

## **LGA-led Betting Commission**

### **Purpose**

To update members on the work of the LGA's Betting Commission and to seek their input on next steps.

### **Summary**

The LGA Betting Commission was convened in response to significant concern among a number of LGA member councils about the impact of betting shop clustering and Fixed Odds Betting Terminals (FOBTs) on communities and individuals. It has met twice and is now moving towards the conclusion of its work.

This paper updates the Board on the Commission's discussion, and seeks the Board's view of, and support for, proposed next steps and potential outcomes.

### **Recommendation/s**

The Board is asked to note progress on the Betting Commission and to provide a steer on the proposed approaches set out in paragraphs 24-33.

### **Action/s**

Officers to progress as directed.

**Contact officer:** Ellie Greenwood  
**Position:** Senior Adviser (Regulation)  
**Phone no:** 020 7664 3219  
**Email:** [ellie.greenwood@local.gov.uk](mailto:ellie.greenwood@local.gov.uk)

## **LGA-led Betting Commission**

### **Background**

1. Members will be aware that the issues of betting shop clustering and the impact of Fixed Odds Betting Terminals (FOBTs) on vulnerable people / problem gamblers are of concern to a number of the LGA's member councils.
2. Gambling Commission figures show that the total number of betting shops has remained broadly stable in recent years, with a less than 2% increase (total premises rose from 8,872 in March 2009 to 9,031 in September 2013, down from 9,128 in March 2012).
3. However, this mostly static figure disguises a significant shift in locations, which has seen some areas experiencing marked increases. The combination of market deregulation in 2005, coupled with the economic downturn leading to an increase in vacant premises on high streets, has seen a pattern of betting shops moving from dispersed locations to clusters on high streets.
4. The numbers of FOBT machines in Britain has increased by just over 5% over the last five years (although it should be noted that in 2003 there were no FOBTs at all). However, over the same period the amount of income drawn from these machines has increased by almost 50%, from £1bn to over £1.5bn. According to the Association of British Bookmakers (ABB), the percentage contribution of machine income to average betting shop profits was 39.9% in 2008 and 49.4% in 2011.
5. Concern about FOBTs, in particular, have prompted different strands of activity in this area, including: detailed research funded by the Responsible Gambling Trust into patterns of player behaviour on FOBTs and the potential link to problem gambling, and a new ABB voluntary code enabling users to set voluntary spend and playing limits and introducing mandatory alerts to both users and betting shop staff at £250 spend / 30 minutes playing time.
6. However, community and council concerns about betting shop clustering and FOBTs have continued to move up the political and media agenda throughout 2014. The issues featured in both a Parliamentary debate and PMQs on 8 January as well as in CLG questions on 20 January. At the end of January, a Racing Post article featured comments from the Chief Executive and Chairman of William Hill and BetFred respectively supporting the introduction of cumulative impact and return of the demand test to the licensing process for betting shops.
7. The LGA has been active on this issue. In *Rewiring Licensing*, published in February, we identified two specific licensing proposals that would help councils to address issues of clustering and FOBTs. We argued for licensing objectives to be extended to include public health issues, and for the ability to consider cumulative impact when making licensing decisions.
8. We also called for clarity about how planning and licensing operate to ensure that planning use classes provide effective economic regulation and licensing manages the social and public protection impact of commercial activity. The intention behind this

proposal was to be clear about the distinction between the roles of planning and licensing as mechanisms for regulating betting shop activity on high streets.

### **The Commission**

9. In February, the LGA's licensing champion Councillor Tony Page and officials met with representatives from BetFred, William Hill and Paddy Power to discuss these issues. As a result of these meetings, and under the direction of the Safer and Stronger Communities Board, the LGA took the decision to convene a Betting Commission. The objective was to bring together representatives from both local government and the gambling industry to discuss whether there is any consensus on issues relating to betting shops and FOBTs and / or the potential responses to these issues. Summary slides highlighting issues of concern and the potential solutions are attached as annexes to this paper.
10. Membership of the Commission comprises: members of the LGA's Safer and Stronger Communities, Culture Tourism and Sport and Environment and Housing Boards; councillors from Westminster, Liverpool and Fareham councils; officials from BetFred, Coral, Ladbrokes, Paddy Power and William Hill; the ABB; officials from DCMS and CLG; and a research director from the National Centre for Social Research. Officials from the Gambling Commission also attend the Commission's meetings.

### **First meeting of the Betting Commission: April 2014**

11. The first meeting of the Betting Commission, in early April, provided an opportunity for a full and frank discussion of the issues relating to betting shop clustering and FOBTs. The meeting clarified that concerns are focused on two related but separate issues: betting shop clustering, and the potential harm to *communities* (such as littering and anti-social behaviour, or negative perceptions of the high street); and FOBTs, and the harm caused to *individuals* through problem gambling.
12. The meeting also established broad agreement among members of the Commission that the fundamental tension is the discrepancy between the objective of the Gambling Act 2005, which has a statutory 'aim to permit' gambling, and a general public perception that accepts the right to gamble but believes it should be restricted.
13. However, it was clear that industry is not in agreement as to whether restrictions on new premises were desirable or not. While the four largest firms do not anticipate a significant future change in numbers, and some have expressed support for a demand / cumulative impact test, Paddy Power's business model, reflecting its status as a smaller newcomer to the market, is about opening further premises and competing with existing betting shops. The firm believes that competition, via clustering, is good for consumers, and indicated it might raise a legal challenge, on the grounds of competition law, if changes to the current system were introduced.
14. Finally, the meeting heard about examples of good practice engagement / agreements between councils and betting shops (including Ealing's Betwatch and Lewisham's Deptford High St Charter), although it was also noted that some councils have struggled to achieve meaningful engagement with the industry. It was agreed that following the

meeting the LGA would undertake further work to understand where and why local engagement had been successful.

### **Recent Government announcement on betting shops and gambling**

15. Following the first meeting of the Betting Commission, LGA officials met with DCMS officials to discuss the government's review of gambling strategy. The meeting indicated that government was considering a wide range of possible amendments to licensing controls, but that they had significant concern about the workability of many of these. They had also received a steer from the Gambling Commission that suggested councils could use their existing powers (for example, to set premise licence conditions, or develop highly localised licensing statements) more effectively than they are doing currently.
16. At the end of April, government announced a series of measures aimed at addressing concerns about betting shop clustering and FOBTs. Government chose not to adopt some of the tougher measures that they were considering (for example, giving councils the power to limit the number of FOBTs in a premise). Instead, key proposals include:
  - 16.1 A CLG consultation on proposals to change planning use classes so that betting shops and payday loan shops are contained in a separate use class, with other types of premise moved into a much wider use class. Therefore, planning permission will be required where a new betting shop represents a change of use.
  - 16.2 The requirement for new premises licence applications to demonstrate how betting shops will meet social responsibility requirements in relation to local circumstances.
  - 16.3 A new range of player protection measures that 'end unsupervised high stakes play', but there will be no reduction in the current maximum £100 stake. Customers wishing to stake more than £50 on FOBTs will need to pay over the counter in cash or use account based play, which track and monitor play.
  - 16.4 A range of work on gambling advertising including the implementation of a Think-25 initiative (as distinct from Think-21) in line with other age-restricted products.
17. Nonetheless, the LGA welcomed the announcement as an acknowledgement of council and community concerns about betting shop clustering and FOBTs, and believes that they are a step in the right direction. Although they certainly do not give councils all the powers we have proposed, they will provide some scope for councils to take a tougher approach on clustering and FOBTs. However, to do so, councils will need to collect evidence about their concerns; think about how to apply licence conditions, and ensure that they are overseeing how effectively betting shops are applying player protection safeguards.

### **Second meeting of the Betting Commission, June 2014**

18. The second meeting of the Betting Commission provided an opportunity for the group to discuss the government announcement on gambling. DCMS officials clarified that the changes would be implemented from October onwards, with the changes relating to FOBT machines implemented first.

19. The industry raised concern that some councils will seek to use a new planning power to introduce a blanket ban on new betting shops, and warned that they would challenge councils taking planning decision on political, moral or arbitrary grounds. Both CLG and the LGA acknowledged the need for planning decisions to be taken on planning grounds: the LGA felt that councils would utilise the flexibility to amend existing planning policies to deal with the issue. It was noted that the practical impact of the change might be small, with few applications for change of use likely to be required given existing patterns of premises.
20. The meeting heard an interesting presentation from the Assistant Secretary General of the trade union representing betting shop workers, Community. John Park said that staff feel a real sense of pride at working in betting shops, but want to see them regain their status as being a valued part of the community. Feedback from staff suggests that anti-social behaviour is fuelled by FOBTs, and there is concern among members about safety, late night opening and the use of single staffing in premises. The union is keen to have a constructive dialogue with the industry in the context of ongoing debate about betting shops and FOBTs, and recognises the interaction between recent changes in the industry and current levels of employment.
21. Finally, the meeting discussed local engagement, and why this had been successful in some places but not others. Broadly, it was felt that where there had been specific local issues that needed to be addressed (e.g., anti-social behaviour, or nuisance linked to betting shops), and where local engagement had been backed by senior figures within the industry (principally the ABB, but also area managers in individual firms), partners from councils, the police and businesses had agreed approaches that had helped to resolve the issues.
22. There was broad support across for the Commission for trying to develop a set of principles to help shape local level engagement between councils and betting shops. There was recognition that in some places, issues had been left unaddressed, and industry had not been strong enough at escalating issues to a more senior level. Addressing these issues could help improve relationships between councils and the industry. The LGA will work on this with the ABB and others in advance of the next meeting.
23. Finally, there was support from the Commission for the LGA to update the Gambling Act handbook last produced by LACORS in 2010.

### **Moving to a conclusion**

24. It is expected that the next meeting of the Betting Commission (likely to take place towards the end of September) will be the final meeting of the Commission. We hope that at that meeting we will be able to agree with industry some principles for local engagement, and a mechanism on the industry side for councils to raise concerns at a senior, national level if they do not believe they are achieving the appropriate level of engagement at a local / area manager level.
25. Members are invited to provide officers with any local examples of effective engagement with betting shops, or of effective engagement models with other industries that could be used as a template for a partnership framework.

26. The Board is also invited to nominate a representative to be involved in the re-development of the LGA Councillor Handbook on the Gambling Act, to provide a steer on the advice and case studies that will be of most assistance to elected members in their leadership role.
27. It is extremely unlikely that our work will provide a framework for resolving betting shop clustering and / or problem gambling linked to FOBTs. On clustering, despite the new planning powers (which councils had lobbied for), the scope for addressing existing clustering is very limited and the main option for councils appears to be to review whether there is more that they can do to manage existing premises.
28. The Board is therefore asked to provide a steer, alongside the other Boards involved, on whether the LGA should undertake further lobbying on these issues.
29. Since government looks set to create the separate use class for betting shops that many councils had called for, the obvious outstanding 'asks' are on the licensing side. The Board is asked to provide a steer on whether any single solution should be prioritised in our work, or if we should continue to lobby for a broad palette of powers and amendments that can be selected according to local need.
30. Our current 'asks' cover:
  - 30.1 The introduction of a health objective to the Gambling Act
  - 30.2 A legal definition of 'primary activity' – that is, that the majority of a premises bets should be placed at the counter and not via machines. The Courts have recently overruled the Gambling Commission's existing definition.
  - 30.3 An ability for councils to introduce cumulative impact policies, where they believe that too many premises in one location are causing more problems than individual shops. This would be comparable to the power that exists for premises selling alcohol.
31. On FOBTs, Government is likely to revisit its position at the end of the year based on the outcome of extensive research into patterns of harmful player behaviour linked to FOBTs and potential interventions to address these. Additionally, local areas are beginning to develop their own evidence base on FOBTs, for example the Liverpool Public Health Observatory has just published extensive research into FOBTs and problem gambling in Liverpool.
32. However, the LGA has so far not called for specific powers limiting their use, focusing more on powers that manage premises. The board is invited to comment on whether this continues to be the right emphasis.
33. Independently of the Betting Commission, the LGA will work with member councils to consider and link up the development of an evidence base around issues associated with clustering and FOBTs. Unless councils have clear evidence of problems linked specifically to the proliferation of betting shops and / or FOBTs, it is likely to be difficult under either the planning or licensing frameworks to take any action.