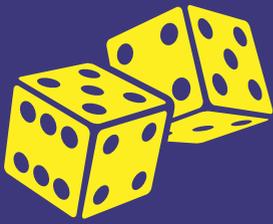
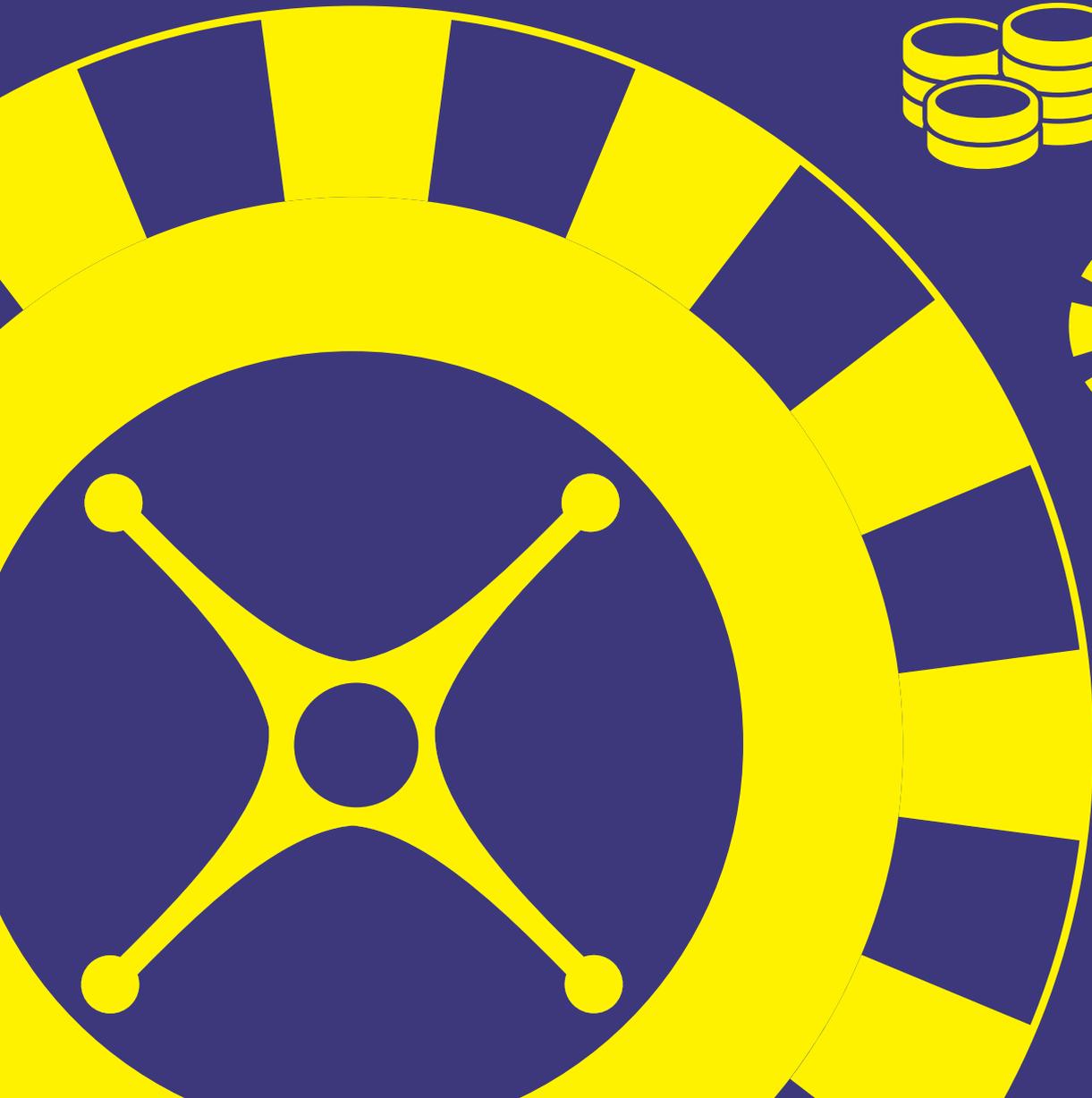
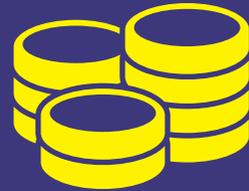


# Fixed Odds Betting Terminals



Are we gambling with  
our nation's well-being?



## Rolling in it

Preferred maximum stake: **£2**  
 Maximum stake per spin: **£100**  
**135,000** gaming machines, of  
 which **33,000 are FOBTs**

FOBTs are located in the **8,700 betting shops**  
 open across the UK; other gaming machines can be  
 found in arcades, pubs and clubs

**£900 per week** is generated per FOBT, equating  
 to a total of **£1.5bn each year**

**70%** of profit comes from  
 roulette games



## What the public say

**70%** want extra restrictions on  
 high-stakes gambling  
**Two-thirds** do not believe that  
 the bookmakers' code of conduct  
 deals with the problems  
 caused by FOBTs

# High-stakes gambling

Billed as the “crack cocaine of  
 UK gambling”, fixed odds betting  
 terminals (FOBTs) don't have the  
 best reputation. Here's why . . .



## Supporting those who gamble

The Responsible Gambling Trust  
 exists to help minimise  
 gambling-related harm

**£6m** raised each year in donations  
 from the gambling industry

**£4.8m**: cost of providing services  
 and treatment, March 2013/14



## FOBTs and problem gambling – just how bad is it?

**87%** of gamblers say FOBTs are **addictive**

**62%** of gamblers have played on FOBTs  
**until all their money had gone**

**40%** of FOBTs' revenues are estimated to come  
 from **at-risk gamblers**

**£1,000+** can be **lost per hour**

**£13bn** is gambled on FOBTs in the

**55 most deprived boroughs**

**£6.5bn** is gambled on FOBTs in the

**115 least deprived boroughs**



Sources: RGT; Campaign for Fairer Gambling;  
 Gambling Commission; Bacta

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10 The doorway to a mini-casino



12 Thinking differently about regulation

# Against the odds

Gambling has long been a pastime enjoyed responsibly by people across Britain. Yet the rise of fixed odds betting terminals (FOBTs) in high street betting shops has been steady and largely unchecked. There are now nearly 33,000 of these fast-paced, risky and addictive FOBTs nationwide.

Their regulation is at the heart of a debate to empower local authorities and protect those most vulnerable in society – both financially and psychologically. The government no doubt takes the issue seriously, setting out improvement measures as recently as 30 April 2014, but

many in this report say it has not gone far enough. As Gareth Wallace illustrates on page eight, gambling addiction can destroy lives and sever relationships. This special supplement draws together critical voices to discuss problems and possible solutions to keep gambling safe for all. |

This supplement, and other policy reports, can be downloaded from the NS website at [newstatesman.com/page/supplements](http://newstatesman.com/page/supplements)

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# Better measures

By Helen Grant

The government message couldn't be clearer: it's time to put player protection and social responsibility at the heart of the industry

There has been plenty of speculation over the past few months on the content of the government's review into gambling policy, ever since the Prime Minister announced it would be undertaken in January. But I believe that our measures published last month, on 30 April, have struck the right balance in supporting both a strong gambling industry and a responsible one.

Since becoming the minister at the Department for Culture, Media and Sport responsible for gambling, I have listened to both sides of the debate through numerous meetings with both the industry and campaign groups who have lobbied for stronger protection measures in the sector. My message to the industry couldn't be clearer – it needs to put player protection and social responsibility right at the heart of its businesses.

The government has been encouraged by the moves the industry has made – in particular when it introduced new voluntary player protection measures on fixed odds betting terminals earlier this year. FOBTs, found in bookmakers across the country, have been the source of much debate and we have been crystal clear that we want stronger protection for players of these machines.

The new measures from the industry include suspensions in play if voluntary limits are put in place and reached, and alerts that pop up on the machine to tell players they've been playing for 30 minutes, or spent £250.

While we think this is a step in the right direction, we believe that voluntary measures are not enough. The government believes that player protection measures must be toughened and should form part of an operator's licence conditions, so bookmakers will have to accept them or

not be able to trade. The Gambling Commission is currently working to make sure this happens.

This is in response to the increased concerns over the clustering of betting shops in some areas; local authorities will be given more control over whether to allow new betting shops on their high streets.

Under the current system, planning applications are not needed for new betting shops to open up in premises left empty by another business and are viewed in the same category as estate agents, banks and building societies.

The new rules will put bookmakers in a different planning class to other businesses, so local authorities will be able to scrutinise applications for new betting shops and refuse them if they are not consistent with their local plan. These changes

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A successful gambling industry mustn't be at the price of public protection

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will give local communities in England and Wales a voice in deciding whether they want another shop to open; it is part of a broader package to enhance and rejuvenate high streets. Gambling operators, when applying for a licence, will also be required to show how they would comply with social responsibility codes, taking into account local circumstances.

We realise that for some people problem gambling is a serious issue and we are determined to help tackle it. The changes we are proposing are necessary to ensure that vulnerable players are protected. I want players who use gaming machines to be in control of the choices they make.

The government has decided to adopt a

precautionary approach and take targeted and proportionate action to protect players further when using high stake gaming machines on the high street. This will mean customers who want to stake more than £50 in a single action must use account-based play or load cash over the counter through a member of staff. This will put an end to unsupervised high-stake machine gaming on the high street, leading to better interaction between the customer and operator, as well as giving bookmakers more opportunities to intervene if they are concerned about a player's gambling behaviour.

Bookmakers have a social responsibility to take care of their customers and their licences can be taken away if they don't. This is a sensible and balanced approach which allows players continued use of these machines on the high street, while ensuring greater supervision and player protection.

As part of the review, the government is also looking at codes which govern gambling advertising, given the changes to the gambling landscape and the availability and promotion of new products which were not anticipated when the codes were devised. We have asked the Advertising Standards Authority to review the codes for gambling advertising, to see whether change is needed with work on this area, due to be complete by the end of the year.

Of course we want a successful gambling industry, but it must not be at the price of public protection. I call on the sector to put social responsibility at the heart of their businesses and ensure growth comes from customers who are fully in control of their gambling. |

*Helen Grant MP is the minister for sport, tourism and equalities at the Department for Culture, Media and Sport*

# Too little, too late

By Clive Efford

The government's new rules regarding the use of fixed odds betting terminals don't go anywhere near as far as they should

The government's £50 limit on a single play on a fixed odds betting terminal (FOBT) is a sham.

First, the limit relies on the betting industry to apply it. Second, customers will be able to bet above £50 on a single play with permission from betting shop staff. Third, the government has not provided any explanation of how it came to decide that £50 will deal with problem gambling.

For more than two years, the government has refused to act in response to our calls for action on the clustering of betting shops in high streets. Meanwhile the problem has been getting worse.

The industry has also been allowed to drag its heels over the research that was promised in response to growing public concern about the possible harmful effects of the £100 stake coupled with the £500 prize on FOBTs, which makes them a "B2 category" gaming machine (a Gambling Commission rate-system based upon maximum stake and prize available).

It was not until Ed Miliband challenged David Cameron about this in parliament that the industry was forced to get this research going, research which will increase our understanding of the effects of B2 machines and enable us to make better informed decisions about them.

The government says the £50 limit has been applied as a precautionary principle. But surely precaution dictates that, in the absence of any conclusive evidence that locating B2 machines on our high streets is not harmful, the machines should be removed until they are proven to be safe. The absence of evidence has been used as the reason for maintaining the status quo.

The government claimed consistently there was no need to act. It said local authorities had the necessary powers to prevent the proliferation of betting shops. However, right across the political spectrum people have countered this claim. From Merrick Cockell, Tory chair of the Local Government Association, to London Mayor Boris Johnson to the Labour mayor of Newham Robin Wales, all agreed local authorities must have more powers.

The government has now given in and accepted betting shops must be placed in their own planning category so that

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The machines should be removed until they are proven to be safe

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operators must apply for changes of use before they can open new ones. But this does nothing for those areas that already have too many betting shops. Unless local authorities are given powers to deal retrospectively with the number of FOBTs, the problem will not go away.

The betting industry is complaining that it is being treated harshly, but it has stuck its head in the sand and refused to acknowledge the problems betting shops are causing. Bookmakers cannot be surprised that few people outside of the government have sympathy for them now.

Consistently, the government and the industry have chosen to ignore that the arguments against FOBTs come from within local communities. It is not acceptable for local people to set out their arguments

against yet another shop opening, only to watch their councillors vote them through because their legal advice says they have no powers to refuse.

It makes a mockery of local democracy and we will give councils powers to prevent the proliferation of betting shops and to review retrospectively the numbers of FOBTs. We will consult with the industry and local government on the best way to achieve this.

We have set out the minimum measures we expect to be introduced to reduce the harmful effects of these machines. To deal with what experts call the immersive nature of FOBT games, pop-ups must be installed to warn people when they have been playing above a set time period or they have gambled over a set limit of their money. Customers spending more than this amount would also have to go to the counter to top up the machine. This will enable staff to interact with customers whom they feel may be gambling too much. In the interests of staff safety and to increase the likelihood of them intervening in this way, we would also end single staffing of betting shops with FOBTs.

The Association of British Bookmakers' voluntary code adopted much of what we were saying on customer interaction and pop-ups and the government has said it will make the code mandatory, but this is too little too late.

There is little evidence of joined-up thinking in what the government has announced, or that it has based its decisions on proper research. I suspect we have not seen the end of this issue. |

*Clive Efford is Labour MP for Eltham*

# The most addictive form of gambling

By Derek Webb

Fixed odds betting terminals have a detrimental impact on society and it's time their usage was curbed

Many prosperous years as a winning poker player and subsequently as creator of three card poker, the most successful proprietary casino table game ever, have given me a unique insight into the connection between player behaviour, game content and gambling regulation. This knowledge was strengthened further by my prevailing in litigation in the US Federal court on anti-trust issues related to gambling games. So it is with extensive sector experience that I present my views on the government's attempts to address issues regarding FOBTs.

The main aim of the 2005 Gambling Act was to regulate the new gambling technologies, primarily remote (internet, online and mobile) gambling and FOBTs. It failed to achieve this, as demonstrated by the need for the new remote gambling bill and the fact that FOBTs are the most addictive form of gambling.

In the summer of 2012, the Commons culture, media and sport select committee recommended the cap of four FOBTs permitted in each betting shop should be lifted. However, the committee had only found time to visit one betting shop and had only very gentle questions for the bookmakers in hearings.

The ensuing media coverage resulted in a change in attitude from the "quad" of Cameron, Clegg, Osborne and Alexander, who all agreed this lift in restrictions on FOBTs should not be allowed to

happen. At the same time, Don Foster MP requested consideration of a reduction in the maximum stake per spin from £100 down to £2.

The power to do this rests with the responsible minister at the DCMS and was granted during the approval of the Gambling Act 2005, as even then, there was suspicion that FOBTs might be a harmful product.

The Campaign for Fairer Gambling (CFG), in its submission to the 2013 Triennial Review of Gaming Machine Stakes and Prizes, highlighted how FOBTs were

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More than 40 per cent of FOBT revenue comes from at-risk gamblers

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brought into betting shops illegally. However, the Association of British Bookmakers (ABB) was able to present a code of practice, plus predictable and worthless research, to legitimise FOBTs. The bookmakers themselves were not even subject to regulatory review, until the enactment of the Gambling Act 2005, which occurred in 2007.

The CFG is philanthropically funded, and was founded by my partner Hannah O'Donnell and I after we became convinced that FOBTs were irreconcilable with the three objectives of the 2005

Gambling Act, which state that gambling should be "fair and open", not associated with crime, and that the young and the vulnerable should be protected from harm. A CFG advertisement about FOBTs, placed in *The House* magazine, received a single complaint to the Advertising Standards Authority (ASA), from Philip Davies MP, secretary of the all-party Betting and Gaming Group. Furthermore, given that some MPs in the group are also on the Culture, Media and Sport select committee, the CFG believes that undue influence is being exerted.

Since then, the Campaign has amassed volumes of evidence to support our position that FOBTs are the most addictive gambling product, with an overall negative socioeconomic cost and no positive tax generation benefit. We have also highlighted how the culture department should not rely on industry-funded research or the misleading representations by the bookmakers in making decisions.

## Far from fair and open

Roulette, which accounts for more than 70 per cent of FOBT profits, is played faster than the actual casino game, thereby resulting in faster losses. Gamblers are not informed of this. In addition, many novice gamblers, including teenagers, are attracted into betting shops by football bet advertising. Many players do not understand that the 97 per cent payback in



Losing out: FOBTs result in faster roulette losses

the small print relates to the total turnover, not the cash put in the machine. This cannot be fair nor open.

FOBTs are also associated with crime, breaching the second objective in the 2005 Act. They change the behaviour of betting-shop gamblers and encourage criminality. Investigations by the Gambling Commission have shown how profits are generated, in part, from the proceeds of crime, money laundering and illegal underage gambling. Machines and shop windows are routinely damaged and staff abuse is common.

The 2005 act also requires gambling to prevent harm to the young and vulnerable, including “at-risk” gamblers. Secondary research based on two British Gambling Prevalence Surveys (BGPS) shows the link between FOBTs and gambling addiction. [Research based on the 2007 BGPS](#) concludes FOBTs have the strongest association with problem gambling compared to any other gambling activity, while the [2010 BGPS](#) shows that more than 40 per cent of FOBT revenues were estimated to come from at-risk gamblers.

While this is insightful, it offers minimal opportunity to target the core demographic of FOBT users, which is why the CFG commissioned a market research agency, [2CV](#), to speak to gamblers in Newham: FOBTs were thought to be addictive by 87 per cent of gamblers, while 62 per cent had gambled until broke.

### Taking action

Local authorities are recognising that betting shops, particularly when clustered on high streets, are detrimental to society, community health and wealth, as well as the prevention of crime. They have a duty to assist in delivering the licensing objectives – but their powers to do so are totally inadequate. Many councils have joined together to take action under the Sustainable Communities Act.

In response, government has decided to exclude betting shops from a new town centre use class, requiring bookmakers to apply for planning permission in retail areas. The powers are not retrospective, so will not deal with the present issue of high street clustering. Furthermore, it could result in the unintended consequence of creating a ring of betting shops on the periphery of town centres, in proximity to poorer residential areas, with councils powerless to act against them.

Proliferation and clustering of betting shops is driven by FOBTs, so reducing the maximum stake from £100 per spin to £2 is the only way to remove the incentive for bookmakers to open multiple outlets. The government has missed a key opportunity to make this happen.

The ABB has implemented a new “Code of Conduct for Responsible Gambling” as a means of enabling them to preserve their £100 per spin FOBTs; but just like their old code of practice, it

is designed to have a minimal effect on their profits.

The new code is not supported by the Gambling Commission as it is not evidence-based and it was recognised by government as inadequate. Yet now the government is itself reworking this code with the trivial changes it has proposed.

The ABB has misled the government over the potential economic impact of reducing the maximum stake on FOBTs to £2, with claims of jobs and shops being “at risk”. However, both [Landman Economics](#) and [NERA Economic Consulting](#) have said this is “overstated” as the ABB’s methodology is “seriously flawed”. Because spend on gambling machines is “labour-unintensive”, NERA claims that the stake reduction would result in more money being pumped into the local economies, subsequently resulting in the creation of between 1,200 and 2,400 jobs.

The government is still waiting for research commissioned by the Responsible Gambling Trust (RGT), now due for completion later this year. This is a mistake, as the [Goldsmiths report “Fair Game”](#) explains (see page 19 for more on this), industry-funded research is inclined to be biased and “gambling studies” as a discipline has no code of ethics.

[Gambling: the Hidden Addiction](#), published by the Royal College of Psychiatrists, explains that treatment for problem gambling is patchy or nonexistent. It is a callous, uncaring government that taxes gambling, allows loose facilitation rather than tight regulation, and is unwilling to provide funding for an internationally recognised health issue.

With FOBTs now firmly on the political agenda, the CFG is concerned that there are still establishment interests that prefer to ignore the mounting evidence and support the status quo. The campaign’s recent polling research by YouGov shows public sentiment is overwhelmingly supportive of maximum stake reductions.

The latest government measures are merely a delaying tactic to avoid facing up to the FOBT issue, which now looks unlikely to be resolved until after the 2015 general election.

The reduction in maximum stake per spin from £100 to £2 to reduce the harm caused by the “crack cocaine of gambling” is the only rational solution. ●

*Derek Webb is co-founder and funder of the Campaign for Fairer Gambling*

# The cost to Britain's high street

By Gareth Wallace

The rise of betting shops and payday lenders has exploited customers and destroyed many lives. Is there a politician out there who will stand up for residents and empower local communities?

Andy, from Newcastle, is a man whose addition to gambling machines cost him his home, his friends and his partner. He estimates he has lost about £30,000 to £35,000 on the machines. "I lied to my partner, my friends, and I would gamble any money I had," he recalls.

Andy was referred by the Salvation Army on to a 24-session NECA course (a charity working with people with addictions). Having been advised to self-exclude from betting shops, he said: "It wouldn't have helped me until I got to the point of wanting to recover... There are dozens and dozens of bookies in Newcastle alone, and they all have four machines in them."

Betting shops and payday lenders are on the front line of the debate about the state of our high streets today. Some argue it is better to have rent and rate-paying shops and lenders as tenants, rather than empty premises. For others, the social costs of so-called "predatory capitalism" outweigh these fiscal benefits.

Throughout my work with The Salvation Army, I have met very few who are in doubt about the harm caused by fixed odds betting terminals (FOBTs) and the concentration of betting shops on local high streets, particularly to addicted and vulnerable individuals such as Andy.

The recent announcements by the gov-

ernment granting greater planning power to local authorities follows on from a long-standing debate over whether a separate use class is necessary, or whether current powers already granted to local authorities are sufficient to keep betting shops under control.

The government will have to admit that these latest concessions are a U-turn, after the Department for Communities rejected the Portas Review's 2011 recommendation for a separate use class for betting shops, and instead claimed that

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Andy estimates he lost  
£30,000 to £35,000 on  
gambling machines

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existing powers granted by what is called an "Article 4 direction" – which allows local authorities to restrict development rights where that development would harm local amenity – were sufficient.

Eric Pickles, the Secretary of State for Communities and Local Government, told me in January that there was no appetite to offer greater powers to local councils, despite the fact that the flagship Localism Act 2011 was supposed to be built around the principle of subsidiarity.

Previously, in response to an opposition day debate on 8 January 2014, Nick

Boles, the planning minister, defended Article 4 powers as sufficient on the floor of the House of Commons.

This is not, however, the view of many local authorities. Councillor Fiona Colley, cabinet member for regeneration and corporate strategy on Southwark Council, south London, contacted the minister to explain the limitations of Article 4 powers. "I do welcome Article 4 as one tool which local authorities can use," she wrote, "but it is also a blunt instrument. We see a separate use class as the solution."

The debate over these FOBTs has raged for years, with the gambling industry vigorously defending itself against allegations that betting shops with these new FOBT machines have been concentrated in poorer high streets, and that there has been an increase in the availability of machines. Gambling Commission figures put the number of betting shops in the country at a peak of 9,128 in 2012, up from 8,862 in 2009. However this slight rise in premises masks the fact there are now 33,209 FOBT machines, up from 24,500 in 2006 (the year after the Gambling Act 2005 became law).

There are around 80 betting shops in Newham, with 18 on just one street, in one of the most deprived boroughs in the country. Newham Council famously lost a legal challenge against a Paddy Power betting shop in June 2013.

Councillor Rowenna Davis represents the Lane Ward, Peckham, on Southwark Council. She has campaigned and written extensively on the issues facing her local high street, particularly betting shops and the issue of payday lenders. She visited one of the payday loan companies in Peckham to see how they operated. Once inside, she spoke to a cashier, who was sitting behind a glass partition. “When I explained that I was worried about paying the money back, given my rent problem, the woman behind the counter told me not to worry,” she says. “I was told the rate was 25 per cent and the money could be with me in 15 minutes. She didn’t tell me that if I missed the payment, the APR was 1,410.3 per cent. When I said I might lose my job next year, she didn’t flinch. Instead, she smiled and said: ‘We do loans on benefits too.’”

Davis visited four other shops. She found that in three out of four, she wasn’t told the interest rate until she explicitly asked for it. Despite the fact that these companies are supposed to complete full credit checks on customers, one cashier told her not to bother going home to pick up her necessary financial statements.

Steve Trevett is the centre manager for Christians Against Poverty’s (CAP) Peckham centre, which operates from the local parish church. Every day the CAP debt advice service meets people whose lives have been devastated by the effects of debt. People often tell the same story – that they go to payday moneylenders as they think it is the only option open to them. Many also speak of the negative impact that betting machines are having on their finances.

Trevett told me that one man they have helped through the CAP budgeting course ended up in prison due to his gambling addiction. “After his release, he now purposely avoids the main roads and high streets when walking in London,” Trevett says. “There are so many betting shops and he didn’t feel he had the strength to resist going in.”

Other campaigners, such as Sam Tomlin from north London, have witnessed the rise of the payday lenders on the high street and the questionable tactics they use to attract new customers and seemingly normalise the idea of excessive lending, even among young people.

“Our local payday lender has what seems to be a campaign to target young people, giving out balloons and also



Too fast, too easy: payday lenders don’t always explain their interest rates to customers

having someone dressed up as a furry animal to pose in pictures,” he tells me. “They even boast on advertising they sent through to us about how ‘fast and easy’ the approval process is, claiming ‘we say yes when others won’t’. It’s just awful. As a community we are concerned.”

Poverty and money problems are not simply the preserve of the inner city, but can be equally prevalent in rural areas. The Salvation Army runs a dedicated

### People tell the same story: they think payday lenders are their only option

debt advice service across the county. Fiona is the manager of such a programme in Dunstable, a Bedfordshire town. The service there has been running for about six years and has 75 clients on file, with 21 new clients in the last 12 months. “We have discovered that our clients can borrow from several different payday lenders,” she says. “While not every client has multiple loans, one person we are helping has 10 payday loans.”

In February, I visited the Salvation Army Corps in Deptford. This vibrant part of east London has seen a sharp rise

in the number of betting shops and payday lenders on its high street. Declan Flynn – a therapist from the homeless and rehabilitation charity Bench Outreach – has had many people referred to him through the Salvation Army. He told me how his most recent client had become homeless through the accumulation of vast debt. “They were lent money by a payday loan company whilst being threatened by bailiffs from other creditors,” he explains. “Eventually, they lost their home and relapsed.”

One needs only to hear stories like these to understand the widespread local concern that our high streets have become a dangerous magnet for betting shops and payday lenders. Many campaigners and politicians are wide awake to this; MPs such as Stella Creasy in Walthamstow have gained a national profile for seeking to tackle issues such as payday lending.

With the general election a year away, concerned local residents as well as churches and national charities are looking to politicians from all parties to take a lead, both locally and nationally, to stand up for British high streets and protect the individuals and communities who frequent them. |

*Gareth Wallace is public affairs adviser at the Salvation Army*

# FOBTs – beyond regulation?

By Linda Hancock and Jim Orford

FOBTs may be a cash cow for the industry but action needs to be taken to minimise their impact on individuals

Enter a betting shop in Britain today and you are likely to find a number of machines offering the chance to play various games and events, such as roulette and horse racing, with fixed odds.

Fixed odds betting terminals (FOBTs) came in “under the radar” in the early 2000s, when the bookmaking industry saw the profits from electronic gambling machines in casinos. Because they are networked to a central computer rather than the stand-alone machines in clubs, pubs and casinos, they initially evaded regulation. FOBTs with casino games started popping up in betting shops, winning the argument that they did not fit the definition of regulated gambling machines and were therefore within the law. In the meantime, they became the cash cow of betting shops, which had struggled with an ageing race-betting clientele.

They yielded such windfall gains that betting shops with FOBTs started mushrooming across London and other British towns and cities. There are now 33,000 FOBTs, earning on average £900 a week per machine, or £1.5bn a year for the bookmaking industry.

Eventually FOBTs were designated category B2 machines in Britain’s complicated A to D gambling machine classification, but with the capacity to offer games regulated as B3 and C machines. They

quickly became the linchpin of burgeoning incomes for the betting industry.

The idea of “fixed-odds” betting machines was ingenious because it tapped into the language of betting, but with a product that has fixed losses the longer it is played. No skills are required because computer-driven randomised number selection decides on pay-outs. And for the industry, there is no risk. Whether electronic machines are stand-alone or networked to central computers, the design is the same. Games are played for money

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The option to ramp up the bet can result in losses of over £1,000 an hour

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with stakes and prizes that result overall in diminishing returns. The ease of feeding in unlimited cash, and the option to ramp up the bet, can result in losses of well over £1,000 an hour.

The combination of the product (easy to play and addictive), the environment (a betting shop where you are expected to bet, with a quiet corner requiring no interaction with staff) and ease of spending big amounts (note acceptors quickly suck in hundreds of pounds with no limits) means that FOBTs have become a ma-



major cause of both problem gambling and money laundering.

With four machines permitted per licensed betting shop, premises started springing up in high streets, especially in disadvantaged areas. With four FOBTs, a betting shop became the doorway to a mini casino. After the 2008 financial crisis, the bookmaking industry bought up failed retail businesses in prime locations, such as those close to high street bus stops and at Tube station entrances, at rock-bottom prices.

There are four major problems associated with this. First, local authorities have no say in the number of betting shops that can or can’t open in their communities. With multiple betting shops in some high streets, local authorities such as Hackney Council, which has 68 betting shops clustered in a few shopping strips, have been wringing their hands at their lack of planning autonomy. The Gambling Act 2005 designated local government as the planning authority but took away their right to deny applications on grounds of local demand saturation.

Second, the ease of feeding cash into FOBTs has made them an easy vehicle for money launderers. According to a report in the *Guardian*, the dealers insert drug money into the FOBTs and then cash out to make it seem that drug money is



Spinning out: with four FOBTs allowed in each betting shop, high street premises become doorways to mini-casinos

gambling winnings. This process provides them with a receipt that they can show to police if ever they are stopped and asked why they are holding so much cash. In addition to this, many locals have complained of drug dealing and increased crime in the vicinity of betting shops.

Finally, there is a risk of harm to those who can least afford it. FOBTs take advantage of both those who do not have the money to lose and those who are prone to problem gambling. The plethora of betting shops in deprived areas has tended to normalise a risky and intense form of gambling. The Campaign for Fairer Gambling research found that more than £13bn was gambled on FOBTs in 55 deprived boroughs – double the amount staked in the richest areas with comparable populations. Furthermore, analysis of the 2010 British Gambling Prevalence Survey shows that just under a quarter of all FOBT takings came from players with gambling problems – that amounts to over a third of a billion pounds annually coming from the pockets of people with gambling problems.

FOBTs are therefore a major challenge to the three licensing objectives of the Gambling Act 2005, of keeping crime out of gambling, ensuring gambling is fair and protecting children and vulnerable adults. The Chancellor's latest budget

hike in FOBT profits tax from 20 per cent to 25 per cent will only serve to unite both the government and the industry in the status quo rather than encouraging a harm-prevention reform agenda that would move FOBTs from high streets and into casinos.

So what should be done? The Association of British Bookmakers' (ABB) voluntary code of conduct, already put into operation on 1 March without any public consultation, is weak and likely to be ineffective. The necessary action would be

Cards could be issued that enable gamblers to set limits of times and money

far stronger. Ideally, legislation should be enacted to remove FOBTs from high street betting shops altogether, confining them to casinos, which is the Gambling Watch UK suggestion.

Among immediate options are: **1**) reducing the maximum playable stakes from £100 to £2 – the standard maximum for other kinds of gambling machines; **2**) giving local authorities the powers which they currently lack to control gambling on their high streets, including the option to vote to make an area an “FOBT-free

zone”; **3**) bringing in “mandatory pre-commitment”, proposed in Australia to deal with the harm caused by their high-powered gambling machines (see page 22 for more on this), whereby a player would be required to set a personal spending limit at the outset of play, and would be excluded from playing further if that limit were reached.

A fourth option would be for the Gambling Commission to regulate in the public interest, as in Norway, where universal player cards across all forms of gambling are set to a maximum daily and monthly spending limits. These cards enable gamblers to set personal limits of time and/or money, which facilitates players taking breaks from gambling and encourages self-exclusion.

What the Norwegian regulatory example is able to show us is the success of protective interventions. Reforms such as these would be easy for Britain to implement on FOBTs, since they are already networked to a common server. Britain is a long way from international best practice, as the gambling industry continues to lobby successfully for light-touch regulation. |

*Linda Hancock has a personal chair in public policy at Deakin University and Jim Orford is an emeritus professor at Birmingham University*

# FOBTs: whose responsibility is it to manage them?

Leading authorities from the gaming industry and government put forward their concerns, and say who they believe should be in charge of a solution

## VOICE FROM LIVERPOOL

### Self-regulation isn't working

*Nick Small*

Liverpool residents gambled £1.2bn last year on fixed odds betting terminals (FOBTs) in betting shops. Across the city punters lost a combined £40.9m in 2013 on FOBTs – that's £1,433 for every Liverpool resident. The problems with FOBTs are getting worse. In 2013 Liverpool residents gambled £29m more on FOBTs than they did the year before. Despite the challenges the rest of the high street faces, bookies are thriving, with new betting shops opening all the time.

There are clear links between poverty and the FOBTs. The poorer an area is, the more is gambled on FOBTs. Of the ten places where the highest amounts are gambled on FOBTs, six are among the ten most deprived local authorities. In Liverpool – and other places – the pressures FOBTs are placing on communities are massive. I've met scores of people who have gambled away everything they've got in a matter of minutes on the day they

got paid and had to take out payday loans for their rent and bills. It contributes to relationship breakdown and exacerbates child poverty in a city in which a third of children live in poverty.

With a very different punter profile to over-the-counter betting on horses or the dogs, the growth of FOBT gambling is also changing the nature of betting shops and where they're located. Increasingly, bookies are moving away from the back streets and on to the high street in prime retail locations. This is crowding out retail investment and causes a net reduction in jobs and, for central government, a lower tax take.

For all these reasons the light-touch self-regulation of FOBTs just isn't working. Casino-style gambling has no place on the high street. That's why last year Liverpool City Council asked the government for new licensing and planning powers to crack down on FOBTs.

That campaign has partly succeeded. It looks very much as though councils will get the powers they need to look at the clustering of betting shops in particular areas and betting shops will be placed in their own class for planning purposes. This will stop the perverse situation where premises that have previously operated as

restaurants, bars, banks or estate agents can reopen as betting shops without the need for planning permission.

The government needs to go much, much further than this. I'd like to see the Gambling Act amended to give councils the same effective power of veto over betting shops as they have over casinos. The onus needs to be placed back on the operator – as used to be the case and still is the case for casinos – to prove there is unmet demand for gambling in the area.

But the government seems to be backtracking on maximum stakes by considering a compromise with the bookies. This is worrying, as ultimately bringing maximum stakes right down is the only way to address the impact of FOBTs in a serious way. I'm fearful that cooling-off periods or reducing maximum stakes to £50 won't make that much difference. Councils, rather than central government, need to be able to set maximum stake levels for FOBTs. In Liverpool – and no doubt many other places – we'd want to bring that maximum stake down to the same level as other fruit machines and slot machines: £2 a spin. Now that would be localism in action. |

*Nick Small is a cabinet member for employment, enterprise and skills*



Fair play: casinos, such as the Hippodrome in London, are the most tightly regulated gambling outlets in the country

## THE CASINO PERSPECTIVE

# Stop pretending that there's no problem

*Simon Thomas*

I am in the privileged position of being the co-owner of the UK's busiest and largest casino, a trustee of GamCare, the charity that provides support for those with a gambling problem, and in the past an operator of high-street gambling premises such as arcades and bingo halls.

This gives me a unique and informed view of gambling.

I believe that the pyramid of gambling envisaged by the economist Sir Alan Budd is fundamentally correct, with the harder products at the top with greater regulation and player protection, and softer products lower down with less strict regulation. And I have strong views on fixed odds betting terminals.

There are no countries in the developed world that allow the hardest gambling products, such as £100-a-go gaming

machines, to be operated in loosely regulated high street shops, with little player protection. And they should not be allowed in the UK either.

I'm a patient man, and have been in enough meetings with politicians to know that change comes slowly, even when inevitable. But patience is wearing thin in other quarters: among those whose lives have been blighted by FOBTs and who want their plight recognised, and acted upon; experts whose wise counsel is ignored; employees in the very bookmakers who house these machines, who see at close quarters the profound effect they have on their shops, their players and associated issues; and local communities who do not want their high streets dominated by bookies.

"He would say that, wouldn't he?" could be a response. After all, wouldn't I benefit directly if the bookmakers' lost their lucrative gambling machines?

The simple answer is, irrespective of me, FOBTs should not be on our high streets. They cause serious problems, and problems associated with any form of gambling are a problem to the whole gambling industry, be it bad press due to crime, money laundering or problem gambling.

The FOBTs are so far off the scale of Budd's responsibility pyramid, with the highest rates of staking and low regulation, that they are causing problems that reflect badly on us all. I want to be part of a consistently responsible industry and FOBTs on the high street are wrong.

Casinos are the most tightly regulated of all gambling outlets in the country. You make a conscious decision to visit a casino, and have a planned budget – you don't just pop in on your way to the pub or a trip to the shops – and you are fully aware it is an environment designed for hard gambling. There's effective door control and large numbers of trained, certificated staff; our roulette operates at 38 games an hour and slot machines are limited to £5 a game.

Not so the bookmaker, whose premises sit alongside pawn shops and newsagents on every high street in the country, promoting on the one hand the traditional "sport of kings", while ignoring the impact of these modern-day innovations that feed gambling addiction, with roulette at 180 games an hour and slot machines at up to £100 a game.

Bookmakers have so effectively wooed, entertained, supported and lobbied the political establishment that they are getting away with this.



Everything from starting a business to betting on the horses involves risk – but risky contracts should be regulated fairly

→ Throw into the mix the same mantra that the pro-smoking lobby used for years – lack of a causal link between smoking and cancer – and you discover the same approach is being used for research into the impact of FOBTs (funded by the industry I may add). There is in fact plenty of theoretical, empirical and experiential evidence against the machines, should you wish to look at it (39 per cent of calls to GamCare cite FOBTs as the core problem). Need I say more? Let's stop pretending there is no problem and rid the industry of FOBTs. |

*Simon Thomas is chief executive of the Hippodrome casino in London*

**LIB DEM VIEW**

## Discouraging harmful risks

*John Hemming*

Last autumn, community leaders in London's Chinatown raised concerns about the number of betting shops in the area. With nine already operating and more expected, they have real concerns about the

impact on their local community. Part of that concern is due to the changing nature of betting shops following the introduction of high stake and high prize fixed odds betting terminals (FOBTs) which account for an ever higher percentage of the profits in betting shops.

FOBTs – on which you can stake up to £100 pounds on every spin (potentially of thousands of pounds an hour) – aren't allowed in bingo halls or adult arcades

Risk-taking is part of life, but people are enticed into unfair contracts

where machines are limited to a maximum stake of £2. In general, they're not even found in casinos.

No wonder betting shops have become high street casinos (without the same controls) and their machines called the "crack cocaine of gambling". Concern about harm to vulnerable people has led to these B2 machines being banned in Ireland.

It is obviously an issue of concern to the government, if people are enticed into unfair contracts. Risk-taking is part of normal human life. Every time someone

crosses the road there is an estimate as to what the risks are.

Some forms of risk-taking have a financial element. Entrepreneurs take risks when they invest in business. People who invest on the Stock Market take risks. Those who bet on the horses take risks.

It is only reasonable for the government to regulate the types of risks that are seen as acceptable and fair contracts. For example, I have never heard of someone suffering from pressure from the Mob over bingo gambling debts. It is, therefore, entirely reasonable for the government to encourage bingo by cutting its taxation, as it is not a particularly harmful type of risk-taking.

As a first step, following pressures from MPs such as Don Foster and me, the government has brought in rules to treat betting shops as a special type of planning permission (*sui generis*) and is working to reduce the size of the bets people can make on FOBTs.

It is still the case that research is being produced to ensure that any final decision on FOBTs is evidence driven. I personally hope that the maximum stake is reduced to £2. |

*John Hemming is the Liberal Democrat MP for Birmingham Yardley*

## We need an approach tailored to individual gamblers

*Mathew Hill*

Most people who gamble do so safely most of the time. In fact, one point that often gets overlooked in the gambling debate is that for many people, gambling is fun. However, gambling also causes harm, and sometimes serious harm. And you don't have to be a gambling addict to experience that harm – it can ripple out to families, friends, communities and employers too.

Historically, gambling harm has been managed by prohibition or by limiting the amount of gambling. The main problem with such systems is that they tend to hit normal leisure gamblers much harder than problem gamblers or those at risk. And it builds in from the outset an assumption that a successful gambling industry must be inherently bad.

In our view, society needs to think about gambling regulation differently. We need to shift the focus away from blanket controls – such as limits on machine stakes and prizes and machine numbers – and tailor it more closely to individual gamblers.

As many in the industry are beginning to recognise, this is an idea whose time has come. We live in a society where loyalty cards are now a fact of life, where people are becoming comfortable with account-based relationships with suppliers of goods and services, where smartphones and other technologies are bringing new payment methods. This creates the potential to understand individual gamblers much better, to spot behaviour that might indicate harm and to intervene much earlier and more effectively.

But none of this will work without the industry itself coming to terms with its responsibility to identify and manage the harm that its products can cause. The future sustainability of the business model may well depend on its ability to do so. | *Mathew Hill is director, regulatory risk and analysis, at the Gambling Commission*



Historically, gambling prohibition has hit leisure gamblers harder than problem gamblers

### THE ROLE OF THE STATE

## Labour failed to hold the industry to account

*Tom Watson*

Politicians insist they care about problem gambling and the rise of fixed odds betting terminals (FOBTs).

In reality, they're adept at placing the onus on the player, not on the industry – a multimillion pound industry that lines its pockets with the lost wages of those who can least afford to lose.

The state's role is to enable the customer to gamble "responsibly" – whatever that means – and help the customer "stay in control".

But it should be down to government to ensure that any product it legitimises comes with a "safety" guarantee from the manufacturer. The same goes for FOBTs. What Labour failed to do, though, was to hold the gaming industry properly to account within the Gambling Act 2005 and ensure these pernicious machines are managed responsibly.

Focusing on problem gambling and gambling addiction misses the point. Surveys show "problem gambling" to be prevalent among less than 1 per cent of the adult population.

Yet these findings should not be used as a barometer for the responsibility of

the gambling industry – despite what the Association of British Bookmakers imply. Personally, I find it of great concern that an estimated 451,000 people have a pathological addiction to gambling.

What is just as worrying is the potential for FOBTs to cause harm on a much wider scale. The clinical psychologist Professor Jim Orford (who writes on page 10) estimates that nearly half of profits derived from FOBTs come from those who are addicted and "at risk".

Those at risk show some signs of addiction, but not all. A poll of players in Newham found that nearly nine in ten (87 per cent) described FOBTs as "addictive"; more than three quarters (76 per cent) revealed they'd gambled for longer than they'd planned; and nearly two-thirds (62 per cent) had gambled until all of their money had gone. When it comes to FOBTs, the question too often asked is "How can we ensure players are responsible?" But surely the question should be: "Are the gambling industry responsible in offering a machine that can take bets of up to £100 every 20 seconds?"

There's no doubt that FOBTs are the most addictive form of gambling available. So the government must ensure that the player is protected. That means bringing the maximum stake down to a more responsible £2 per spin. No one wants a nanny state. But this is a public health threat and the industry must be held to account. |

*Tom Watson is the Labour MP for West Bromwich East*

# The time to act is now

By Ian Allsop

FOBT regulation is only part of the solution. Changing our approach to treating gambling addiction is just as imperative

Fixed odds betting terminals (FOBTs) have been much in the news recently. At the end of April the government announced a cut in the maximum amount of cash that can be inserted into them. However, campaigners and researchers say this will do little to alleviate the huge social cost of the machines, which are a “blight on our society” and have been dubbed the “crack cocaine” of gambling.

Left untreated, adults with a gambling disorder can experience many negative consequences including higher rates of physical illness, mental health conditions, financial difficulties and involvement in criminal activity.

Furthermore, an estimated eight to ten other people in the gambler's social network will be seriously affected.

Dr Henrietta Bowden-Jones, the Royal College of Psychiatrists' spokesperson on behavioural addictions and co-author of a RCP discussion paper entitled *Gambling: the Hidden Addiction*, says that pathological gambling, such as that associated with FOBTs, is a serious illness.

“If left untreated it can lead people to lose their homes as well as causing them to be depressed and at times suicidal,” she says. “It can destroy families, leading to separation and divorce, and have a long-lasting negative impact on children of

problem gamblers because of the financial hardships and anxieties endured.”

Gambling is now highly visible in the UK and as a result of a relatively recent move towards a more liberal position on it, several new trends have emerged, of which FOBTs are part. The overall number of adults gambling is increasing, while British Gambling Prevalence Survey data cited in the RCP's paper indicates that the prevalence of problem gambling appears to have increased from about 0.6 per cent in 2007 to 0.9 per cent in 2010, or

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If left untreated it  
can lead people to  
lose their homes

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the “equivalent to around 450,000 adults experiencing a situation where gambling disrupts or damages personal, family or recreational pursuits”. Problem gamblers may be contributing almost a quarter of the money spent on FOBTs.

Currently, gamblers can bet up to £300 in a minute on FOBTs. Under the new government rules, users will need to inform staff if they want to bet more than £50 cash at a time. Gamblers would also have the alternative of getting an online account so that spending can be tracked.



An assessment by the Department for Culture, Media and Sport (DCMS) says that “account-based play allows players access to up-to-date information which can reduce biased or irrational gambling ... and help people maintain control”.

But are there other measures that can be implemented to reduce the problems caused by FOBTs by tackling addiction as at its roots? The RCP's Faculty of Addiction Psychiatry has called for the government to give greater support for services that treat adults with gambling problems.

Bowden-Jones says that “pathological gambling is a behavioural addiction with similar neurobiological presentation to several other addictions and, as such, needs to be recognised by society as a disease. There needs to be adequate NHS provision of services as well as a shift in the current social perception of problem gambling as an issue. Too many people are still mistakenly seeing it as a weakness of character.”

The RCP has urged the government to recognise gambling disorder as a public health responsibility and believes gamblers deserve the same access to treatment services as those with alcohol and drug addictions.

However, current services, which are funded almost exclusively by the gambling industry, are underdeveloped,



All together now: opening up existing drug and alcohol addiction services to gambling addicts could be an important new model

geographically patchy or simply non-existent, thus leaving many individuals without the access to care and support that they need.

Despite the evidence of gambling becoming an increasing problem there is just one specialist NHS clinic in Britain providing treatment for adults with gambling disorders. Provided by Central and North West London NHS Foundation Trust, this operates as a national clinic and deals with around 700 referrals a year.

Research with staff already working in drug and alcohol services indicates that if training and adequate support were provided, they would be content to treat adults with gambling disorder. Therefore in its discussion paper, RCP recommends utilising England's existing network of community drug and alcohol services, which already treat more than 300,000 adults experiencing drug and alcohol addiction. Expert in the medical treatment of addictions, these services could play an important role in tackling adult gambling disorder.

The paper suggests a "hub and spoke" model. Each community-based drug and alcohol service (the spokes) would integrate screening, assessment and evidence-based treatment for gambling disorder into their provision framework. This treatment would potentially include

cognitive behavioural therapy for gambling disorder, family therapy and money management. Services would then be able to seek, where required, clinical advice, staff training, supervision, treatment protocols, and research expertise from a series of central or regional hubs. These hubs would not necessarily receive referrals or see patients, but would instead operate as a centre of clinical, training and research excellence.

Furthermore, the joint provision of treatment services to alcohol and drug us-

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If we do nothing  
we will ignore a future  
trend in addiction

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ers demonstrates that there are potential positive benefits in terms of cost-effectiveness, patient-centredness and sustainability.

Bowden-Jones says that extending treatment to the "third addiction" of gambling could deliver similar benefits, and would help ensure that care is joined-up, efficient and seamless, the reason being that community services have the experience and expertise to work towards helping people with a gambling disorder as a result of the increasing number of strong

partnerships between the NHS and voluntary sector".

However, the RCP recognises that introducing gambling disorder into this structure will not be entirely cost neutral. Additional resources will need to be identified and ring-fenced, with the most significant cost being training and the potential employment of new staff to meet demand.

Meanwhile Dr Sanju George, co-author of the discussion paper, says "If the government takes this action it will help address an acute and increasingly visible public health challenge. Without government action, however, the increasing availability and public visibility of gambling provides the perfect conditions for a new generation of problem gamblers."

As the discussion paper concludes: "If we do nothing, we not only turn away from the needs of nearly half a million Britons living with a gambling disorder (and many more carers and family members), but will also ignore a preventable future trend in addiction that we are ill equipped to treat." The time to act, therefore, is now. |

*Ian Allsop is a freelance journalist "Gambling: the Hidden Addiction" by Henrietta Bowden-Jones can be downloaded without charge from the RCP's website: [rcpsych.ac.uk](http://rcpsych.ac.uk)*

# Responsible recreation

By Liz Barclay

Highly robust governance arrangements and industry input are essential if gamblers are to be protected effectively

To the vast majority of the millions of people who place bets each year, be it at the races, on the tables or in the bookmakers, gambling is another form of entertainment. There are some winners but most people know to cut their losses before they break the bank. However, for a minority – half a per cent according to the last Health Survey for England – gambling has a much more damaging impact (see page 16 for more on this). To keep these people safe from harm, properly informed player protection is necessary.

Over recent years gambling has become increasingly visible. There are more outlets available than ever where people can gamble, while internet gambling and a proliferation of advertising have heightened the pastime's profile. Politicians and others are asking whether this increased visibility mirrors increased rates of gambling and related harm.

Successive governments have relied on the industry to pay for measures to minimise this harm. They've favoured voluntary agreements to fund research, public education and treatment provision. There are gambling laws enforced by a national regulator, age limits for different types of gambling activity, restrictions on which types of gambling can take place where, and specifications for the stakes and prizes. The government has announced recent rule changes for gaming machines, but when it comes to player protection the regulator, the Gambling Commission, expects the industry to take the lead and to consider player protection on par with commercial interests.

The Responsible Gambling Trust (RGT) exists to help minimise gambling-related harm. It raises more than £6m each year in donations from the gambling industry, money which is spent on research, educa-

tion and treatment. The NHS is committed to caring for people with other forms of addiction, but not gambling, and so the onus is on charities like ours to provide the necessary services instead. In the year leading up to March 2014, 80 per cent of the money distributed by the RGT was spent on treatment – including the cost of running the National Gambling Helpline. Our decisions are guided by the strategy of the Responsible Gambling Strategy Board, whose members are independent and experts in their field.

For several years, there has been a growing clamour for better understanding of consumer behaviour in relation to gaming machines. This has come into sharp focus because of concerns about gaming machines in licensed betting offices. Consequently, the RGT has commissioned the

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## Front-line responsibility for protecting gamblers must lie with providers

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independent research organisation Nat-Cen and others to investigate the potential for harm to those playing such gaming machines. The research will be peer-reviewed and published this autumn.

Critics say this research can't be trusted, given that the money to fund it comes from the industry, and that RGT trustees include industry executives. As an independent trustee, I understand this concern. However if we are to succeed in minimising gambling-related harm it is essential the industry is involved. We need it not only to fund research but to provide access to its data, venues and customers. If we don't have the industry's support we can't carry out significant

research. This makes it all the more important that the integrity of the research process is maintained. We must make sure the objectivity of the findings can be trusted by having in place highly robust governance arrangements that prevent the industry, or anyone else with a self-serving interest, from influencing them in any way. We have put those robust governance arrangements in place with the involvement of the Gambling Commission and the government.

The commissioning of all our research is the responsibility of the RGT's research committee, which consists wholly of independent trustees. The process is subject to the scrutiny of a panel of experts, independent of the RGT and the industry, and all research findings are peer-reviewed.

The immediate front line responsibility for protecting gamblers must lie with the providers, which are beginning to respond to public concern and political pressure. In February, the Association of British Bookmakers (ABB) published a new code of responsible gambling and player protection which allows people playing gaming machines to set limits on the time they want to play for and the amount of money they are prepared to lose. The ABB has asked the RGT to commission an independent evaluation of this code and we will expect bookmakers to act on the recommendations that arise from it.

Intent, on the part of the industry and the government, isn't the measure of good policy. The proof of the pudding will lie in how effective it is in practice. The challenge is to ensure that any new player protection measure – including industry codes – helps those gamblers who are most likely to suffer harm. |

*Liz Barclay is an independent trustee at the Responsible Gambling Trust*

# “We’ve got a clean-up job to do”

Research in the UK suffers from inadequate funding, limited access to data and a focus on “safe”, industry-supported projects

By *Rebecca Cassidy*

The debate about fixed odds betting terminals (FOBTs) is stalled for want of what is referred to as “evidence”. Politicians urge campaigners to wait for the results of the Responsible Gambling Trust’s (RGT) machine research. The industry asks for reassurance from politicians that nothing will change unless it is proved that FOBTs cause problem gambling. FOBTs have been around since 2001. Why, after 14 controversial years, don’t we know more about how they are used? Who controls gambling research? And why does it so often defend the status quo?

In 2013, Claire Loussouarn, Andrea Pisac and I produced a report – *Fair Game: Producing Gambling Research* – which heard from more than a hundred stakeholders including academics, policy-makers and members of the gambling industry. They described a system which recycles “safe” research and marginalises critical alternatives, funnelling financial support to academics who are trusted by the industry and away from independent researchers who are prepared to ask provocative questions.

The RGT is funded by voluntary donations from the gambling industries. In February 2014 the RGT’s research budget was raised to £750,000 to “provide the focused research needed to inform policy decisions in relation to gambling machines in licensed betting offices”. According to Marc Etches, chief executive of RGT, the industry is “kept at arm’s length” from research. Yet Etches himself led the

campaign to create a casino in Blackpool in 2004, while Neil Goulden, chairman of RGT, began his career at Ladbrokes before moving to Gala Coral. He stepped down as chair of the Association of British Bookmakers (ABB) in April 2013, having occupied both posts for eighteen months.

Our interviews revealed the impact of this structure and leadership on researcher confidence. Of 27 interviewees who discussed RGT, 18 expressed serious doubts about its independence and 11 would never consider applying for RGT funding.

So who is producing evidence about

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Interviewees expressed serious doubts about RGT’s independence

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gambling? According to one respected international scholar, “Most of the senior researchers in the world have for quite some time been funded by the industry directly or indirectly, so the whole academy is very distorted. We’ve got a clean-up job to do.”

As well as favouring trusted researchers, the industry controls research by refusing to provide access to data. Members of the industry explained how this worked in practice: “You just sit tight and hope that the researcher looks somewhere else. I would ignore your emails, then be really apologetic and upfront if I saw you again.”

As a gambling industry executive with 11 years’ experience told us: “People in the industry are just suspicious about research

because, let’s face it, the likelihood is that they already know if there’s a problem and their job is to keep it quiet.”

By denying access to real-world data, the industry can dismiss findings based on laboratory experiments and questionnaires as “anecdotal”, allowing the industry to set the terms of the debate.

So what should be done? Reactive and conservative, existing research is a wholly inadequate basis for policy. A new structure must restore researcher and public confidence.

A levy should be enforced to discourage industry from viewing their voluntary contributions to research as a gift from which they should expect to derive some tangible benefit. Funds should be distributed through the national research councils and awards should be made on the basis of academic merit.

Researchers should be subject to a code of ethics, as they are in other disciplines. Policy-makers must be required to think critically about the range of evidence they consult. Where does it come from? Who has invested in its production?

These changes are necessary but hardly sufficient. Researchers must also pay more critical attention to policy-making itself. As one candid politician explained: “The *Daily Mail* has had more impact on policy than any researcher or centre. Is this evidence-based policy? I think not!”

*These extracts are taken from “Fair Game: Producing Gambling Research” by Rebecca Cassidy, Claire Loussouarn and Andrea Pisac*

# Our pledge to do more

By Steve Hawkins and Leslie Macleod-Miller

The UK amusement industry has a long history of, and worldwide reputation for, ensuring players are protected from gambling-related harm. Bacta's Enhanced Social Responsibility Commitment will introduce even more measures to help customers play safely

Loss of control; illegal acts; financial difficulties; impaired relationships: being unable to resist impulses to gamble can lead to severe personal or social consequences. In recognition of this, the British amusement industry, through its membership body Bacta, is increasing efforts to assist people affected by problem gambling. At the heart of this activity is a new code, the Enhanced Social Responsibility Commitment, endorsed by GamCare and supported by the Gordon Moody Association.

The British amusement industry is integral to the UK's entertainment, hospitality and leisure sector. It includes amusement arcades, suppliers to pubs and clubs, and amusement machine manufacturers in all other premises, employing 23,000 people directly and a further 90,000 in related licensed premises. Bacta indicates the industry sustains an estimated 90,000 jobs, equating to £12bn of wages in pubs, while its gaming machines support the sustainability of nearly 8,500 private members clubs. With more than 135,000 gaming machines located in licensed premises across the UK, more than £2bn gross gaming yield (the percentage of wagers kept by operators) is generated each year.

## Our responsible gaming record

In February 2011, the Gambling Commission published the Gambling Prevalence

Survey. The third nationally representative survey of its kind (previous studies were conducted in 2007 and 1999), it showed Britain continues to have one of the best records for responsible gambling in the world, with more than 99 per cent of people able to enjoy gambling as a normal part of their leisure activities.

The study also highlighted that the percentage of people participating in some form of gambling had increased from 68 per cent to 73 per cent since 2007 (a figure that drops to 56 per cent if you exclude those who only play the lottery). This

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For the vast majority of people, gambling is harmless fun

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equates to around 35.5 million adults and represents a return to rates observed in 1999 (72 per cent). There had also been a small but significant decrease in the popularity of gaming machines, excluding category B2 machines (FOBTs, at present only available in betting shops) from 14 per cent in 2007 and 1999 to 13 per cent in 2010. There had been a rise in the percentage of problem gamblers from 0.6 per cent in 2007 to 0.9 per cent in 2010.

We recognise that, for the vast majority of people, gambling is harmless fun. Our premises are low risk and the maximum

that can be staked in our adult premises is £2 per spin.

However, any problem gambling gives us cause for concern. To ensure those who are vulnerable are protected, Bacta members offer the highest levels of staffing, monitoring and supervision.

In addition, we are a highly regulated industry, and compliance with the detailed licence conditions that protect customers is a cornerstone of the delivery of gambling to the public. The 2005 Gambling Act sets out detailed provisions and is underpinned by licences issued by the Gambling Commission. Not only are these strictly enforced by the regulator, local authorities and the industry, but Bacta also employs its own dedicated team to monitor and train its members in strict legal compliance. Obeying these laws continues to be a condition of Bacta membership.

Adult-only premises remain non-accessible to children, while stringent controls regarding entry by under-18s are already in operation via the conditions attached to premises licences – licences required by those who run premises and also by those who manufacture, supply, install, maintain, adapt or repair gaming machines. This system is underpinned by the commission's licence conditions and code of practice, which all operators in receipt of an operating licence from the commission must adhere to.



Fun and games: most people in Britain can enjoy gambling as a normal part of leisure activity

Alongside this, licensing authorities are responsible for licensing all gambling premises in their area as well as issuing a range of permits to authorise other gambling facilities. This system ensures specific provisions in relation to issues such as underage and problem gambling are in place through rigorous requirements in respect of supervision, access, staff training and self-exclusion.

Equally, gaming machines must conform to a comprehensive set of technical standards which govern fundamental elements of play, such as speed and features which may encourage repetitive and excessive gambling. Our new Enhanced Social Responsibility Commit-

ment will build on this and help us to continue to strive to ensure that our customers play responsibly.

#### **Bacta's pledge to do more**

The effectiveness of Bacta's social responsibility codes, which are a condition of membership, have long been recognised by government ministers. Richard Caborn, when presenting his evidence to the Commons culture, media and sport select committee in June 2012, said of our protective measures that: "The traditional amusement industry had a worldwide reputation for responsible gambling . . . and that the existing legislation had worked well."

This new code is no exception. It offers a clear message from the traditional amusement industry that we will continue to seek new ways to help people who experience gambling problems.

The Enhanced Social Responsibility Commitment reflects our pledge to promote socially responsible growth of the industry, ensure continued robust regulation of the gambling industry and minimise gambling-related harm. We are proud of our long history of social responsibility, and this wide range of enhanced harm minimisation measures includes a review of self-exclusion, staff training and age verification. The commitment will be reflected in the way we run our businesses and is a condition of Bacta membership. It will also underpin a new Bacta responsible gaming forum.

In response to this new commitment, Dirk Hansen, the chief executive of GamCare, said: "GamCare supports this initiative. This co-ordinated effort builds upon GamCare's long association with Bacta and will aid the process for those who are seeking help." Meanwhile, Elaine Smethurst, managing director at the Gordon Moody Association, said: "This is a positive step to enhance an effective preventative measure for people who find themselves in need of help."

Social responsibility and the licensing objectives are in our DNA. We are committed to working with the government, the regulator, care providers and all stakeholders to ensure there is the right balance between industry growth and safeguarding the vulnerable. |

*Steve Hawkins is the president of Bacta and Leslie Macleod-Miller is the former Chief Executive of Bacta*

#### **Bacta's Enhanced Social Responsibility Commitment contains a number of pledges to do more, including:**

- | Bacta's new Responsible Gambling Forum will work with GamCare and Gordon Moody to promote socially responsible gambling.
- | Working with other industry sectors, we will develop metrics and tools for measuring the effectiveness of our Social Responsibility Gambling initiatives.
- | Reviewing self-exclusion best practice to make it even more effective, including increasing staff training, exploring ways of assisting customers and working with others to develop best practice.
- | Test purchasing, which ensures under-18 players are not permitted to enter adult premises, has been made a condition of Bacta membership.
- | Relaunching the Proof of Age Standards Scheme promoted to members, and enhance investment in our rigorously enforced "Think 21 Scheme".
- | We will work with product manufacturers in conjunction with other industry sectors to ensure that, where appropriate, we use technology that actively promotes responsible gambling, harm minimisation and help customers to enjoy gambling safely.
- | Use the most effective and appropriate modern methods to communicate responsible gambling message to our customers through on and off machine messages. The gambling helpline freephone number will be prominently displayed on machines and on responsible gambling literature.
- | Working with other industry sectors we will create and implement Quick Reader (QR) codes and display these, where appropriate, on all printed material and in our premises, allowing customers with smart phones to access information on responsible gambling discreetly without having to pick up a leaflet or other written material.
- | Working with other industry sectors we will use social media, such as Twitter, Facebook and LinkedIn, to help deliver the message about social responsible gambling.
- | Working with other industry sectors to review the industry advertising code.
- | Working more closely with the Responsible Gambling Trust, making contribution to research, education and treatment a condition of membership and to understand more about customers and the risk profile of games.

# Tilting the playing field

By Paul Bendat

Australia has a huge gambling problem. There is a lot British bookmakers can learn from their southern counterparts

Australians are the world's biggest losers. The culprit is Australia's addiction to machine gambling (called poker – or pokie machines). The amount Australians lose per head of population on poker machines exceeds the amount lost by the British on all forms of gambling.

The social and economic cost of problem gambling in my home state of Victoria is in the billions every year. This cost, calculated by a government study, includes financial hardship, bankruptcy, lowered work productivity, family breakdown, divorce, violence and suicide.

In Britain the debate now rages about how legislatively to reduce the harm caused by machine gambling on the UK “crack cocaine of gambling” or fixed odds betting terminals (FOBTs).

Based on the Australian experience, here are some pointers the FOBT gambling insiders might have picked up, so that as UK gambling losses continue to grow, the betting companies' FOBT revenue model continues to thrive and UK politicians can continue to ignore the consequential harm to the disadvantaged.

## 1. Deny that FOBT machine gambling results in harm

The Association of British Bookmakers, in its report *Betting on Britain's Future*, puts all the kerfuffle down to “some public and political concern”.

In fact, that concern is evidence based. The Australian Productivity Commission is a no-nonsense economic government agency that has studied gambling over

two separate multi-year inquiries. The commission found 80 per cent of people with severe gambling problems lost most of their money on poker machines.

## 2. Deflect attention from the machine to the individual

“Guns don't kill people. People kill people” is the slogan of the powerful American National Rifle Association. Executives from the Australian machine gambling lobby attended a seminar in Washington to learn from these experts.

However, the “Guns don't kill people. People kill people” argument is illogical. Equally, gambling machines are designed

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The social and economic costs of problem gambling is in the billions

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to be addictive. Like any other money-making device, the FOBT objective is more consumption and more frequent consumption.

The tangible manifestations are the slogans “Gamble Responsibly” or “Stay in Control” that place all the blame on the individual and little on the machine manufacturers, operators and government.

Dr Charles Livingstone, of Melbourne's Monash University, reflected on framing the “Gamble Responsibly” slogan against the cause of gambling harm (the machine) in public health terms. The source of the message, he said, can be derived from the history of the public health movement,

which had its origins in the mapping of patterns of disease – for example, the way cases of typhoid clustered around a well, suggesting it was likely to be the source of the outbreak.

“The way to deal with such a situation is, of course, to fix the well. Better to render the water supply safe for people to use (an ‘upstream’ response), rather than just hand out antibiotics after people are infected and hope they help (a ‘downstream’ response),” he explained.

“However, cleaning up the source of a disease or harm can be unpopular with those who must foot the bill – whether they are local authorities required to clean up a water supply, cigarette manufacturers facing restrictions in the promotion of their product, or (gambling machine) businesses anxious about a loss of revenue.”

## 3. Vowing to defend individual freedoms

Reform that limits the amount wagered and the amount that can be lost in an hour are negatively positioned as “nanny state” government interference telling us how to live; government should not be making decisions for people.

However, the economists of the Australian Productivity Commission found that this “self-responsibility” approach ignores many important facts: the design of the machine, the health problems that result in seeking an escape through immersion into machine gambling; the fiscal importance of problem gamblers to gambling machine operators;

the consequences of problem gambling beyond the gambler, poorly educated and disadvantaged young men, where the adverse consequences of their actions are discarded, and circumstances where people do not know what behaviours would equate with self-responsibility until it is too late. For example, people who believe that gambling losses today can readily be made up by wins tomorrow.

This “protect individual freedom” advocacy is intended to sweep aside evidence-based measures, such as bet and hourly loss limits – reforms that target problem gamblers with little effect on the vast majority. The effect of these limits on personal freedom is minute and the benefit to society immense.

#### 4. Self-imposing a responsible code

By introducing a self-imposed Responsible Gambling code, the industry aspires to prove to the public that it is doing the right thing, thereby avoiding the need for prescriptive legislation.

Even if the operator is legislatively required to have a government approved responsible code, the objective is to make the obligations of little effect on gambling losses. The taxation to be gained ensures that government has little incentive but to follow along.

The code put forward by the ABB resembles a marketing endeavour. It speaks to future intentions, ABB members’ compliance with existing legislation, and a number of measures that do not work to reduce harmful gambling.

Take for instance, non-binding pre-commitment schemes. Such designed-to-fail initiatives have both been trialled and have been the subject of Australian state government research on no less than four occasions.

Participation is minuscule. The Productivity Commission finding was that non-binding pre-commitment was like a New Year’s resolution: never kept and of “limited effectiveness”.

Another designed-to-fail measure is self-exclusion. Self-exclusion is a scheme where gamblers register themselves as being out of control and call upon the gambling venue to kick them out.

Apart from the difficulty of motivating individuals to move beyond their shame and confess to being a gambling addict, this scheme fails because it is impractical to enforce – particularly when betting shops are only manned by one staff



Australia: home to the world’s biggest losers

member who may find it difficult to challenge the behaviour of the customers.

#### 5. Framing the discourse by using favourable words

By getting the language right, the industry can enhance an innocuous nature of machine gambling and the reasonableness of their proposals. In this world, “gambling” is “playing” and “gamblers” become “players”.

“Non-binding” pre-commitment becomes “voluntary” pre-commitment. In this way the opposite becomes “mandatory”. Anything mandatory is perceived to be undesirable and reinforces a concept of taking away personal freedoms.

By urging gamblers to “Gamble Responsibly”, the burden placed upon the problem gambler is increased. The per-

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In Australia, less than  
10 per cent of problem  
gamblers seek help

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ception is that if one develops a problem, they are irresponsible, while, at the same time, the machine operator is encouraging more gambling. In Australia, less than 10 per cent of problem gamblers seek professional help. Shame is cited as a factor in these low numbers.

#### 6. Citing potential employment losses

No politician likes measures that could produce unemployment. Accordingly, the British gambling machine industry has mentioned the number of people employed with the implication that all those jobs might be lost. As might be expected, the ABB has predicted the

loss of 40,000 jobs if a £2 bet limit was introduced, based on its own study. An analysis carried out by NERA Economic Consulting, however, found this analysis “seriously flawed”.

The Australian Productivity Commission found that the Australian machine gambling industry was employment neutral, stating: “Gambling displaces other production and employment, which would benefit from any contraction in it.” Betting shops don’t employ many extra people just to operate their FOBTs. Discretionary entertainment expenditure would be spent in other ways that employ greater numbers of people.

#### 7. Demanding more research as a prerequisite to any reform

What happened in Australia is not dissimilar to what is happening in the UK and is best expressed by the Productivity Commission, which reported: “The [gambling machine] industry essentially owes its existence and current size to the lack of an evidence-based approach to liberalisation, which has resulted in extensive ‘community-based gambling’.” It subsequently protested only a little at the lack of evidence for most of the (ineffectual) harm minimisation measures introduced over the past decade, despite their compliance costs. But it has been insistent on high standards of proof for measures that promise to be effective. One major industry group even suggested that no measure should be introduced if the possibility of error was more than 1 in a 1,000.

#### 8. Controlling the research agenda

As a result of a three-year study by Goldsmiths College, University of London, the complementary tactic to step 7 above is to ensure that any research is “dependent on the gambling industry for funding and access to data, and as a result produces conservative findings that prevent necessary reforms”. Professor Rebecca Cassidy, found “gambling research is not asking the right questions”. See page 19 for more on her analysis.

Reforming FOBTs, unlike dealing with Australia’s poker machines, would be such a simple thing. After all, an FOBT is just a machine. Instead of trying to control the infinite variety of the human condition, limiting the maximum bet and the loss per hour is simple. |

*Paul Bendat is founder of PokieAct.org*

# The maximum stake on FOBTs should be reduced from £100 per spin to £2 per spin.



**CAMPAIGN  
FOR FAIRER  
GAMBLING**

## Government has the power to apply the precautionary principle.

### Support the Stop the FOBTs campaign

Fixed Odds Betting Terminals (FOBTs), or B2s are touch screen roulette machines found in betting shops across Britain, on which gamblers can play casino style games with £100 maximum stake per spin.

The Campaign for Fairer Gambling wants the maximum stake on FOBTs reduced to £2 per spin to bring them in line with all other gaming machines in British high streets. It is aiming to gather support to put pressure on the Government to take action on the most addictive form of gambling – FOBTs.

### Take action today...

- 1 Tell us your story in confidence
- 2 Write to your MP
- 3 Support a local council motion
- 4 Object to a betting shop application
- 5 Sign up for the latest news

Come and meet us at...

8–10 July

LGA Annual Conference & Exhibition, Bournemouth

21–24 Sept

Labour Conference, Manchester Central

28 Sept–1 Oct

Conservative Conference, Birmingham ICC

4–8 Oct

Liberal Democrat Conference, Glasgow SECC

[www.stopthefobts.org](http://www.stopthefobts.org)



**STOP  
THE  
FOBTs**   
Campaign for Fairer Gambling