

TITLE OF REPORT: **Consultation on Proposals for changes to gaming
Machines and Social Responsibility Measures**

REPORT OF: **Paul Dowling, Strategic Director, Communities and Environment**

1. Purpose of the Report

To provide Members with an overview of the recently published Department for Digital, Culture Media and Sport consultation on proposals for changes to gaming machines and social responsibility measures.

2. Background

The Government announced a review of gaming machines and social responsibility measures in October 2016 and following a call for evidence seeking evidence-based proposals a 12 week consultation was launched on 31 October 2017.

The main proposals put forward in the consultation are:

- proposed regulatory changes to the maximum stake for B2 gaming machines, looking at options between £50 and £2, in order to reduce the potential for large session losses and therefore to potentially harmful impacts on players and their wider communities;
- While the industry proposes increases to the remaining stakes and prizes, permitted numbers and allocations across other categories of machine (B1, B3, B3A, B4, C and D gaming machines), the Government believes retention of the current regulatory environment will better protect players from potential harm than industry's proposed increases;
- corresponding social responsibility measures across gaming machines that enable high rates of loss, on player protections in the online sector, on a package of measures on gambling advertising and on current arrangements for the delivery of research, education and treatment (RET).

Respondents are invited to answer 16 questions as detailed below.

3. B2 gaming machines (Fixed-Odds Betting Terminals)

The call for evidence generated a substantive proportion of submissions regarding B2 machines, more commonly referred to as Fixed-Odd Betting Terminals (FOBTs). There was widespread support for a reduction in stake limits for B2 machines to £2.

The main arguments focused on the disparity between the maximum stakes on B2 machines of £100 and the maximum stake on other gaming machines in accessible locations of only £2. Respondents argued that the £100 maximum stake was linked to gambling-related harm, wider harm to communities, and in some instances, anti-social behaviour. The high-staking nature of B2 machines can lead to significant losses in a short space of time.

The betting sector, argued for the need to maintain the status quo, specifically on B2 machines. The betting sector argued that income from B2 machines has become increasingly important to maintaining the viability of many high street betting shops. and that there is no correlation between the increased number of B2 machines over time and levels of at-risk and problem gambling during the same period, and that B2 machines do not cause increased harm to problem gamblers

The Government acknowledges that B2 machines are important to the economic viability of many betting shops but cannot ignore the evidence put forward as part of the call for evidence to support action and remain concerned about the current regulation of this sub-category of machine in terms of the impact on players and their wider communities.

The Government feels that the weight of evidence justifies action on B2 machines, but acknowledges that there is limited evidence to inform exactly at what level the revised maximum stake should be.

A number of illustrative options are set out in the consultation and Question 1 asks

Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced?

If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?

4. Stakes and prizes on other gaming machines

As part of the call for evidence, the Government requested evidence-based proposals on maximum stakes and prizes for all categories of gaming machines permitted under the Gambling Act 2005.

The industry proposals for increases are set out in the table below:

Machine Category	Speed of play	Current Max Stake	Current Max Prize	Industry Proposed stake	Industry Proposed prize
B1	2.5 seconds	£5	£10,000	No change	No change
B1 progressive Jackpot	2.5 seconds	£5	£20,000	No change	£100,000
B3	2.5 seconds	£2	£500	£2.50	No change
B3A	2.5 seconds	£2	£500	No change	No change
B4	2.5 seconds	£2	£400	No change	No change

C	2.5 seconds	£1	£100	£2	£150
D non-money Prize (other than crane grab machine)	n/a	30p	£8	50p	£10
D non-money prize (crane grab machine)	n/a	£1	£50	£2	£75
D money prize	n/a	10p	£5	20p	£8
D combined money and non-money prize	n/a	10p	£8 (of which no more than £5 may be a money prize)	20p	£10 (of which no more than £8 may be money prize)
D combined money and non-money prize (coin pusher or penny falls)	n/a	20p	£20 (of which no more than £10 may be a money prize)	25p	£22 (of which no more than £12 may be a money prize)

The Government's preferred proposals on stakes and prizes are to maintain the status quo across all categories, with the exception of prize gaming in which case it is content that industry proposals to increase stake from £1 to £2 and prizes from £70 to £100 (£1,000 aggregate) on prize gaming are in keeping with the objective of the review and that these activities are low risk. It therefore proposes to take these changes forward.

Questions 2 to 7 therefore asks:

Do you agree with the government's proposals to maintain the status quo on category B1/B3/B3A/B4/C and D gaming machines?

and Question 8 asks:

Do you agree with the government's proposals to increase the stake and prize for prize gaming, in line with industry proposals?

5. Gaming machine allocations

The Government also requested evidence-based proposals on allocations of gaming machines permitted in all licensed premises under the Gambling Act 2005.

The casino industry sector argued that current machine entitlements are restrictive by international standards. The Greene King pub chain submitted a proposal to raise the automatic entitlement to category C or D gaming machines from two to four in pubs. The arcade sector proposed the introduction of a new sub-category of gaming machine (B5) with a maximum stake of £10 and maximum prize of £125 with a proposed spin cycle of 30 seconds to allow operators to offer a more varied selection of products.

In all cases the Government is minded to maintain the status quo and Question 9 asks:

Do you agree with the government's proposals to maintain the status quo on allocations for casinos, arcades and pubs?

6. Contactless payments on gaming machines

Industry respondents from across all sectors, with the exception of bookmakers, submitted proposals for the introduction of contactless payments on gaming machines. The Government's view is that legislation prevents the use of credit or debit cards as a means of direct payment for gaming machines and so the introduction of contactless payments would be a significant shift from the current regulatory framework and that the use of credit or debit cards as a direct form of payment to gaming machines would be a backward step in the protection of vulnerable players.

The Government proposes that the use of contactless payments is barred and Question 10 asks :

Do you agree with the government's proposals to bar contactless payments as a direct form of payment to gaming machines?

7. Social responsibility (SR) measures

As part of the call for evidence, Government requested responses on the effectiveness of social responsibility measures implemented by industry since 2013 and on the effects of gambling advertising.

Player protection measures on gaming machines

A number of respondents to the call for evidence highlighted the perceived inadequacies of industry codes on social responsibility, specifically on gaming machines, primarily citing the lack of evidence of impact and effect of the measures.

The Government would like to see industry trial and evaluate additional measures on B1, B2 and B3 gaming machines to improve player protections and to create parity across category B gaming machines, the majority of which are in highly accessible locations and in particular:

- work done to encourage take up on voluntary time and spend limit setting on B2 gaming machines and introduction of these measures on B1 and B3 gaming machines.
- trial and evaluation of mandatory alerts when certain time and spend benchmarks are reached.
- prohibiting mixed play between B2 and B3 which only applies in practice to gaming machines in betting shops
- The utilisation of algorithms to identify problematic play on gaming machines.

The Government have also asked the Gambling Commission to advise on the costs and benefits of introducing a form of tracked play on B1, B2 and B3 gaming machines and want to see industry establish a process with the RGSB, GambleAware and the Gambling Commission in which data on how gaming machines are played is routinely shared, for the purposes of monitoring, evaluation and research.

The consultation sets out these measures in detail and Question 11 asks:

Do you support this package of measures to improve player protection measures on gaming machines?

Online gambling

A number of respondents to the call for evidence raised online gambling, questioning in particular whether the controls in place to protect young and vulnerable people are effective.

The Government welcomes the various positive industry led initiatives currently in place, but also notes concerns expressed by the Gambling Commission that the pace of change by the industry to enhance the measures currently in place to protect consumers and promote responsible gambling has not been fast enough.

The Government expects the industry to accelerate its work wherever possible and in the consultation document sets out a number of detailed measures that it expects of the industry and the Gambling Commission as regulator and Question 12 asks:

Do you support this package of measures to improve player protection measures for the online sector?

Gambling Advertising

The call for evidence raised concerns about the volume and scheduling of advertising and the tone and content of advertising. The Government acknowledges that the increase in both broadcast and online gambling advertising in the years following the 2005 Act has clearly been a noticeable social change and caused concern.

The Government is clear that on gambling advertising, as with other aspects of social responsibility, more should be done by operators and others who benefit from gambling to minimise the risks to vulnerable people. In the consultation it sets out a package of measures and initiatives for regulators, broadcasters, the gambling industry and gambling charities to address concerns about gambling advertising and Question 13 asks:

Do you support this package of measures to address concerns about gambling advertising?

Research, Education and Treatment (RET)

In order to ensure appropriate and effective player protection systems and to minimise the risk of harm from gambling the Government wants to see industry

support for relevant research to build the evidence base, action to raise awareness of the risks and where to find help and support, and support services to those at risk of or experiencing harm.

If this voluntary system fails to deliver on these issues, the Government will consider alternative options, including the introduction of a mandatory levy and Question 14 asks:

Do you agree that the Government should consider alternative options, including a mandatory levy, if industry does not provide adequate funding for RET?

8. Local Authorities

A number of respondents to the call for evidence proposed the introduction of cumulative impact assessments (CIAs) to give more powers to manage gambling at the local level.

The Government states that it is keen to support LAs in their management of gambling at a local level, but believe that their objectives can be achieved using existing powers and encourage LAs to continue to work closely with the Gambling Commission to ensure the effective deployment of the existing tools at their disposal.

It also points out that where an increase in the number of betting shops is considered to be a local issue, having an up-to-date, relevant local plan policy in place will support the local planning authority in the determination of any applications for planning permission.

The National Planning Policy Framework provides the framework within which local planning authorities and their communities can produce their own distinctive local plan which reflects the specific needs and priorities of their area.

Question 15 asks :

Do you agree with our assessment of the current powers available to local authorities?

The final Question 16 asks:

Are there any other relevant issues, supported by evidence, that you would like to raise as part of this consultation but that has not been covered by questions 1-15?

9. Recommendation

Members' views are sought to inform a consultation response on behalf of the Council, which will also feed into a response on behalf of the North East Strategic Licensing Group