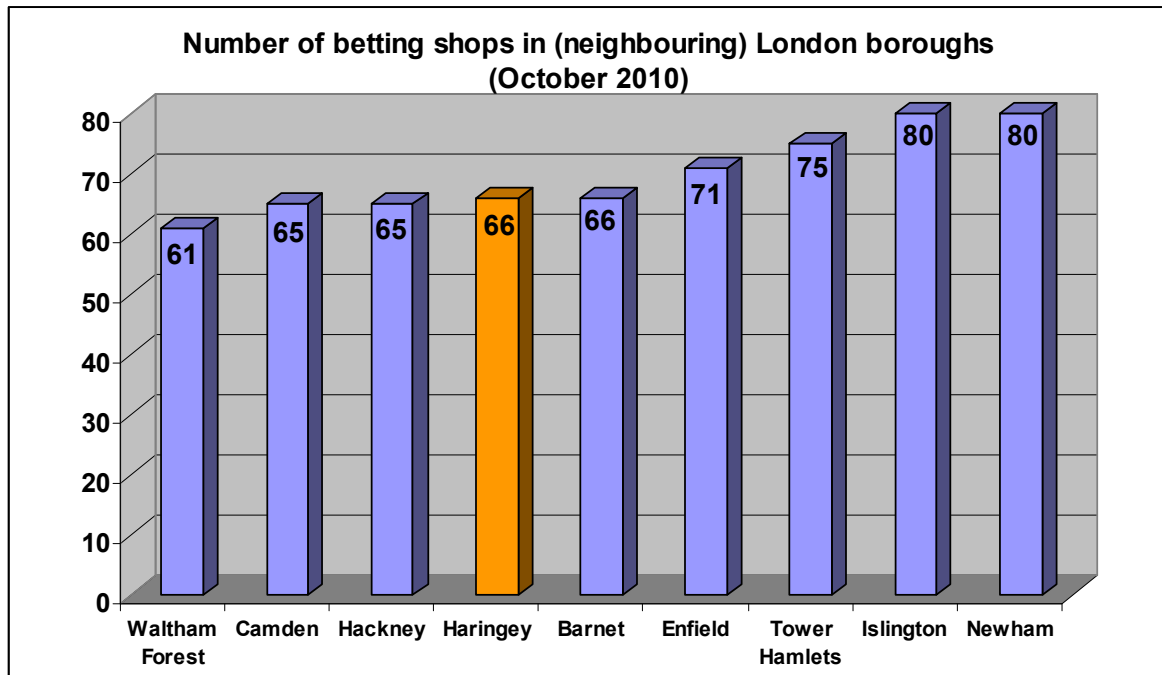


### Appendix C - Location of betting shops in Haringey by social deprivation (ward).



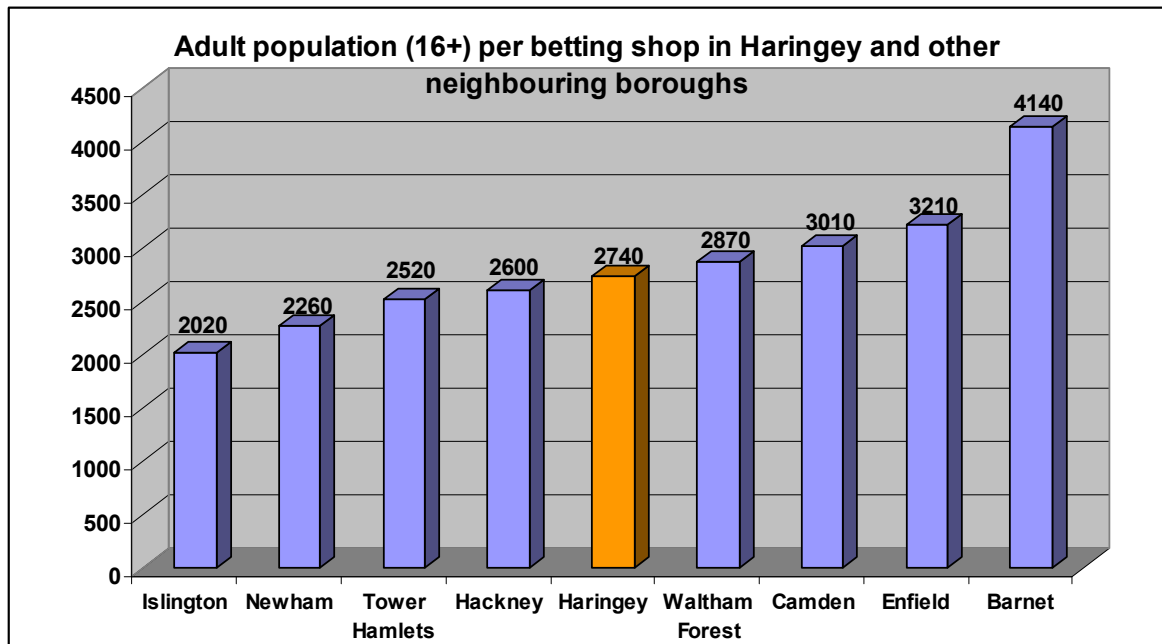
Produced by Policy and Performance  
 © Crown copyright. All rights reserved LBH (100019199) (2010)

**Appendix D – Number of betting shops in Haringey and other surrounding boroughs.**



Based on data collected from borough licensing departments October 2010.

**Appendix E – Adult population (16+) per betting shop in Haringey and other surrounding boroughs.**



Betting shop data based on data collected from borough licensing departments October 2010. Population data based on GLA population estimates for 2009.

## Appendix F – Letter to Secretary of State for Culture Media and Sport 19/8/2008

5<sup>th</sup> Floor, River Park House, 225 High Road, Wood Green, London N22 8HQ  
Tel: 020 8489 2964 Fax: 020 8881 5218  
[www.haringey.gov.uk](http://www.haringey.gov.uk)



Leader of the Council Councillor George Meehan

**Haringey** Council

Rt Hon Andy Burnham MP  
Secretary of State for Culture Media & Sport  
Department for Culture Media & Sport  
2-4 Cockspur Street  
London SW1Y 5DH

19 August 2008

Dear *Andy*,

### The Gambling Act 2005

The proliferation of gambling premises in Haringey has become an area of significant concern, and an issue over which the residents in this borough and others feel very strongly. David Lammy MP has also raised his concerns over this problem and we are now writing to you to seek your support for a way forward in tackling this issue.

As a result of recent appeal decisions and legal advice, we now find that our Licensing Committee is effectively unable to refuse all new premises applications in Haringey. As a consequence we have no effective measures to limit gambling even though we as elected Members believe there are strong reasons to be concerned that the growth of gambling premises will be to the detriment of our town centres, and places some vulnerable residents at increased risk of problem gambling.

In addition we believe that it is wrong, in principle, to establish a system of engagement that involves communities, only to then prevent their genuine concerns from being acted on.

There is a need to better understand the implications of what has happened in Haringey, and to ensure that local authorities are able to carry out effective and appropriate controls over new gambling premises to be made available.

### Legal and Policy Context

Haringey Council has received and administered 10 applications under the Gambling Act 2005 (the Act) since its implementation in September 2007. The Act states that in exercising its functions relating to premises licenses the Licensing Authority must aim to permit the use of premises for gambling in so far as it thinks it is in accordance with the relevant Codes of Practice, with the relevant Guidance issued by the Gambling Commission, and reasonably consistent with the licensing objectives, and lastly in accordance with the Statement of Licensing Policy published by the Authority.

There are 2 important observations to be made. The Authority's Policy plays a subordinate role to the Codes of Practice, the Guidance and the licensing objectives, and the Authority's policy is unable to claim a greater importance than the Codes, the Guidance or objectives.



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Certain matters are expressly ruled out of consideration -

- The Authority may not have regard to the expected demand for the facilities. Demand for premises cannot be considered and the ability for the Policy to roam is very much set by the paths afforded by the legislation. There is also nothing in the Act or Guidance relating to saturation policies.
- The Authority may not consider the likelihood of obtaining planning or building permission so that a policy cannot lawfully make relevant that which is made irrelevant by statute.

As the Act grants only a very narrow discretion, a policy which supports a wider discretion is likely to be held unlawful.

As a result of the administering of these applications, the Licensing Sub Committees have had good reason to refuse 3 applications in the area of Green Lanes N4.

### **Green Lanes**

Green Lanes is a unique area. It has a vibrant high street with a high percentage Turkish and Kurdish traders and approximately 230 shop fronts. More than 50% of premises are retail premises and approximately 16% are catering and 16% are financial and professional services, including betting establishments.

The Ladder roads which are situated to the west of Green Lanes reflects a mixed community with a high number of low quality houses in multiple occupation and houses converted into flats. The area is associated with a high degree of transience, ethnic migrant populations and a high percentage of low income residents.

St Anne's Hospital is adjacent to Green Lanes, and provides a centre for the treatment of mental health conditions. Local GPs have indicated that they believe they have a higher than usual patient list of people with mental health problems and disorders.

Gambling and crime have had a strong association with the area and much work has been done to tackle this to improve safety in the area. However, the Ladder roads in particular have a high level of acquisitive crime, and gambling premises in particular have been associated with peaks in criminal damage and disorder offences. Unauthorised gambling activity has been significantly reduced but remains prevalent in a number of social clubs that operate. These social clubs are often associated with other forms of criminal activity and there are known links to organised crime.

These issues and the concern of residents over a perceived growth in licensed gambling premises were key issues considered by members of licensing panels considering applications to the area and which resulted in applications being refused.

### **Appeal Findings**

On appeal to the Magistrates Court the case for the Authority relied on Green Lanes being an area which has high levels of vulnerable persons, the proximity of the premises to mental health provisions, evidence of a concentration of housing in

multiple occupation and vulnerable ethnic minority and transient residents, a history of crime related to gambling and organised crime, and high levels of recent reported crime associated with gambling premises.

The case for the Appellant was that there is no evidence that one extra betting shop will in any way impact on the area in a way which is contrary to the licensing objectives. This position was supported by evidence of management controls and the Appellant's social responsibility policies. This was further supported by the testimony of a significant authority who confirmed that one betting shop will not raise levels of problem gambling or crime.

The Magistrates ruled that the Authority acted improperly and upheld the appeals and as a result the Authority was ordered to pay substantial costs.

It is a matter of great concern that the Act, although on the surface, allows Interested Parties (usually residents) to become involved in the process, does not in fact allow a Licensing Authority to take into account the concerns of these Interested Parties and the local knowledge of its elected Members. This is a concern shared by other councillors of Haringey and for David Lammy, the Member of Parliament for Tottenham, in whose constituency Green Lanes falls.

#### **Next Steps for Haringey**

Haringey has sought Counsel opinion on what steps it might take to put itself in a better position to resist appeals against the Authority's decisions to refuse premises licensed for gambling premises under the Act, and thereby bring about an element of control over the proliferation of such premises in order to uphold the licensing objectives.

The Authority is bound by the wording of Section 153 of the Gambling Act 2005 to 'aim to permit' proposals which comply with the Codes of Practice and Guidance. The problem with this steer is that by definition it is compelled to grant an application as operators when obtaining an operators licence would already have shown that the requirements of the Codes of Practice had been satisfied and met.

Haringey is advised by Counsel that a way forward would be to carry out substantive research to ascertain the extent of gambling in Haringey, and the extent of gambling problems. Putting together the evidence of risk, there would need to be a clear link to crime, exploitation or harm to vulnerable persons. This research would have to show the impact that any further gambling premises will have on the area with relevance to the licensing objectives.

We are currently scoping this area of research and would invite you to add your support in ensuring that the results have value in informing future decision making for Government. I am providing a copy of a tender schedule and would value your Department's comments on the approach it outlines.

If this research demonstrates that there is a body of evidence to support an assessment of risk, we would seek to amend our Statement of Licensing Policy to identify locations in the Borough where there is evidence of risk.

This evidence of risk could then be taken into account when deciding an application, although any policy would retain the necessity for each case to be

considered on its merits with no assumption that an application will fail or will not be considered.

It would be also be our intention that the research should be made available to both your Department and the Gambling Commission to ask for a reconsideration of Section 153 of the Act and the current Guidance. We believe that an amendment here to remove the presumption in favour of granting an application would help to redress the balance in favour of the protection of areas where there is reasonable belief that there will be harm caused by the addition of any new gambling premises.

I trust that we can rely on your consideration of this matter and I hope that you will support for the way forward we have outlined. We believe that this is now an issue of great concern to many people, and over which the Government must be seen to respond.

Yours sincerely



**George Meehan**  
Leader of the Council



**Nilgun Canver**  
Cabinet Member for Enforcement and  
Safer Communities

Cc. Rt Hon Hazel Blears MP  
David Lammy MP  
Lyn Featherstone MP  
Enc. Gambling Research Scoping Document

## Appendix G – Letter to Secretary of State for Department of Culture, Media and Sport 19<sup>th</sup> February 2010

Members' Room  
5th Floor, River Park House, 225 High Road, Wood Green, London N22 8HQ  
Tel: 020 8489 2626 Fax: 020 8881 5218  
[www.haringey.gov.uk](http://www.haringey.gov.uk)



Cabinet Member for Enforcement and Community Safety Councillor Nilgun Canver

**Haringey** Cc

Ben Bradshaw  
Secretary of State  
Department for Culture, Media and Sport  
2-4 Cockspur Street  
London  
SW1Y 5DH

Friday 19<sup>th</sup> February 2010

Dear Ben

### Gambling Act 2005

On the 19<sup>th</sup> August 2008 I wrote to the then Secretary of State for Culture Media and Sport, the Rt., Hon., Andy Burnham MP, expressing concern that local authorities have no effective controls to limit the number of gambling premises opening in our boroughs. I have included a copy of this correspondence and the attachments sent.

On the 2 December 2008 the Prime Minister announced his 'Fair Rules for Communities' agenda and that he would ensure that "local communities and their authorities have sufficient powers to prevent the clustering of betting shops in areas where this is a problem." This commitment was subsequently confirmed as a Government priority in the Queen's speech.

My understanding therefore was that there would be an early review of the powers available to local authorities and a published report of the findings and proposals. I believe that to date no report has been published.

My officers have met with Stuart Roberts, Head of Regulation in your Department, and we have exchanged further information and explanation for why Haringey Council believes it has no effective means of preventing the clustering of betting shops. This has included a Counsel opinion which confirms, in effect, that all new applications must be granted.

At this time our Licensing Committee is considering a fresh application for a betting shop in Harringay Green Lanes. This will mean that within a relatively small area there will be seven betting shops and an adult gaming centre. A further two applications have also been submitted for Tottenham and Wood Green, which also already have significant numbers of gambling premises already operating.

Can you please advise me as a matter of urgency whether the review of powers to deal with the clustering of betting shops announced by the Prime Minister has been undertaken, and when will the findings be published?

I look forward to receiving your early response.

Yours sincerely

**Councillor Nilgun Canver**

Cabinet Member, Enforcement and Safer Communities  
Chair, Safer Communities Executive Board (Haringey CDRP)  
Member of LGA Safer Communities Board

Cc David Lammy MP  
Lyn Featherstone MP  
Cllr Claire Kober, Leader of Haringey Council



## Appendix H - Letter Secretary of State Department of Culture, Media and Sport 25<sup>th</sup> August 2010

Leader's Office  
5<sup>th</sup> Floor, River Park House, 225 High Road, Wood Green, London N22 8HQ  
Tel: 020 8489 2964 Fax: 020 8489 5218  
www.haringey.gov.uk



Haringey Council

Rt Hon Jeremy Hunt MP  
Secretary of State for Culture, Olympics, Media and Sport  
Department for Culture Media and Sport  
2-4 Cockspur Street  
London  
SW1Y 5DH

25 August 2010

Dear Secretary of State,

### **Gambling Act 2005 and Clustering of Betting Shops**

We are writing to follow up on correspondence to previous Secretaries of State for Culture Media and Sport, and the serious concerns that have been raised about the Gambling Act 2005.

On the 19<sup>th</sup> August 2008 the then Secretary of State for Culture Media and Sport, the Rt. Hon. Andy Burnham MP, was written to, expressing concern that local authorities have no effective controls to limit the number of gambling premises opening in their boroughs. The letter reflected on the experiences of Haringey and a Counsel opinion that in effect no new application could be refused. This is because the grounds for refusal are limited and the authority is under a duty to 'aim to permit' application.

This in our view makes the process of application a sham that wastes the time of residents, elected members and officers.

On the 2 December 2008 the previous Prime Minister announced his 'Fair Rules for Communities' agenda and that he would ensure that "local communities and their authorities have sufficient powers to prevent the clustering of betting shops in areas where this is a problem." This commitment was subsequently confirmed as a Government priority in the Queen's speech.

Our understanding therefore was that there would be an early review of the powers available to local authorities and a published report of the findings and proposals. To our knowledge there has been no report published to date.

A further letter was sent in February 2010, this time to Rt. Hon. Ben Bradshaw MP the then Secretary of State for Culture Media and Sport, seeking confirmation of whether the review of powers to deal with the clustering of betting shops had been undertaken, and when will the findings be published. To date there has been no reply.

Over this time our officers have met with Stuart Roberts, Head of Regulation in your Department, and we have exchanged further information and explanation for why Haringey Council believes it has no effective means of preventing the clustering of betting shops. This has again included a Counsel opinion which confirms, in effect, that all new applications must be granted.

There is a cross party agreement in Haringey that the clustering of betting shops

Leader of the Council Councillor Claire Kober  
Labour Member for Seven Sisters



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require legislative intervention. In July this year all councillors voted to support a council motion calling for enhanced powers to stop the clustering of betting shops, and to allow for the refusal of license applications for new betting shops in saturated areas.

Turning to the use of powers under Article 4 of the General Permitted Development Order, under the Town and Country Planning Act 1990 (As Amended), it is considered that this legislation is neither designed to easily prevent change of use between Use Classes under the Use Classes Order, nor is it a flexible and responsive approach to the issue of clustering of uses that leads to a concentration of betting establishments. Our assertion is that the implementation of an Article 4 Direction on a broad area to control changes of use is unlikely to be supported by the Secretary of State for Communities and Local Government and is a complex and protracted process, lasting several years, in particular where this is contested. Along with this, current guidance points towards the use of these powers sparingly, since the impact of the restriction of permitted development rights has the effect of potentially increasing the regulatory burden on government, at all levels. The fundamental fact is that this a blunt instrument for the purposes of prevention of clustering of betting shops and we would assert that a quicker and more realistic approach would be to take forward changes to the licensing code.

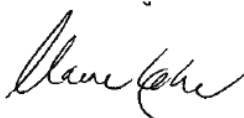
The consequences continue to affect Haringey. Recently two new betting shop applications have been submitted in areas that already have numerous similar premises in close proximity. Many residents have sought to object to the impact of these applications, either through the ward councillors, independently or by petition. In nearly all cases the authority has to reject the objections because the concerns about impact cannot be justified against the prescribed licensing policy objectives.

We believe that the clustering of betting shops is a cynical act by the industry to target communities that may be at risk of problem gambling. The result is that the viability and diversity of our shopping districts is being lost because the industry is exploiting the weakness in the Act, and targeting areas of deprivation because this is where they expect to get the greatest profit. This exploitation traps people on low income into a cycle of debt that can be almost impossible to escape from. Of particular concern has been that the Gambling Commission has shown the industry has failed to protect children from gambling.

In addition; our evidence is that betting shops are a source of crime and low level disorder that impacts on police resources, and has a negative impact on an area. Fixed odds betting terminals are strongly linked to increased criminal damage reports and we have provided your department with a recent and relevant published study from Australia that has concluded that "there is strong and robust evidence of a positive and significant link between gaming expenditure and crime".

At a time when Government is seeking to remove unpopular legislation, reduce waste, boost local economies and to empower local communities, it is important that this issue becomes a priority for you.

Yours sincerely,



Councillor Claire Kober  
Leader of the Council  
London Borough of Haringey



Councillor Nilgun Canver  
Cabinet Member for Neighbourhoods  
London Borough of Haringey

**Cc: David Lammy MP**  
**Cc: Lynne Featherstone MP**

## Appendix I – Letter from Minister of Tourism and Heritage (Department of Culture, Media and Sport)

Department for Culture, Media and Sport  
John Penrose MP  
Minister for Tourism and Heritage

*CP*

2-4 Cockspur Street  
London SW1Y 5DH  
www.culture.gov.uk

Tel 020 7211 6000  
Fax 020 7211 6249

Our Ref: CMS 151658/np/13

Councillor Claire Kober  
Leader of the Council  
London Borough of Haringey  
5<sup>th</sup> Floor  
River Park House  
225 High Road  
London. N22 8HQ.



30 September 2010



Dear Claire

Thank you, and Councillor Canver, for your joint letter of 25 August to Jeremy Hunt setting out your concerns about the number of betting shops in your area. I am responding as the Minister responsible for gambling and I apologise for the delay in doing so.

I appreciate the concerns in your Borough about the concentration of betting shops in particular locations but I'm not currently convinced that there is a compelling case to change national gambling legislation. A number of powers are already available under planning and gambling legislation, as well as a host of others relating to crime and anti-social behaviour. I'd want to be assured that these existing powers have been fully utilised, as well as have a better understanding of why other local authorities in other parts of the country are not reporting a similar problem, before adding even more regulations.

You explain why you think that powers under Article 4 of the Town and Country Planning (General Permitted Development) Order 1995 (as amended) are ineffective in addressing your concerns. Planning policy is, of course, a matter for Communities and Local Government Ministers, but I understand that, following changes made in April 2010, article 4 directions no longer need Government approval. Instead, local planning authorities can confirm article 4 directions themselves, subject to fulfilling certain procedural requirements including a public consultation.

While these powers are not expected to be used routinely, where a local authority believes there is a real or specific threat from the exercise of permitted development rights, their use can be justified. The Government would expect the boundaries of an area which is subject to a direction to be drawn as tightly as possible, but it is for the local authority concerned to determine these boundaries given the circumstances of the particular case.



I understand it is possible for article 4 directions withdrawing permitted development rights for changes of use to be put in place with immediate effect, should there be a local need to do so. The Government believes therefore that article 4 directions can be an effective tool for local authorities to control development in their area. If you have any further views on the use of planning powers, then you might wish to write to Greg Clark MP, Minister for Decentralisation at the Department for Communities and Local Government.

You refer to evidence the betting shops are a source of crime. As you may know, prior to the General Election, DCMS officials were in discussion with the Gambling Commission and the Local Government Regulation about issuing guidance to clarify how powers under that Act could be used to tackle crime and disorder associated with gambling premises. My officials are continuing with that work which will make clear that there are circumstances where links between crime and disorder and individual premises can lead to appropriate action in the Gambling Act, including a review of the licence.

You mention the poor record of the industry in relation to age verification, and I'm pleased to tell you the Gambling Commission is taking action in this area. While there is still some way to go, there are signs that the industry is taking this issue seriously. Those that do not can, of course, be subject to the full weight of regulatory sanction. Similarly, the Safebet Alliance is a groundbreaking voluntary code developed by the betting industry and the Metropolitan Police, with input from local councils and trade unions, focused on addressing robbery and crime issues related to betting shops. Where problems do occur, I believe that targeted initiatives such as these are preferable to simply closing premises and reducing local employment.

Yours sincerely

A handwritten signature in cursive script that reads "John Penrose". The signature is written in dark ink and is positioned above a horizontal line that spans the width of the signature.

John Penrose MP  
*Minister for Tourism and Heritage*

## Appendix J – Agenda for the panel meeting investigating the clustering of betting shops.



Haringey Council

### Overview & Scrutiny Committee

#### Investigating the clustering of betting shops in Haringey

**Wednesday 10<sup>th</sup> November**  
(Haringey Civic Centre, Wood Green)

The Overview & Scrutiny Committee in Haringey has commissioned a review of betting shops in the borough, in particular, the way in which these appear to be clustered in some local communities. The aim of this review is to find out what impact this clustering effect may be having on local communities, and if there are any negative effects, to identify how can these be resolved locally.

An extended scrutiny panel meeting has been set for Wednesday 10<sup>th</sup> November, to help gather evidence for this investigation. At this meeting, a panel of local councillors will hear evidence from a wide range of local services, gambling organisations and of course, local residents, to enable them to draw up conclusions and recommendations on this issue.

The meeting will be held over two sessions:

#### **Session 1 at 3pm**

The first session will look at the current framework for the licensing of betting shops and the scope that the Council currently has to influence the number and location of betting shops in Haringey. The session will also hear from the gambling regulator, the Gambling Commission, for a more global perspective on this issue.

The Association of British Bookmakers and representatives from major local betting shop operators (William Hill, Ladbrokes and PaddyPower) will also be attending to present their case to the panel.

To help assess what the impact of the clustering of betting shops may be in Haringey, this session will also hear evidence from Metropolitan police and GamCare (which supports people with gambling problems).

#### **Session 2 at 6pm**

The purpose of the second session is primarily to hear evidence from local residents, community and residents groups and businesses to help the panel understand what impact the clustering of betting shops may be having in local communities.

The session will be held in a workshop format, to enable as many people as possible to participate and contribute to the review.

## **Agenda Session 1**

<b>Time</b>	<b>Item</b>
<b>3:00 p.m.</b>	<p>Welcome and introduction. Opening remarks and explanation of review process.</p> <p>Cllr David Winskill, Chair of the review panel</p>
<b>The current framework for the licensing of gambling premises</b>	
<b>3.10 p.m.</b>	<ul style="list-style-type: none"> <li>• How many betting shops are there in Haringey and are these clustered?</li> <li>• Overview of the Gambling Act (2005) and granting of local gambling premises licenses</li> <li>• In what ways can the council influence the number and location of betting shops in Haringey? <ul style="list-style-type: none"> <li>○ As the gambling licensing authority?</li> <li>○ As the planning authority?</li> </ul> </li> <li>• Are there any legal implications arising from the licensing process (i.e. appeals)?</li> </ul> <p><u>Participants:</u></p> <ul style="list-style-type: none"> <li>• Robin Payne, Head of Enforcement, LB Haringey</li> <li>• Daliah Barrett, Lead Licensing Officer, LB Haringey</li> <li>• Eveleen Riordan, Planning Project Manager, LB Haringey</li> <li>• Antonios Michael, Senior Lawyer, LB Haringey</li> </ul>
<b>3.40 p.m.</b>	<p>Overview of the licensing of gambling premises in Haringey, the view of the regulatory authority.</p> <p><u>Participants:</u></p> <ul style="list-style-type: none"> <li>• Matthew Hill, Director of Strategy, Research &amp; Analysis, Gambling Commission</li> </ul>
<b>Representations from the Betting Shop industry</b>	
<b>3.55 p.m.</b>	<ul style="list-style-type: none"> <li>• Has the Gambling Act precipitated a rise in the number of betting offices?</li> <li>• What factors determine where betting shops are located?</li> <li>• Is there any benefit for betting shops to congregate in local areas?</li> <li>• What contribution do betting shops make to local communities?</li> <li>• What measures are taken to support responsible gambling?</li> </ul> <p><u>Participants:</u></p> <ul style="list-style-type: none"> <li>• Patrick Nixon, Chief Executive of the Association of British Bookmakers</li> </ul>

	<ul style="list-style-type: none"> <li>• Andrew Lyman, William Hill plc</li> <li>• Ciaran O'Brien, Ladbrokes plc</li> <li>• Patric MacPherson, Paddy Power Ltd</li> </ul>
<b>What is the impact of the clustering of betting shops in the community?</b>	
<b>4.30</b>	<ul style="list-style-type: none"> <li>• Is there any crime or disorder associated with the clustering of betting shops or betting shops in general?</li> <li>• Has the Gambling Act precipitated a rise in the level of problem gambling?</li> <li>• In terms of problem gambling, what role / risk do betting shops play as compared to other gambling mediums?</li> <li>• Are there higher rates of problem gambling in Haringey/ London?</li> <li>• Has any impact of betting shops been evidenced in local/ national research?</li> </ul> <p><u>Participants:</u></p> <ul style="list-style-type: none"> <li>• Adrian Scarfe, Head of Clinical Training, GamCare (TBC)</li> <li>• Police Sergeant Chris Weston-Moore, Problem Oriented Police Officer, Metropolitan Police</li> </ul>

### **Agenda – Session 2**

This session is dedicated to hearing from local residents, residents groups and businesses about the impact that the clustering of betting shops is having within the community.

It is planned to hold one open session to hear evidence from local interest groups. Though depending on the numbers present, the Chair of the panel may wish to divide the evidence gathering in to two parallel sessions this in to two separate area groups on geographical area:

- Group 1: Haringay Green Lanes/ Wood Green corridor (Council Chamber)  
Group 2: Northumberland Park/ Bruce Grove (Committee Room 2)

<b>6.00 p.m.</b>	Welcome and introduction to session 2
	<b>What is the impact of the clustering of betting shops in the community</b>

<p><b>6.05 p.m.</b></p>	<ul style="list-style-type: none"> <li>• What are the views of local residents?</li> <li>• Is there any crime or disorder associated with betting shops?</li> <li>• Has the range of shops/ retail opportunities been affected in the local area?</li> <li>• Have betting shops attracted other retail outlets to local areas?</li> <li>• Has there been any impact on local rents in local shopping areas?</li> <li>• What are the views of local people who use betting shops on this matter?</li> <li>• How can the community be more effectively involved in licensing decisions?</li> </ul> <p><u>Participants:</u>  Local residents  Representatives from residents associations  Local businesses  Users of betting shops?</p>
<p><b>7.00 p.m.</b></p>	<p>Plenary - report back to main panel (if two groups)</p>
<p><b>Drawing the conclusions and recommendations from the evidence</b></p>	
<p><b>7.30 p.m.</b></p>	<ul style="list-style-type: none"> <li>• What action can the council take to resolve any problems identified.</li> <li>• What are the prospects for future change (in law relating to licensing or planning)</li> <li>• Can the Sustainable Communities Act offer any remedy?</li> <li>• How have other Local Authorities dealt with this issue?</li> <li>• What representations can be made to central government?</li> <li>• What are the next steps?</li> </ul>
<p><b>8.00 p.m.</b></p>	<p>Close</p>



**Submissions received:**

1. Councillor Strickland
2. Councillor Reith
3. Councillor Alexander
4. Mr L Resident of Burgoyne Road
5. Ms S Resident of Harringay Ward
6. Association of British Bookmakers
7. Parkside Malvern Residents Association
8. Ladder Community Safety Partnership
9. Noel Park North Area Residents Association
10. Heart of Haringey
11. Tottenham Quaker Meeting
12. Harringay Traders Association
13. Campaign for Fair and Open Gambling
14. Find Your Voice