

The impact of gambling

Purpose

For discussion and direction.

Summary

This paper aims to explore the impact of gambling on residents, set out the context of gambling policy, and discuss ways in which local areas are taking action.

Gambling issues cut across several LGA boards and this paper has been shared with the Culture, Tourism and Sport, and Environment and Housing Boards to assist in coordinating activities.

Recommendation

The board is asked to determine the priority of any future work on gambling, and select their preferred approach(es) from the options in **paragraph 27**.

Action

Officers to progress as directed.

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Background

1. It is now five years since the Gambling Act 2005 commenced and introduced a new system of governance for gambling of all kinds, from the national lottery to scratch cards, betting shops to horse racing. It is timely to reflect on the impact that this has had and consider if there are ways in which the system could improve.
2. Councils will have a primary interest in betting shops, bingo halls, casinos and arcades as they have a formal licensing role with these premises. However, this report also touches on the impact of offshore and online gambling and the impact they can have on residents.
3. Responsibility for regulating the gambling industry is shared between councils and the Gambling Commission, with the Lottery Commission overseeing large lottery operators. An operator will typically require a premises licence from the council, and a personal and operator's licence from the Gambling Commission.
4. The Gambling Commission undertakes joint enforcement work with councils to crack down on illegal machines, but day to day enforcement is left to councils. This includes under age testing work, although the Gambling Commission asks to be kept informed. There is scope to remove duplication of these functions.

The issues

Clustering of premises

5. The clustering of betting shops in an area has been raised regularly with the LGA by members, and has also been the subject of a private members bill, lobbying by the Campaign for Fairer Gambling, and a recommendation in the Portas review that betting shops should be given their own planning class.
6. Around a dozen councils are known to be experiencing problems with the clustering of betting shops, with the worst affected having over 40 premises in close proximity. The majority of these councils are London boroughs with high deprivation levels. It is widely acknowledged that betting shops are targeting deprived areas where vulnerable people may be exploited.
7. The overall numbers of locally licensed premises has remained largely unchanged since the introduction of the Gambling Act. However, there has been a shift in the location of premises with betting shops, in particular, taking advantage of the decline in the traditional high street to move into vacant stores. This has increased their visibility and contributes to a perception that overall numbers have gone up.

Anti-social behaviour

8. There is strong circumstantial and anecdotal evidence to suggest that betting shops act as a focus for anti-social behaviour, including street drinking. The Union for Betting Shop Workers has identified a 65% rise in anti-social behaviour in and around betting

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shops since 2005. Theft offences and allegations are both up significantly since 2006, 16% and 35.3% respectively.

9. A mapping exercise in Newham showed a close correlation between locations of betting shops and incidences of anti-social behaviour. However, the industry has argued that this is to be expected from the type of location that betting shops favour, rather than being a result of the betting shops' presence.

Fixed Odds Betting Terminals (FOBTs)

10. Changes in technology have led to a change of offer in the type of machines available in premises. The numbers and types of machines that can be operated are strictly regulated by type of premise. However, there are concerns that Fixed Odds Betting Terminals, in particular, can be habit forming. However, overall average gaming machine numbers have declined by 10% between 2010/11 and 2011/12.
11. The LGA is aware of at least two councils running campaigns against FOBTs, which are increasingly the primary source of income for high street betting shops. It is believed, although evidence is lacking, that residents losing money through these machines frequently turn to payday loans and loan sharks to fund their gambling.

Gambling Addiction

12. Problem gambling describes a state where an individual's gambling is causing harm to themselves or those around them. In 2010, about 0.9% of adults in the UK meet the clinical criteria to be considered Pathological Gamblers. This is based on the National Gambling Survey and showed an increase from the previous national surveys in 2007 and 1999 (0.6%). Problem gamblers in the UK have an average debt of £17,500 each and are frequent users of pay day loan companies. The survey also found that another 900,000 people were at "moderate risk" of becoming problem gamblers, while 2.7 million more displayed "some risk factors".
13. The LGA Community Wellbeing Board is developing a guide to help councils identify and address local levels of gambling addiction. Southampton and Southwark Councils are also exploring public health campaigns relating to their local premises, which in Southampton includes a health impact assessment for a new casino.
14. The industry, particularly the casino operators, fund national helplines including GamCare which provide confidential help and support to those who believe they may have a problem with gambling. All casinos display information and counter staff are trained to intervene where they suspect a problem. However, these levels of support are much less common in high street betting shops.

Online and internet gaming

15. There has been a significant increase in the market share of online, offshore gambling. These fall outside of the UK regulations, leaving players exposed to fraud and unfair gaming practices, as well as providing no support to those at risk of addictive and harmful gambling.

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16. In December 2012, the Draft Gambling (Licensing & Advertising) Bill was published, seeking to amend the Gambling Act 2005. This new framework aims to provide better protection measures for British users of online gambling services, including online bingo, casino websites and telephone betting.

What limits councils in tackling these issues?

The Gambling Act

17. Councils are responsible for the issue of gambling licences in their area. The Gambling Act 2005 established a narrow range of objectives against which licences could be assessed. These are:
- 17.1 preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime;
 - 17.2 ensuring that gambling is conducted in a fair and open way; and
 - 17.3 protecting children and other vulnerable persons from being harmed or exploited by gambling.
18. Experience has shown that it is difficult for local residents to express objections in ways that are meaningful under the Act, leaving councils with limited ability to reject licences.
19. A gambling licence cannot be revoked for **anti-social behaviour** issues. It must relate to crime and disorder, which is a higher test for councils to evidence. The London Borough of Newham recently lost a legal challenge following their refusal to grant a licence to Paddy Power. Their case rested heavily on instances of anti-social behaviour, which the judge rejected. However, part of their evidence was CCTV footage of a man with a metal bar going into a betting shop and the police later arriving. The judge made clear that if they had more evidence of this kind, they would have stood a better chance.
20. The Newham case was partly founded on a desire to ensure betting shops were focused on **betting rather than machine gaming**. 'Primary activity' refers to the manner in which bets are placed and, in the Newham instance, refers to the fact that the premises expected to make most of its income from gaming machines rather than bets placed at the counter. 'Primary activity' is referred to in Gambling Commission Guidance, but is not mentioned in legislation making it difficult for councils to refuse licences on this basis.
21. Councils are considering gambling addictions as part of their new public health role, but there is **no health objective** in the Gambling Act. Some health and wellbeing boards include problem gambling in their workplan but this is not widespread.

Planning tools

22. Barking and Dagenham Council is in the process of consulting on a draft Supplementary Planning Document which will be introduced alongside a non-immediate Article 4 Direction to control betting offices in the borough. However, a

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number of councils have tried this approach but, despite some individual successes such as Haringey, have found planning law problematic and expensive to use in regards to betting shops.

23. Licensing authorities, prior to the Gambling Act, had been able to consider the 'need' for new premises in an area when granting licences. This gave them considerably more freedom to designate areas as saturated, in a similar fashion to current alcohol licensing powers to designate **areas of cumulative impact**, where the presumption is that licences will not be granted.
24. The LGA has pressed for greater powers for councils to respond to local concerns about the shape of their high street through greater flexibilities to set permitted development rights at the local rather than the national level and campaigning for changes to Article 4 directions to make them more useable and less costly to councils. This included a high profile media and parliamentary campaign in response to government announcements to extend permitted development rights which will enable betting shops to be set up in a wider range of buildings without the need for planning permission on a temporary basis.
25. The Environment and Housing Board continue to press for local flexibility with regard to the use classes system and will be monitoring the impact of the recent changes to permitted development. However, the direction of national policy is currently towards further deregulation.

Conclusion

26. Despite the attention of two, and occasionally three, regulators, there remain some core issues with the gambling industry that remain unaddressed.
27. Councils have responsibility for licensing gambling premises, but in practice lack the flexibility to respond to local concerns about proliferation and the economic, social and criminal impacts that this has. The Newham case is a typical example of a council seeking to act for the benefit of the local economy and residents, but being frustrated by legislation.
28. The gambling industry makes a significant economic contribution to GDP (£2.3 billion) and employment (38 800 jobs) and individual premises can make a valuable contribution to the offer of a local area. However, too many in one location can have a detrimental effect on the economy.

Next Steps

29. The Board is asked to identify the priority level for work on gambling, and recommend a preferred approach to solving the problem:
 - 29.1 Planning reform – supporting the Environment and Housing Board to continue the LGA campaign to localise permitted development rights and evidence the impact of recent changes to local authorities. This would run counter to Government's direction on planning.

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- 29.2 Licensing reform – develop proposals for a new licensing model for local government, building on work prepared for the annual conference. This would seek greater powers for licensing committees.
- 29.3 Gambling Act reform – lobby for changes to the Gambling Act, which could include the inclusion of a health objective, and an improved ‘crime’ objective which allowed anti-social behaviour to be considered. This could also include the development of ‘special policy areas’, which would be deemed to have reached saturation point and new applications would not be looked on favourably.
- 29.4 Support industry-led awareness campaigns - to help those with gambling problems.
- 29.5 FOBT campaign – this would support the work of those councils lobbying to restrict the provision of fixed odds betting terminals.

Financial Implications

- 30. This work would not incur direct financial costs, but would require staff time which would mean scaling back other pieces of work.