

# Fixed Odds Betting Terminals (FOBT)

## Briefing Report

August 2013

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### 1.0 Introduction

- 1.1 Following a councillor call for action raised by Cllr Parrott on 15 April 2013 to the Chairman of the Overview and Scrutiny Board, in accordance with Standing Order D13, this report considers information and responses to the questions raised regarding the proliferation of Fixed Odds Betting Terminals (FOBTs) in Torbay. The report has been compiled from desk based research to see if there is further need for exploration of the issue and commence a full review.

### 2.0 Background

- 2.1 FOBTs (also called B2 Gaming Machines) are new touch screen roulette and gaming machines normally found in betting shops in the United Kingdom that allows players to bet on the outcome of various games and events with fixed odds. They were introduced to UK shops in 2001. The machines do not take cash, instead the customer provides cash or their credit/debit cards at the counter and the cashier credits the machine of choice remotely.
- 2.2 The most commonly played game is roulette. The minimum amount wagered per spin is £1. The maximum bet cannot exceed a payout of £500 (i.e. putting £14.00 on a single number on roulette). The largest single payout cannot exceed £500. Token coins can be of value as low as five pence in some UK licensed betting offices (LBOs). Other games include bingo, simulated horseracing and greyhound racing and a range of slot machine games.
- 2.3 Like all casino games, the "house" (i.e. the casino) has a built-in advantage, with current margins on roulette games being theoretically between 2.7% and 5%. Under current UK legislation, these machines are allowed to offer content classed as Category B2, Category B3 as well as Category C content.
- 2.4 Shops are allowed up to four terminals, although this number also includes traditional slot machines. Most shops favour the new FOBTs over the traditional slot machines. The Gambling Commission reports that there were 33,319 FOBTs in Britain's Betting Offices between October 2011 and September 2012.

- 2.5 FOBTs have been criticised due to the potential for addiction when playing the machines. A betting review in the Republic of Ireland has ruled that the machines should not be introduced in Irish betting shops but will be allowed in casinos.

### **3.0 Scope of the Review**

- 3.1 The scope of the review is to look at information and evidence surrounding the proliferation of FOBTs in Torbay and determine the effects they have on children and those already living on the edge of poverty.

- 3.2 Specifically the review will look to answering the following questions, as raised by Cllr Parrott: -

1. What does the detailed breakdown of the research from the Campaign for Fairer Gambling tell us about the proliferation of Fixed Odds Betting Terminals in Torbay?
2. To understand the impact of this type of gambling on children (especially those already in poverty and those on the edge of poverty)
3. To consider the Council's Licensing Policy and see whether amendments can be made (within the constraints of the law) to limit the proliferation of these machines and the promotions aimed at encouraging people to use them
4. To consider any possible links between increased level of violence/anti social behaviour and increased spend on gambling

- 3.3 The expected outcome of the review is to make recommendations to the relevant bodies to limit the proliferation of FOBTs in Torbay.

### **4.0 The Current Situation**

- 4.1 In response to the questions raised above desk based research has taken place, the findings of which are detailed below:

#### ***4.2 What does the detailed breakdown of the research from the Campaign for Fairer Gambling tell us about the proliferation of Fixed Odds Betting Terminals in Torbay?***

- 4.2.1 The research conducted by the Campaign for Fairer Gambling was based on analysis of financial data for the period April 2011 to March

2012. It is based on the mapping of betting shops across the UK by Parliamentary constituency. Research was carried out by Geofutures based on data sourced from the Gambling Commission. The analysis is not sourced using direct data from Bookmakers as they do not openly publish this data which is why analysis has been produced based on averaged estimates. It does not reflect the exact level of FOBTs financial activity at Constituency level but is intended to provide an estimated indication based on the number of betting shops within each constituency.

- 4.2.2 From the research we can see that in the Torbay constituency there are 18 betting shops (estimated as of May 2012) with an estimated count of FOBTs of 66. This relates to a gross amount gambled of £104million with the amount lost by gamblers estimated at £3.3million.
- 4.2.3 When looking at comparator constituency areas, i.e. similar constituency population and seaside resorts in the UK, there are similar breakdowns of the count of FOBTs to betting shop licences. With regards to the gross amounts gambled and amounts lost the picture is quite mixed.
- 4.2.4 However, when looking at comparisons with Devon constituency areas Torbay ranks highest with regards to the count of betting shop licences and FOBTs as well as the gross amount gambled and the amount lost by gamblers on FOBTs. For example, Plymouth with double the constituency population has a betting shop licence count of 16, an estimated 59 FOBTs with the gross amount gambled at £92.9million with the amount lost by gamblers estimated at £2.2million.
- 4.2.5 For more detailed information please refer to Appendix One for further information.

### **4.3 *To understand the impact of this type of gambling on children (especially those already in poverty and those on the edge of poverty)***

- 4.3.1 With regards to Torbay there has been no known research undertaken in this area. Steve Cox, Environmental Health Manager (Commercial) responded; "There is no access to Betting Shops to under 18's and we are going to test this shortly, however the impact of any matters due to gambling addiction is a matter for research to test and whether this has an impact."

4.3.2 We know nationally that gambling machines in Britain tend to be clustered in poorer areas according to research published by Geofutures Ltd and NatCen. The research found that areas with a higher density of gambling machines were more likely to be poorer, with lower than average economic activity and more people in lower status jobs. It also revealed that although a high density of gambling machines tends to be found in lower income areas, the pattern is more complex, because such zones are not always in Britain's poorer areas – some are in relatively wealthier parts of the country; high density machine zones are typically not present in very central, urban areas, but tend to be around satellite areas and towns.

**4.4 *To consider the Council's Licensing Policy and see whether amendments can be made (within the constraints of the law) to limit the proliferation of these machines and the promotions aimed at encouraging people to use them***

**4.4.1 Local authority powers**

4.4.2 Under the Gambling Act 2005 there are a range of powers and sanctions open to a local authority. The Act requires regulators – the Gambling Commission and the approx 380 local licensing authorities – to “aim to permit” gambling subject to certain considerations, the most important of which is consistency with the licensing objectives of keeping crime out of gambling, making sure it's fair and open and protecting children and vulnerable people.

4.4.3 When issuing premises licences or ensuring the licensing objectives are being met local authorities must have regard to guidance issued by the Gambling Commission and to the codes of practice. They can use a combination of “harder” powers, like licence conditions and reviews, and “softer” ones, such as building local collaborations through, for example, community safety partnerships. To take just one example, Medway Borough Council is working closely with local gambling businesses to develop a voluntary code of practice with a particular focus on protections for the vulnerable.

**4.4.4 Torbay Council's position:**

4.4.5 Steve Cox Environmental Health Manager (Commercial) for Torbay Council was contacted his response was the following:

4.4.6 "I do not believe there is anything significant that Torbay Council can do regarding this issue. The Government's position is clear that it is undertaking more research into FOBT's and will neither decrease them,

nor increase them as the Select Committee recommended, until that research has been undertaken.

4.4.7 Although the Gambling Commission feels the local authority has powers over the opening of new betting shops, a recent court case in Newham would argue the opposite, as the courts rejected a refusal by the Local Authority to issue a new Premises Licence. I personally would be guided by the courts not the Gambling Commission".

4.4.8 "There is not capacity in this current year to take on new work although we already have some inspections and Test Purchasing work in the programme for gambling premises for later in the year, and this is with FOBTs in mind. These inspections are aiming to highlight if any issues are linked to these machines, and access to them, especially with regards to Betting Shop training of staff and awareness of people at risk of losing unreasonable amounts of money into these machines. This might build a case for further action."

#### **4.4.9 Test case Newham Council**

4.4.10 A recent test case has taken place where Newham Council, (East London) has lost its battle to stop the opening of a new betting shop in its borough.

4.4.11 The multinational bookmaker Paddy Power won its appeal at Thames Magistrates Court against a refusal by Newham Council to allow it to open a betting shop in the area, one of the country's most deprived. Newham has more than 80 betting shops already – the third highest of any London borough. More specifically the court case showed: -

4.4.12 Councillors rejected a premises licence in February, arguing that the shop would attract crime and antisocial behaviour, and that profits would come from high-speed, high-stakes gambling machines rather than from over the counter bets.

4.4.13 However, district judge Paul Goldspring said that it was not "proved that the granting of the licence would not be reasonably consistent with the objective of preventing crime and disorder. Therefore I disagree with the decision of the [council's] subcommittee; and, in light of the evidence before me, it was wrong."

4.4.14 The judgement made it clear that this case **does not** set any legal precedent.

4.4.15 Newham Council is currently preparing to apply for permission to judicially review the decision reached in the above appeal and looking for support from other authorities specially in the two areas:

4.4.16 Has your authority had any experience of the referral to or reliance on this case, and

4.4.17 Is your authority looking to the outcome of any High Court hearing in respect of the PA issue so that you will then be able to rely on this in dealing with applications for betting shops in your borough?

**5.0 *To consider any possible links between increased level of violence/anti social behaviour (ASB) and increased spend on gambling***

5.1 Following contact with safer Communities Torbay, there has been no known evidence of any major issues in terms of gambling and ASB in recent years within Torbay however, specific research has not been undertaken in this area. Nationally, the response from Department for Culture Media and Sport (DCMS) was that no action will be taken on FOBTs until there is further research undertaken on their impact on people and society.

5.2 The Responsible Gambling Trust is the leading charity in the UK committed to minimising gambling-related harm. As an independent national charity funded by donations from the gambling industry, the Responsible Gambling Trust funds education, prevention and treatment services and commissions research to broaden public understanding of gambling-related harm. The aim is to stop people getting into problems with their gambling, and ensure that those that do develop problems receive fast and effective treatment and support. The Responsible Gambling Trust is currently researching in to areas such as the impacts of problem gambling and potential harm.

## **6.0 Recommendations**

6.1 As a result of the research into the issue regarding the proliferation of FOBTs in Torbay, the following recommendations are made:

- i. Re-visit issue of proliferation of FOBTs as part of 2014/15 scrutiny review process in light of awaiting national research into the impact of FOBTs and any potential changes in legislation.
- ii. Await findings of inspections and Test Purchasing work in the Licensing work programme for gambling premises for late 2013 with the view to possible further action pending results.

- iii. Refer issue to the Child Poverty Commission and Strategic welfare Reform Group for further research into the links between gambling, gaming machines and poverty.

## **Appendices**

Appendix One - Prevalence of FOBTs – Comparator Constituency Areas  
Prevalence of FOBTs – Devon Constituency Areas

## **References/ Background Information**

- Torbay Council Gambling Policy 2013
- Torbay Council Statement of Principles 2013
- Campaign for Fairer Gambling Research into Gaming Machines April 2011 to March 2012 (2013)
- House of Commons Hansard Department of Culture, Media and Sport – Thursday 10 January 2013 debate on Gambling (2013)
- Office National Statistics (ONS) 2001 – Report for Parliamentary Constituencies (2003)
- Gambling Commission: Impact of high stake, high prize gaming machines on problem gambling (December 2008)
- [www.responsiblegamblingtrust.org.uk](http://www.responsiblegamblingtrust.org.uk)
- [www.fairergambling.org](http://www.fairergambling.org)
- [www.gamblingwatchuk.org](http://www.gamblingwatchuk.org)
- [www.stopthefobts.org](http://www.stopthefobts.org)
- Various newspaper articles

## Prevalence of FOBTs – Comparator Constituency Areas

Estimates for Period April 2011 to March 2012

Constituency	Constituency population (2001 ONS Census)	Count of betting shop licences (Est. May 2012)	Count of FOBTs (Est. based on ave density)	Ave. count FOBTs per betting shop (Est. based on count of FOBTs/count betting shop licences)	Gross amount gambled (Amount FOBTs gamblers wagered) (Est.)	Gross gambling yield (amount gamblers lost on FOBTs) (Est.)
Torbay	96,899	18	66	3.67	£104,206,664	£3,313,772
Beckenham (Kent)	100,199	14	51	3.66	£83,837,554	£2,666,034
Blackpool North and Cleveleys	94,985	13	47	3.64	£50,925,298	£1,619,424
Blackpool South	95,697	30	110	3.65	£117,778,062	£3,745,342
Bournemouth East	82,088	15	55	3.66	£86,862,613	£2,762,231
Bournemouth West	81,356	22	81	3.66	£127,398,499	£4,051,272
Great Yarmouth	90,810	18	66	3.66	£104,263,607	£3,315,583
Hartlepool	88,611	20	73	3.65	£78,411,148	£2,493,475
Hastings and Rye	97,825	13	48	3.67	£75,363,183	£2,396,549
Woking	97,041	12	44	3.66	£69,471,109	£2,209,181

**Source** - <http://www.stopthefobts.org> and <http://www.ons.gov.uk/ons/guide-method/census/2011>

*Mapping of betting shops across the UK by Parliamentary constituency was carried out by Geofutures based on data sourced from the Gambling Commission. Analysis is based on the financial period April 2011 to March 2012. The analysis is not sourced using direct data from Bookmakers. Bookmakers do not openly publish this data which is why analysis has been produced based on averaged estimates. It does not reflect the exact level of FOBTs financial activity at Constituency level. It is intended to provide an estimated indication based on the number of betting shops within each constituency.*

## Prevalence of FOBTs – Devon Constituency Areas



**Estimates for Period April 2011 to March 2012**

<b>Constituency Area</b>	<b>Constituency Population</b> (Census 2001)	<b>Count of betting shop licences</b> (Est. May 2012)	<b>Count of FOBTs</b> (Est. based on ave density)	<b>Ave. count FOBTs per betting shop</b> (Est. based on count of FOBTs/count betting shop licences)	<b>Gross amount gambled (Amount FOBTs gamblers wagered)</b> (Est.)	<b>Gross gambling yield (amount gamblers lost on FOBTs)</b> (Est.)
Torbay	96,899	18	66	3.67	£104,206,664	£3,313,772
Plymouth Combined (Sutton & Devonport, Moor View)	187,492	16	59	3.69	£92,874,901	£2,215,217
Exeter	111,076	13	48	3.66	£75,342,620	£2,395,895
Newton Abbot	23,580 (ONS Parish headcount 2001)	11	40	3.67	£63,890,643	£2,031,722

**Source** - <http://www.stopthefobts.org> and <http://www.ons.gov.uk/ons/guide-method/census/2011>

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