

## **Introduction**

1. Anglican Christians hold a variety of opinions on gambling, just as they do on the consumption of alcohol and the smoking of tobacco. Some would see any form of gambling as morally doubtful and inconsistent with Christian discipleship. Others hold no moral objections to gambling in principle and see such things as bingo, raffles and lucky dips at the church fete as harmless fun and an acceptable method of fundraising for the church or other good causes.
2. This motion is **not** about the principle of gambling. Rather it is concerned with a very specific and highly pernicious form of high street gambling which is causing great harm and misery to thousands of people and is wholly lacking in any social benefit — other than tax receipts to the Treasury.

## **What are Fixed Odds Betting Terminals?**

3. Fixed Odds Betting Terminals (“FOBTs”), also known as B2 machines, are touch screen roulette machines found in betting shops all across Britain, on which gamblers can play casino games with a stake of up to £100 every 20 seconds. Thus a player can gamble away **£18,000 each hour**. Since their introduction, FOBTs have also become harder and more sophisticated, playing all versions of casino games in order to maximise income. Bookmakers often offer lower stakes (known as B3 content), capped at £2 per spin, they then lead players on to higher stakes FOBT gambling at stakes up to £100 per spin. FOBTs are very lucrative for bookmakers: FOBT profits at Ladbrokes are up 11.9% on last year with 55% of their profits derived from FOBT machines.
4. FOBTs are referred to as the crack cocaine of gambling. They proliferated in bookmakers after the Gambling Act 2005 and there are over 35,000 of them located in high street betting shops, taking nearly £1,000,000,000 every week, mostly from some of the UK’s most deprived communities. The law allows each bookmaker’s premises to have no more than four FOBT machines, but this has led to the opening of multiple betting shops in close proximity to one another. They are now the most profitable form of gambling in bookmakers and are causing significant problems.

## **What are the problems with FOBTs?**

5. Evident link to driving gambling related harm
  - The Responsible Gambling Trust has produced research which identifies that around 80% of FOBT gamblers exhibit problem gambling behaviour at stakes in excess of £13 a spin.
  - Analysis shows that FOBTs use is the most common activity for problem gamblers.
  - Two thirds of the calls to Gamcare, the country’s main problem gambling charity, are from bookmaker customers, with over half citing the FOBTs as the issue. Many were people who had previously bet on horse racing with no problems, but then started playing the FOBT machines and lost control of their gambling.
6. Economic and social impact
  - The impact of FOBTs can be most heavily seen in London. In 2013, people lost £459m on FOBTs and many of these would have been the most vulnerable in society. Research published last December found that London stood out from other areas as the place with “most bets placed, at the highest stake values and the most money was lost”.
  - While any form of gambling can become quickly addictive, especially for those with addictive personalities, the amount of loss which can be suffered by those who become hooked on FOBTs has a devastating impact on thousands of users and their families every year and leads to massive debt problems, particularly where the users’ habits are funded by pay day loans and other readily available high-interest forms of borrowing

- The lucrative returns from FOBTs, the addictive nature of high speed roulette content and a limit of 4 FOBTs per premises has resulted in the clustering of betting shops in areas of social deprivation, as it is the poor and more financially vulnerable who are more likely to use them.
- Retail businesses are thus being displaced from whole sections of many shopping centres
- Research for the *Guardian* newspaper revealed that there are twice as many betting shops in the poorest 55 boroughs of the UK, typically working class and urban, compared with the most affluent 115, even when accounting for population size, so 4 times the density. Newham has one of the highest number of bookmakers of any London borough: 87
- The demographic group who play the lower-stake, lower-risk Category C machines in community pubs are the same who use FOBT machines in betting shops. With betting shops proliferating near to pubs, their higher-staking, more addictive gambling machines, are drawing custom away. With this income diminishing, pubs are no longer able to use their machine income to help pay towards their costs, and they are being forced to close.

7. Money laundering

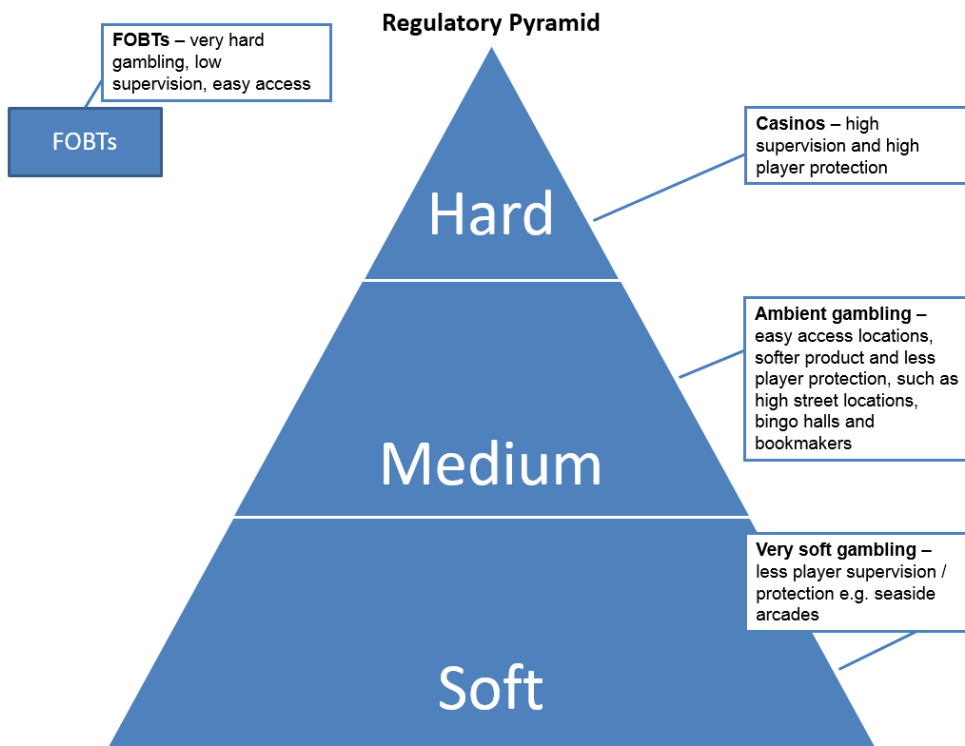
- There is strong evidence that because of the low supervision environment FOBTs are being used to launder money and in turn fund serious organised crime.

8. Payday lending

- The use of FOBTs is also closely linked to the problems that the financially vulnerable experience with payday loans as one in eight players use payday loans to sustain their use of FOBTs. Bookmakers are also often located next to payday loan shops which further facilitates FOBT use and exacerbates social problems.

9. Regulatory anomaly

- FOBTs are at odds with the regulation of gambling in the UK and worldwide. The Gambling Act 1968 put in place a regulatory pyramid with harder gambling at the top reserved to strictly regulated Casinos with very high levels of player protection and supervision. At the bottom seaside arcades have the lowest levels of supervision and gambling. The middle tier, general high street ambient gambling, was planned to be fairly soft gambling with lower levels of player supervision. The structure and basis for the Gambling Act 2005 relies on the same premise.



- The proliferation of FOBTs has taken place outside this regulatory structure. They allow very hard gambling in easily accessible locations with very low supervision levels.
- The newly introduced measures to increase supervision by bookmaker staff are unworkable and ineffective. They seldom intervene when users are exhibiting signs of problem gambling since they do not have the training, time or capacity to deal with the problem. It is inappropriate and dangerous for gambling at such high stakes to take place in such a low supervision environment.
- No other country in the developed world has £100 stake machines other than in highly supervised casino environments because they recognise that hard gambling has to be in highly supervised premises which customers recognise as such.

## 10. Crime

- Information recently obtained from the Gambling Commission has revealed that FOBTs are responsible for a 20% rise in crime at betting shops as addicted gamblers turn violent.
- New figures show that betting shops across the country were forced to call out police officers 9,083 times last year, an increase of 1,600 incidents on the previous year.
- There have been a number of violent assaults on betting shop staff following on from the murder of the manager last year in a Ladbrokes in Morden. In recent weeks there have been numerous thefts and machines being smashed as well as an attempted murder and a disturbing assault on a lone female employee in a bookmakers in Leicester.
- Such crimes are directly linked to FOBTs as they are driving addictive gambling behaviour yet the bookmakers see them as requiring lower levels of supervision than other forms of betting such as horse racing. As a result they are operating premises with just one member of staff (often a woman) present when horse racing has ended for the day, just to supply the FOBTs.

### **Government action and inaction**

11. Former Prime Minister, David Cameron, recognised over 24 months ago that FOBTs were a problem which needed to be fixed but little action has since been taken. Regulations introduced last year require players to open an account in a bookmaker if they want to stake over £50. A recent review by the Department for Culture, Media and Sport (“DCMS”) found that to have been ineffective at best: those wanting to stake £100 may still do so after registering for an account and those who do not wish to register and play more frequently at stakes of £40-£50, which is still very high stakes gambling. Regulations also require an onscreen warning message to be displayed indicating how play limits can be set, but research has shown that they are ignored.
12. In February 2014 Newham London Borough Council submitted a proposal under the Sustainable Communities Act 2007, which was supported by 93 other local authorities, to reduce the stakes on FOBTs from £100 to £2 in November 2014, bringing FOBTs in line with other gaming machines accessible on the high street. The Department for Communities and Local Government (“DCLG”) responded to the joint submission in July 2015, rejecting the proposals. From January 2016 a six-month period of negotiation began between the Local Government Association (“LGA”), DCLG and DCMS around the Newham proposal, discuss the application, consider areas for possible compromise and alternative proposals, with the aim of trying to reach agreement. Following nearly four months consideration of the evidence presented at an initial meeting in January, the Minister for Local Government, Marcus Jones MP, informed the LGA by letter in June 2016 that the Government is not minded to change its original decision to reject the proposals. A further meeting was held in July and a date for a third is awaited.
13. It is hard to avoid the suspicion that the Government’s unwillingness thus far to take effective action to deal with an acknowledged problem may be connected to a concern about the loss of tax revenue which would result. Whilst the protection of the public revenue is a perfectly proper concern for any government, that should not be done at the expense of the poor and the

vulnerable: if loss of tax take were the reason for inaction, it would in effect turn FOBTs into a vehicle for taxing the poorest and those addicted to gambling.

14. However, in 2016 Tracey Crouch (Parliamentary Under Secretary of State at the Department for Culture, Media and Sport) announced a Review of Gaming Machines and Social Responsibility Measures and a Call for Evidence, which closed on 4 December 2016. That review, which includes a close look at the issue of FOBTs and specific concerns about the harm they cause to the player or the communities in which they are located, is welcome and its outcome is awaited.
15. Meanwhile the All Party Parliamentary Group on FOBTs interim report of its enquiry to assess the impacts of FOBTs on society and communities across the UK calls for a substantial reduction in the maximum stake and sees a strong case for it to be set at £2.

### **Bookmakers' attitude and action**

16. Bookmakers have lobbied powerfully against any reduction in FOBT stakes, threatening the Government and regulator with legal action and arguing that they must wait for results of a long term research programme before any action can be taken. Bookmakers have however introduced a code of practice and self-exclusion pilots. The Responsible Gambling Trust's recent report on that code shows how ineffective it has been, noting that there is "no statistical evidence of any impact of the machine changes (voluntary limits and mandatory alerts), or indeed the broader code, on session length, money gambled and the proportion of gamblers playing for 30 minutes or more and inserting £250 or more into machines during their session." 8 out of 10 pilots have failed.

### **What is to be done?**

17. The Gambling Commission has said that if staking levels were being set now, it would advise against the £100 maximum stake on a precautionary basis. The precautionary principle, which is applied in relation to the licensing of pharmaceuticals and the location of mobile phone mast among many other issues, is that, if an action is reasonably suspected of causing harm but there is no scientific agreement that it is actually doing so, rather than waiting for research to take place action should be taken immediately to protect the vulnerable until it can be demonstrated that it is safe.
18. God calls us as His ambassadors to stand for His justice and to defend the poor and needy, which includes speaking prophetically to those in power. Since there is clear evidence that the ability to lose £100 a spin ruins lives and that the presence of FOTBs on the high street targeting the most vulnerable is a fundamental cause of a structural spiral of poverty in our society, it is time for us as part of God's church to call on the Government to act now in the public interest, applying the precautionary principle rather than delaying while further evidence is gathered, to protect the poor and the vulnerable and those who can least afford it from the misery being caused by FOTB. The most effective way to do that would be substantially to reduce the maximum stake, ideally to around £2 as proposed by Lord Clement-Jones in his private member's Bill. Such a change would not in fact require primary legislation: the Government could achieve it through secondary legislation with almost immediate effect.

### **Further reading**

19. Space does not permit the deployment in this paper of the extensive research which has been undertaken on the effect of FOBTs not only on individuals, families and communities, but also on the wider economy. Much of that can be found at <http://www.stopthefobts.org/the-evidence>

*Mr Clive Scowen (London), on behalf of London Diocesan Synod*

9 January 2017