

LOWERING THE STAKE ON FIXED ODDS BETTING TERMINALS

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This brief sets out why decreasing the maximum stake on Fixed Odds Betting Terminals (FOBTs) from £100 to £2 is vital in preventing individuals from serious gambling addiction.

State of the nation - the rise of FOBT's

In 2006, the Centre for Social Justice (CSJ) published its Breakthrough Britain report on addiction, which outlined the systemic issue of gambling and its pervasive effects on individuals and communities. At the time of publication, there were 250,000 problem gamblers in the UK, whereas estimates now exceed 593,000¹. The number of FOBTs - category B2 gaming machines - is at an all-time high of 34,809, with an estimated £1.7 billion² being lost on the machines annually. This is the equivalent of £48,724³ being lost per machine each year, with FOBTs now accounting for 50% of bookmakers' profits⁴. The CSJ believes that the high stakes of FOBTs have compounded the social issues perpetuated by gambling.

As a result, the CSJ is recommending that the Government reduces the stakes on FOBTs from £100 to £2, a measure that has been widely called for and received significant cross-party support.

The FOBT All Party Parliamentary Group record that the recommendation was first made in 2014 when it was supported by 93 councils, but rejected by government⁵. The recommendation has since remained on the political agenda, and has recently been outlined in the 2017 manifesto of both the Labour Party (p.94)⁶, and the Liberal Democrats (p.66)⁷. Conservative Minister of State, Rt Hon Mark Field MP, has publicly supported the suggestion; stating that 'the size of the stake—up to £100—and the very short cycle make FOBTs a particularly aggressive form of gambling'⁸. Patricia Gibson MP (Scottish National Party) has stated that a maximum stake of £2 is 'a good way forward'⁹. Members of The Democratic Unionist Party (DUP) are also in strong support of the stake reduction; Jim Shannon MP (DUP) has called FOBTs 'the crack cocaine of gambling', and in 2016 called for legislative change; raising the issue as one of priority¹⁰.

1 As written on the NHS choices website, Gambling addiction, [accessed via <http://www.nhs.uk/Livewell/addiction/Pages/gamblingaddiction.aspx> (14.07.17)]

2 As written on the Gambling Commission website, Gambling key facts, [accessed via <http://www.gamblingcommission.gov.uk/news-action-and-statistics/Statistics-and-research/Statistics/Gambling-key-facts.aspx> (14.07.17)]

3 Fixed Odds Betting Terminals All Party Parliamentary Group, Fixed Odds Betting Terminals Inquiry Report 'Fixed Odds Betting Terminals - Assessing the Impact', January 2017, p6 [accessed via: <http://www.fobt-appg.com/wp-content/uploads/2017/01/FINAL-FOBT-APPG-REPORT.pdf> (14.07.17)]

4 BBC News, Bookmakers' fury at 'flawed' gambling report by MPs', 31 January 2017 [accessed via: <http://www.bbc.co.uk/news/business-38800095> (14.07.17)]

5 Page 20, Fixed Odds Betting Terminals All Party Parliamentary Group, Fixed Odds Betting Terminals Inquiry Report 'Fixed Odds Betting Terminals - Assessing the Impact', January 2017, p6 [accessed via: <http://www.fobt-appg.com/wp-content/uploads/2017/01/FINAL-FOBT-APPG-REPORT.pdf> (14.07.17)]

6 The Labour Party, The Labour Party Manifesto 2017 - For The Many Not The Few, London: Labour, p94, [accessed via <http://www.labour.org.uk/page/-/images/manifesto-2017/Labour%20Manifesto%202017.pdf> (14.07.17)]

7 The Liberal Democrats, Liberal Democrat Manifesto 2017 - Change Britain's Future, London: The Liberal Democrats, p66, [accessed via <http://d3n8a8pro7vhmx.cloudfront.net/themes/5909d4366ad575794c000000/attachments/original/1495020157/Manifesto-Final.pdf?1495020157> (14.06.17)]

8 Hansard, Westminster Hall Debate, Commons, 26 April 2016

9 Hansard, Westminster Hall Debate, Commons, 26 April 2016

10 Hansard, Westminster Hall Debate, Commons, 26 April 2016

Ministers across the parties are also in agreement over the wider disruptive impact of FOBTs. Fiona Bruce MP (Conservative) has raised the issue as 'a matter of social justice'¹¹, and calls for the understanding that the impact of the issue goes beyond the addicted gambler; and impacts the lives of their family and children. Similarly, Carolyn Harris MP (Labour), and Chair of the FOBT All Party Parliamentary Group, has highlighted the 'high levels of crime and violence'¹² in FOBT shops, and states that the debate of FOBTs is one of 'moral responsibility'¹³.

Carolyn Harris MP also raises it as a pressing issue, stating that 'losses on FOBTs are spiraling out of control... the next government must act to reduce the maximum stake to £2 a spin'¹⁴. This perspective is again shared across the parties. Notably, Rt Hon Mark Field MP, has further stated: 'It seems odd that at the same time as we are imposing a sugar tax and ever more draconian measures against smokers, we are allowing these high-stake gambling machines to proliferate in a loosely regulated environment. I ask the Minister to work with responsible operators in the gambling industry, of whom there are very many, to reduce the FOBT stake'¹⁵.

This essentially raises a question of why the government hasn't already acted. Tracey Crouch MP is Parliamentary Under-Secretary (Department for Digital, Culture, Media and Sport); a role which oversees gambling policy. It is noted that she has warned: 'It is important that gambling regulations strike the right balance between allowing the industry to contribute to the economy and enabling people to bet responsibly whilst ensuring consumers and communities are protected'¹⁶. However, it remains evident that the recommendation is strongly agreed on across the parties, and that support for the measure is significant.

FOBTs are unique in their capacity to take bets of up to £100 every 20 seconds and this is the crux of the issue. Stakes should be cut off beyond the £2 mark. This will protect users from falling into problem gambling, thus nullifying the corrosive effects that evidence has shown FOBTs to have in perpetuating poor mental health, violence and family breakdown.

11 Hansard, Westminster Hall Debate, Commons, 26 April 2016

12 Hansard, Westminster Hall Debate, Commons, 26 April 2016

13 Hansard, Westminster Hall Debate, Commons, 24 January 2017

14 The Guardian, UK gamblers lose record £13.8bn as industry braces for FOBT crackdown, 25 May 2017 [accessed via <https://www.theguardian.com/society/2017/may/25/uk-gamblers-fobt-dcms-losses> (14.07.17)]

15 Hansard, Westminster Hall Debate, Commons, 26 April 2016

16 Gov.UK, Government calls for evidence on gaming machines, 24 October 2016 [accessed via <https://www.gov.uk/government/news/government-calls-for-evidence-on-gaming-machines> (14.07.17)]

Legislation has not been applied correctly

FOBTs have undergone two main streams of legislation; however, these changes have not been sufficient.

The Evaluation of Gaming Machines (Circumstances of Use) (Amendment) Regulations 2015 aimed to enable FOBT users to stay in control of their gambling behaviour. Regulations included an obligation for individuals accessing higher stakes (over £50) to load cash through staff interaction or create an account in order to play on the machines, which would then provide the user with up-to-date data and information about their session of play¹⁷.

Independent of government, measures in the Association of British Bookmakers (ABB) 2013 code of practice included gaming machines ceasing play if voluntary money and time limits are reached, mandatory alerts telling users when they have been playing for 30 minutes or spent £250, staff training to recognise problem gambling behaviour, and the removal of cash machines from betting shops.

However, both these sets of measures have not been effective in preventing problem gambling. Whilst seeking to protect users, these regulations have missed the mark and are insufficient, as they do not tackle the overall problem - the dangerous stake size of B2 machines. If a customer currently wishes to place over £50 during a single play on a FOBT, they need sufficient personal identification as well as an over the counter (OTC) interaction with a member of staff. The Department for Culture, Media & Sport anticipated that this would allow for increased opportunities for interaction and intervention with appropriately trained staff. It was also hoped that this would improve players' understanding of their behaviour, which may then result in more conscious decision-making, therefore increasing an individual's control over their gambling¹⁸.

The government's regulations were useful in theory. However, they assumed that the bookmakers had the infrastructure to implement such behavioural changes amongst customers. The number of stakes bid with an account have only had a 2% increase up, from 4%, and OTC transactions have only occurred in 1% of sessions, whilst bets under the £50 mark have increased by £5.1 billion¹⁹. The capacity to implement such measures was overestimated. Likewise, the Player Awareness Scheme (PAS) set up by the ABB was found to lack any standardisation as to how companies interpret problem gambling behaviour. Furthermore, the warning messages designed to alert customers exhibiting problem gambling were not tracked and no analysis was undertaken to assess behaviour change²⁰. In Breakthrough Britain, the CSJ outlined the co-morbid nature of problem gambling and its immense complexities. Given the insufficiency of current regulatory measures, it is questionable as to whether the bookmaker industry has the infrastructure to implement such behaviourally focused regulations. An easily implemented ban on stakes above £2 would be a sure step in solving this fundamental limitation on bookmakers' capacity.

17 Department for Culture Media & Sport, Evaluation of Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, London: Department for Culture Media & Sport, January 2016, pp7-8 [accessed via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/493714/Evaluation_of_Gaming_Machine__Circumstances_of_Use__Amendment_Regulations_2015.pdf (14.07.17)]

18 Page 14, Department for Culture Media & Sport, Evaluation of Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, London: Department for Culture Media & Sport, January 2016, pp7-8 [accessed via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/493714/Evaluation_of_Gaming_Machine__Circumstances_of_Use__Amendment_Regulations_2015.pdf (14.07.17)]

19 Page 21, Department for Culture Media & Sport, Evaluation of Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, London: Department for Culture Media & Sport, January 2016, pp7-8 [accessed via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/493714/Evaluation_of_Gaming_Machine__Circumstances_of_Use__Amendment_Regulations_2015.pdf (14.07.17)]

20 Price Waterhouse Trust, Evaluation of the Player Awareness System Implementation, London: PricewaterhouseCoopers LLP, October 2016, PP16-17 [accessed via http://about.gambleaware.org/media/1335/pas-evaluation_final-report_13102016.pdf (14.07.17)]

Reducing the maximum stake to £2 would reduce problem gambling

The CSJ believes that the reduction of the maximum stakes to £2 would reduce problem gambling. The prevalence of problem gambling has increased over time. The British Gambling Prevalence Survey identified 450,000 problem gamblers in 2010, a stark increase from 200,000 in 2007²¹. In 2010, each user possessed an average debt of £17,500²². The predicted number of problem gamblers then increased to 593,000 in 2015²³. This increase is greatly connected to FOBTs. The Gross Gambling Yield (GGY) from the machines grew by 1.5% from £1.69 billion in 2015 to £1.71 billion in 2016²⁴. The correlation between the increase in problem gamblers and FOBT profits cannot be ignored. The use of FOBTs has also increased in line with the number of calls made to GamCare, the UK's leading provider of advice and information regarding problem gambling. In 2016, they revealed that the majority of calls (23%) made to their helpline were related to FOBTs, followed up online betting (16%) and online casino games (11%)²⁵. There has been a significant increase in the number of calls made, from 30,648 in 2013 to 46,851 in 2016^{26 27}. This substantial rise in individuals seeking help with problem gambling regarding FOBTs emphasises the need for action. Outside of category B2 machines, stake sizes do not rise above £5, thus enabling users to remain more in control and less susceptible to problem gambling. Research has shown that stake size has an adverse effect on decision-making and if the stake size were reduced to £2, this would bring the rate of problem gambling on B2 machines more in line with levels on other categories of gambling²⁸.

21 National Centre for Social Research, British Gambling Survey 2010, London: The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office, 2011, p95 [accessed via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf (14.07.17)]

22 The Independent, Addiction soars as online gambling hits £2bn mark, 27 January 2013 [accessed via <http://www.independent.co.uk/news/uk/home-news/addiction-soars-as-online-gambling-hits-2bn-mark-8468376.html> (14.07.17)]

23 As written on the NHS choices website, Gambling addiction, [accessed via <http://www.nhs.uk/Livewell/addiction/Pages/gamblingaddiction.aspx> (14.07.17)]

24 As written on the Gambling Commission website, Gambling statistics paint picture of gambling in Great Britain, [accessed via <http://www.gamblingcommission.gov.uk/news-action-and-statistics/news/2016/Gambling-statistics-paint-picture-of-gambling-in-Great-Britain.aspx> (14.07.17)]

25 GamCare, Briefing Paper - GamCare Annual Statistics 2015/16 [accessed via http://www.gamcare.org.uk/sites/default/files/file_attach/Briefing%20Paper%20-%20GamCare%20Statistics%202015-16.pdf (14.07.17)]

26 GamCare, Annual Review 2013/14 - We're here to support you, London: GamCare, [accessed via http://www.gamcare.org.uk/sites/default/files/file_attach/GAMCARE%20Annual%20Review%20201314.pdf (14.07.17)]

27 GamCare, Annual Review 2013/14 - We're here to support you, London: GamCare, [accessed via http://www.gamcare.org.uk/sites/default/files/file_attach/GAMCARE%20Annual%20Review%20201314.pdf (14.07.17)]

28 Forensic and Clinical Research Group - School of Psychology - University of Lincoln, The Role of Stake Size in Loss of Control in Within-Session Gambling, London: 2014, p86 [accessed via <http://about.gambleaware.org/media/1173/the-role-of-stake-size-in-loss-of-control-in-within-session-gambling.pdf> (14.07.17)]

FOBTs can drive violence and crime

In Breakthrough Britain, the CSJ emphasised how gambling is co-morbid and is often the catalyst to, or the consequence of, other issues around substance abuse and mental health²⁹. However, in 2006 the CSJ did not discover a strong connection between gambling behaviours and violence. This has been changing with the rising use of FOBTs, with a growing number of violent episodes directly resulting from individuals using these B2 machines. Research by the Local Government Association found that violence, assault and ASBOs were heavily associated with FOBT use. West Midlands Police also reported 354 incidents of violence due to FOBT use in 2014, up from 307 in 2012. Similarly, in England there were approximately 9,083 incidents of police being called out in relation to FOBTs in 2015, an increase of 1600 from the previous year³⁰. This violence and criminal damage in shops can carry onto the street or into the household, placing a strain on local communities. Crucially, violent incidents are isolated to betting shops, with only 3% connected to other gambling premises³¹. If the stake was lowered, individuals would be able to remain in greater control with smaller losses and decreased risk overall, generating less of an endorphin rush. Alongside violence, there has been clear evidence of FOBTs being used for money laundering. There have been significant incidents of police raids on drug dealers' houses, with receipts found from FOBTs at a level of £36,000 - £90,000. These criminal associations remain largely isolated to FOBTs.

The Campaign for Fairer Gambling said a lower stake would bring FOBTs into line with other gaming premises, limit addiction and reduce violence. There is obvious value in the argument that if the stakes are lower, individuals may be less likely to lose vast amounts of money. Adrian Parkinson, spokesman for the Campaign for Fairer Gambling said, 'when you look at the gambling industry as whole, betting shops account for 98% of all criminal incidents'³². FOBTs have the highest stakes amongst similar games and so reducing the maximum stake that can be made would be effective in reducing losses and violent outbursts.

29 Centre for Social Justice, Breakthrough Britain, London: Centre for Social Justice, 2014

30 The Gambling Commission, Response to FOI, 5 March 2015 [accessed via <http://www.gamblingcommission.gov.uk/PDF/FOI-responses/FOI-2015/FOI-response-Crime-Police-attendance-5-March-2015.pdf> (14.07.17)]

31 Fixed Odds Betting Terminals All Party Parliamentary Group, Fixed Odds Betting Terminals Inquiry Report 'Fixed Odds Betting Terminals - Assessing the Impact', January 2017, p6 [accessed via: <http://www.fobt-appg.com/wp-content/uploads/2017/01/FINAL-FOBT-APPG-REPORT.pdf> (14.07.17)]

32 The Independent, Casino-style gambling machines have led to a rise in crime, say campaigners, 29 May 2015 [accessed via <http://www.independent.co.uk/news/uk/home-news/casino-style-gambling-machines-have-led-to-a-rise-in-crime-say-campaigners-10285659.html> (14.07.17)]

There is an elevated risk of serious personal debt

The high stakes of FOBTs lead to high potential loss. These stakes therefore put FOBT users at an elevated risk of problem debt, and serious personal debt ruins lives. It undermines mental and physical health, as well as employment prospects. And without work, there is little chance of paying off rapidly accumulating debts. As the CSJ has seen time and time again, poverty is both a cause and a consequence of serious personal debt. For those who are 'just about managing', the strain of a broken boiler or washing machine can be overwhelming. Without access to the mainstream loans that many people take for granted, these families have no choice but to take out aggressively priced loans and struggle to pay them off. The resulting financial strain can be overwhelming and, all too often, people in our poorest communities become trapped in a spiral of debt, which further entrenches their financial hardship. This problem is even more striking because so many people struggle financially. 2.6 million people grapple with severe debt problems in the UK³³. It is estimated that this costs the UK economy £8.3 billion a year in debt-related physical and mental health problems, lost productivity, unemployment, family breakdown and housing issues³⁴. A further 8.2 million people are over-indebted and risk tripping over the precipice into similar grounds³⁵. Worse still, 2.4 million children live in households where debt is a serious problem³⁶. As one expert on the impact of debt on children explained, poor financial health causes children to be stigmatised at school, prompts family breakdown and places children at greater risk of developing mental health conditions. The risk that FOBT users are susceptible to from these higher stakes is irresponsible and detrimental.

33 StepChange Debt Charity, Cutting the cost of problem debt: the £8.3 billion challenge, London: StepChange Debt Charity, 2014 [accessed via <https://www.stepchange.org/policy-and-research/social-cost-of-debt.aspx> (14.07.17)]

34 StepChange Debt Charity, Cutting the cost of problem debt: the £8.3 billion challenge, London: StepChange Debt Charity, 2014 [accessed via <https://www.stepchange.org/policy-and-research/social-cost-of-debt.aspx> (14.07.17)]

35 Money Advice Service, A Picture of Over-Indebtedness, Money Advice Service: London, March 2016 [accessed via www.moneyadviceservice.org.uk/en/corporate/a-picture-of-over-indebtedness (14.07.17)]

36 The Children's Society, The Damage of Debt: The impact of money worries on children's mental health and wellbeing, 2016 [accessed via <https://www.childrenssociety.org.uk/what-we-do/resources-and-publications/the-damage-of-debt-the-impact-of-money-worries-on-childrens> (14.07.17)]

FOBTs impact on family life

There is an increased number of FOBTs in poorer areas of the country. Newham Council cited that there are twice as many betting shops in the poorest 55 boroughs compared with the most affluent 115, which is also representative of the national distribution. Surveys conducted by Newham Council found that 99% of residents thought that there were too many betting outlets, with reports that betting outlets now dominate the high streets³⁷. This naturally creates a culture of FOBT use in these areas that has implications on families and the youth population. Research has shown that increased gambling behaviours directly cause emotional stress on partners, strain relationships and cause financial hardship³⁸.

The impact on families extends to children. The increasing rate with which adults use FOBTs makes preventing their children from gambling far less likely. The main social risk for children gambling is having parents who introduce them to it or having relatives who gamble. Fathers who gamble, even on a semi-regular basis, are far less likely to discuss gambling behaviour with their children or recognise it as an issue³⁹. The CSJ believes that, if the stakes on FOBTs were reduced, it would reduce and thus limit the number of families impacted by problem gambling. Children would consequently be less at risk of falling into problem gambling themselves.

In a recent APPG inquiry into FOBTs, Simon Thomas, CEO and Chairman of Hippodrome Casino, expressed his concern for the 'evident negative impact [FOBTs] are having on the young and vulnerable'⁴⁰. Gambling amongst young people must be taken extremely seriously, given the ramifications on health and wellbeing compared to other forms of addiction. A paper by the Responsible Gambling Strategy Board in 2014 found that there are disproportionately high levels of thoughts and acts of self-harm among young problem gamblers. Further research has also shown that young problem gamblers demonstrate poor attainment at school, may be more likely to take alcohol and drugs, exhibit antisocial behaviour and hold unstable relationships with friends and family (Lloyd et al., 2016).

37 Fixed Odds Betting Terminals All Party Parliamentary Group, Fixed Odds Betting Terminals Inquiry Report 'Fixed Odds Betting Terminals - Assessing the Impact', January 2017, p6 [accessed via: <http://www.fobt-appg.com/wp-content/uploads/2017/01/FINAL-FOBT-APPG-REPORT.pdf> (14.07.17)]

38 Dowling N., Rodda S. N., Lubman, D. I. and Jackson, A. C., 'The impacts of problem gambling on concerned significant others accessing web-based counselling', *Addictive Behaviours*, Vol. 39, No. 8, August 2014, pp1253-1257

39 Page 21, Fixed Odds Betting Terminals All Party Parliamentary Group, Fixed Odds Betting Terminals Inquiry Report 'Fixed Odds Betting Terminals - Assessing the Impact', January 2017, p6 [accessed via: <http://www.fobt-appg.com/wp-content/uploads/2017/01/FINAL-FOBT-APPG-REPORT.pdf> (14.07.17)]

40 National Centre for Social Research, British Gambling Survey 2010, London: The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office, 2011, p95 [accessed via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf (14.07.17)]

Conclusion

The CSJ firmly believes that reducing the maximum stake size on FOBTs from £100 to £2 is absolutely essential for the protection of individuals and communities.

The measure would:

- Protect users, where previous government and ABB regulations have been unable to tackle the problem - the dangerous and grossly unique stake size of B2 machines;
- Mitigate the rising number of problem gamblers in the UK, which predictions indicate has increased by 300% in 8 years^{41 42}, alongside the rising number of FOBT users;
- Reverse the increase in violence and criminal acts related to FOBT use;
- Halt the detrimental spiral of serious personal debt that ruins lives and affects 2.6 million people in the UK;
- Reduce the social risk of high stakes gambling destroying poorer communities, families and children.

The CSJ strongly urges the Government to consider this proposal, which will help protect individuals from this high stakes and detrimental risk.

41 National Centre for Social Research, British Gambling Survey 2010, London: The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office, 2011, p95 [accessed via https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/243515/9780108509636.pdf (14.07.17)]

42 As written on the NHS choices website, Gambling addiction, [accessed via <http://www.nhs.uk/Livewell/addiction/Pages/gamblingaddiction.aspx> (14.07.17)]

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