

TITLE OF REPORT: **Update on changes to the maximum stakes for Fixed Odds Betting Terminals**

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Purpose of the Report

1. This report provides the Licensing Committee with an update on changes to the maximum stakes on fixed odd betting terminals.

Background

2. Fixed odds betting terminals (FOBTs) are electronic machines, sited in betting shops, which contain a variety of games, including roulette. Each machine accepts bets for amounts up to a pre-set maximum and pays out according to fixed odds on the simulated outcomes of games.
3. The Gambling Act 2005 classifies FOBTs as B2 gaming machines and allows up to four machines in betting premises. There are around 33,000 B2 machines in Great Britain (Gambling Commission statistics, November 2018). Until this year the maximum stake on a single bet was £100.
4. FOBTs are controversial as critics suggest that it is possible to lose large amounts of money and claim that the machines have a causal role in problem gambling.
The gambling industry says there is no evidence of a causal link between B2s and problem gambling. Academic research suggests that the causes of problem gambling are complex and are not well understood.
5. In October 2017, the Department for Digital, Culture, Media and Sport (DCMS) announced a range of proposals to strengthen protections around gambling. These included lowering the maximum stake on FOBTs to between £50 and £2. A consultation on the proposals, including the level of the new stake, closed on 23 January 2018.
6. On 17 May 2018, the DCMS announced that the maximum stake would be lowered to £2.
7. The October 2018 Budget report stated that the reduced stake would come into effect in October 2019. Critics argued that this could put the lives of problem gamblers at risk. Tracey Crouch, the Sports Minister, resigned over the “delayed” implementation, claiming that it was “unjustifiable”.

8. On 5 November 2018, the Chancellor told the Treasury Select Committee that the Government had to implement the new stake “in a way that is balanced and fair and allows for an orderly transition”. However, amendments to the Finance Bill to bring the implementation date forward to April 2019 attracted cross-party support.

9. On Monday 1 April 2019 the reduction of the maximum stakes on fixed odd betting terminals (FOBT) came into effect. The reduction in maximum stakes saw stakes reduced from £100 to £2.

10. Within days however, some bookmakers were accused of bypassing FOBT rules with new roulette-style games. It was reported in the press that some bookmakers launched high-stakes roulette-style games on the same day restrictions on the machines came into force.

11. Betfred began offering a roulette-style game on called Virtual Cycling, that allows gamblers to place bets on a piece of paper obtained over the counter, showing a graphic similar to a roulette table. The game features a maximum stake of £500.

12. Similarly, Paddy Power launched a betting game called Pick ‘n’ 36 and featuring a maximum stake of £100. Paddy Power’s game lets players bet on numbers between 1 and 36, as well as on other eventualities similar to roulette. A TV screen displays “hot” and “cold” numbers, giving the impression that the numbers selected are not random.

13. Government Ministers expressed concern that bookmakers appeared to be cheating the system and circumnavigating measure introduced to reduce harm. The Gambling Commission have advised that they are aware of these new products and are investigating. They have written to operators to remind them of their responsibilities to ensure that consumers are protected.

Recommendation

14. Members are asked to note the content of this report.