



Campaign for Fairer Gambling: Local authority consultation response

Introduction

The Campaign for Fairer Gambling has been concerned about B2 machines, also known as Fixed Odds Betting Terminals (FOBTs), in Licensed Betting Shops (LBOs) for some time. The maximum stake of £100 with a spin nearly every 20 seconds on addictive roulette content, in easy-access minimal-control LBOs is totally illogical. By comparison the maximum stake on a casino slot machine is generally £2. The vast majority of the turnover on FOBTs is on roulette, which is a faster pace than casino roulette, resulting in faster FOBT gambler losses.

Concentration of betting shops

Analysis should commence with reflecting on what the LBO sector would look like if FOBTs had not been introduced. It is logical to assume there would have been similar trends as in many other sectors. These are a reduction in the total number of units and an increase in the size of the units. Inevitably this would have resulted in a far lower concentration than is currently the case.

Simply, it is FOBTs that have led to an increase in the number of units – which has led to clustering – because of a limitation of 4 machines maximum per shop. A 15% increase in the number of LBOs since 2000 (1,100) is also accompanied by an increase in retail floor space as bookmakers re-site traditional over-the-counter (OTC) betting shops onto High Street mini-casino locations with larger floor space.

The recent DCMS select committee report recommended an increase in the maximum number of FOBTs per LBO as an anti-clustering measure. But the reality is that there would just be more FOBTs and more clustering of FOBTs and no impact on LBO concentration.

Slot machines on the Las Vegas Strip are open 24 hours a day and take around £450 per machine each week. By contrast, trading for far less hours, William Hill takes around £900 a week per FOBT. Bookmakers could easily justify doubling the number of FOBTs nationally, but in areas with higher volumes of activity than the UK average there is every reason to think that a trebling of FOBTs would be viable for bookmakers.

Under current legislation there will continue to be a growth in both LBO numbers and LBO concentration stimulated by FOBTs, unless there is appropriate action by Local Authorities (LAs). The replacement of Amusement Machine Licensing Duty (AMLDD) with Machine Game Duty (MGD) in January 2013 will exacerbate the problem of clustering. AMLDD works as a fixed charge per LBO, but this will be replaced with a 20% “profit share” style tax (MGD). Higher end shops will pay more under the new regime, but the change will improve the viability of lower end LBOs, resulting in an increase in LBOs.

The prevention of problem gambling and harm to young and vulnerable persons are both licensing objectives. Where those objectives are not being attained then this should provide grounds for denial of licensing. The clustering of LBOs results in problem gamblers moving from FOBT to FOBT, from shop to shop in order to satisfy their addiction.

Extension of opening hours

Bookmakers will argue that they want to cater for demand. But the accessibility, marketing and addictive nature of FOBT roulette creates the demand. Extended opening hours means minimal staff providing minimal oversight of increased FOBT gambling and increased consequential addiction, harm and crime.



Bookmakers may purport they want to attract wagering on overseas or esoteric sports at unusual hours. Yet there is very little consumer interest in these products, certainly not enough to justify extended opening hours. Also bookmakers have a long history of refusing wagers at advertised prices if being placed by known competent gamblers. They even refuse wagers at advertised prices by unknown persons if wagers are to win above certain amounts. So bookmakers do not cater for the existing demand for OTC betting and should be denied any extension of hours of operation.

Crime and disorder in betting shop vicinity

FOBTs have resulted in an increase in abuse of staff and crime on premises. Damage to FOBTs is going unreported in some cases. Accepting wagers from under-age gamblers is common on FOBTs. With the lack of sobriety verification of FOBT gamblers there is likely to be crime in the vicinity as a consequence of under-the-influence FOBT gambler losses. But with the impracticality of LAs or police regularly monitoring betting shops and inadequate staff numbers and with no staff willingness to challenge FOBT gamblers, these problems will escalate. Bookmakers are failing in yet more of their licensing obligations.

Primary use of the betting shop

By virtually every factor the primary use of the LBO is FOBT gaming not OTC betting.

	<u>OTC Betting</u>	<u>FOBT Gaming</u>
Gross gaming yield	50%	50%
Turnover	20%	80%
Transactions	20%	80%
Wagers	5%	95%

The gross gaming yield was slightly less than 50% for FOBTs in the year to Sept 2011. But this is of course now a year out-of-date. Bearing in mind that just over 10 years ago the FOBT yields was at 0%, as they had not been introduced, there is every expectation that FOBT yield will soon exceed 50%.

The turnover ratios are obtainable from bookmakers' annual accounts. The transactions estimate is based on a similar amount per OTC and FOBT transaction. The wager estimate is in the knowledge that an OTC transaction is usually for a limited number of bets, but that a significant number of different numbers are bet per FOBT roulette transaction. The Gambling Commission (GC) for Great Britain claims in its August Special Bulletin to LAs that space allocation should be a consideration. This is a fallacy as different forms of gambling just require different amounts of space.

Further the Bulletin claims that turnover is a misleading factor because:

"[FOBTs] rely on players repeatedly re-staking their winnings."

This is exactly how a problem gambler would behave. The propensity to re-stake winnings is also a play style that roulette engenders.

Summary

The GC's Bulletin seeks to support the status quo and minimize the powers of LAs, if the GC's interpretations are adhered to. LAs should not comply with this blatant abuse by the unelected administrators at the Gambling Commission.

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13 September 2012



Dear Sir / Madam

REVISED GAMBLING POLICY – CONSULTATION RESPONSE

I have reviewed the Draft Revised Gambling Policy.

I am concerned about the Applications for Licenses not going to the Full Council. The policy should be revised so that not only the general policy goes to the full council (once every year) but also each Licence Application. It is only by having each application presented to the full council that all members will be able to form a view on the way in which the adopted policy is working out in practice.

I am copying this comment to my ward councillors.

Yours faithfully

Colin Kerr

cc. Cllr. George Meehan
Cllr. Pat Egan
Cllr. Ann Waters