



December 2016

Department of Culture, Media and Sport

Review of Gaming Machines and Social Responsibility

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**Response by the Mission and Public Affairs Division of the
Archbishops' Council of the Church of England**

The Mission and Public Affairs Division welcomes the opportunity to respond to this call for evidence in the pages that follow, following the questions presented in the DCMS document..

**Philip Fletcher
Chairman
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The Mission & Public Affairs Council of the Church of England is the body responsible for overseeing research and comment on social and political issues on behalf of the Church. The Council comprises a representative group of bishops, clergy and lay people with interest and expertise in the relevant areas, and reports to the General Synod through the Archbishops' Council.

Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government's objective set out in this document? Please provide evidence to support this position.

The lack of clear evidence on impacts of stake and prize levels means that there is no case at all for any increase in either, on any machine. Although B2 machines are the most contentious because the maximum stake is so unacceptably high, category C and D machines are high-risk in a different way, because the accessibility and lack of supervision or controls means that habits and attitudes can be developed in relation to gambling which may lead to deleterious effects further down the line. This applies most acutely to the access which children have to category D machines.

In relation to B1 machines, also, there is much cause for caution. The 2014 study by Forrest, McHale and Wardle clearly showed that the impact of an increase in stakes and prizes led to the greatest increases in spend by the heaviest users; by younger customers; and late at night. This research is useful not just in relation to B1 but in the likely read-across to the potential impact of changes in stake levels for other categories of machine.

We firmly believe that the maximum stake for B2 machines should be reduced to £2. The case for this is further specified in response to Q.3, below.

Q2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities? Please provide evidence to support this position.

The requirement to use an account or involve a member of staff if laying out more than £50 on one spin seems to have reduced the number of times over £50 is bet, but to have led to a corresponding increase in amounts between £40 and £50. £6.2bn less was staked above £50. This is a very minimal control measure and there is no clear evidence yet that it has led to changes of habit on such a scale as significantly to reduce harm. £5.1bn more was staked between £40 and 50 - so 82% of the impact was thus offset, with a further offset likely through the increase in the mean duration of play at higher stakes.

There remains evidence that B2 machines are a significant contributor to actual harm. GamCare reports that 30% of those who called its national helpline said that FOBTs were their primary gambling activity. Compare the finding in 2013 that 23% of the income from FOBTs came from problem gamblers.

It is likely that some marginal advances in harm reduction have been effected by industry measures to alert customers to the risk of losses, both in general visual displays and in alerts to the individual customer during a session. We are not aware of evidence that the effect has been more than marginal.

Q3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation? Please provide evidence to support this position

High street betting outlets arguably serve a purpose; they are accessible, warm, reasonably welcoming places where people can be with others (at least *alongside* others) engaging in an activity which they enjoy. Given adequate limits and controls, this can be a part of the legitimate communal environment. We distinguish between casual recreational gambling (by casual we do not mean occasional: it might be a weekly visit, say, similar to buying a lottery ticket) on the one hand, and serious gambling on the other hand. Stake levels up to £2 are apt for the former type of environment.

Serious, high-stake gambling on the other hand rightly belongs in an environment which builds in a number of protections. These include a defined threshold for access, involving identifiability of the customer through membership or registration of some kind, and clear provision for limits, monitoring and support in an integrated process of management of the distinct risks of serious gambling.

Our position is not that the £100 stake has become problematic over time, so that it now needs to be moderated. Our position is that it was a grievous mistake in the first place, and should be reversed forthwith. Everything else about street-access gambling, including all the other machines, is on a casual recreational scale, which fits the pattern of risk-limited options in a local environment where those offering loans or alcohol or tobacco or lottery tickets or skateboarding or cinema or many other activities and products do so within shared understandings of the levels of risk and risk management appropriate to an open-access environment embedded in a local community.

The recently published research by Collins, Barr and Scott¹ illustrates, in its quantitative and qualitative aspects alike, how ordinary people, especially those who use betting shops regularly, share this kind of perception. It also introduces a useful measure of 'vulnerability to large losses' (VLL), an objective measure applicable to play by people who are 'vulnerable' as defined by combining self-report on whether one has sometimes or often thought about stopping or cutting down, with moderate or high risk on PGSI². For those scoring 8+ on PGSI - a widely accepted rough definition of 'problem gambler', the VLL reduced on average by 58.6% when maximum stake was reduced from £100 to £10. This research did not include consideration of a £2 stake.

The economic significance of street-access gambling

Government policy seems to regard the high street betting industry as a locus and driver of economic growth. We do not share the zero-sum thinking which appears to underlie this approach. People's leisure spend is dependent on many factors, such as disposable income, convenience and quality of experience offered by accessible outlets, and so on. There is no reason to suppose that wealth is being created by the widespread availability of betting machines. If the amount of money being sunk into these machines, creating employment for a number of people which is unimpressive in relation to the amount of cash changing hands, were deployed into other leisure pursuits, it seems likely that there could be a positive net impact on employment.

Perhaps the true significance is that B2 machines, forming 56% of the turnover of licensed betting offices (LBOs), are keeping these shops going, and if the stake were cut to £2, the business model of LBOs would become widely non-viable. If that is a major factor, it should be spelt out. In the process, the uniqueness and inappropriateness would be exposed of an attempt to shore up a moribund industry by allowing it to make profits out of a high-risk product alien to its core business. A £2 stake limit would free up the industry to seek its own future through normal business routes of diversification and change.

Q4. What, if any, changes in the number and location of current gaming machine allocations support the Government's objective set out in this document? Please provide evidence to support this position.

¹ Prof Peter Collins, Prof Graham Barr, Dr Leanne Scott, *Report on results of research into the likely effects of substantially reducing the maximum permitted stake of £100 per 20-second spin on category B2 electronic gambling machines in UK betting shops*, 2016.

² The Problem Gambling Severity Index, originating in Canada.

The research effort has largely been focussed on identifying a subset of 'problem gamblers'. This is a suspect approach. The emphasis of the industry is to identify a relatively small group of problem gamblers, in order to draw a sharp distinction between the great mass of customers, for whom betting machine use is a healthy, positive, enjoyable and beneficial activity, and a small number of unfortunates locked into a Dickensian cycle of vulnerability and despair. This is an implausible construction of reality is less likely than that there is a continuum of degrees of harm, and that some individuals are likely to move from lower to higher levels of risk and of harm. It is far better to take a broad public health approach to the matter, and once again it is a matter for regret that there is no sign of the Department of Health in the present discussions.

The implication is that it is important to design policy in this matter on the basis of communities, rather than a subset of the individuals within them. There are gradations of risk and of harm, and those who suffer severe harm through gambling (their own or others') have generally come to do so through a very gradual process of growing addiction.

For these reasons, limits on the number and location of gaming machines need a far more responsive and localised approach than prevails at present. Local authorities must have powers to control numbers and clustering, and to take into account the cumulative impact of these factors in their communities. These powers must also have real effect, rather than existing in name only. The current legal margin for action by LAs when imposing conditions is very narrow, which allows the will of large and rich gambling corporations to prevail on the basis of who can afford the best legal action.

We are unhappy with the 'presumption of permission' which is set out in the Gambling Act 2005, and would rather see licensing authorities authorised to make a judgment based on an objective consideration of the relevant factors in each case. In the absence of such a change to primary legislation, Local Authorities should be given more discretion when assessing the "reasonableness" of applying a condition under s169 of the Gambling Act 2005.

Q5. What has been the impact of social responsibility measures since 2013, especially on vulnerable consumers and communities with high levels of deprivation?

The Gambling Commission, in its report on 'Strengthening social responsibility' in early 2015, wrote this:

... there are common interests in finding better ways to prevent and reduce gambling-related harm than relying entirely on the blunt controls on product and environment currently in place for land-based gambling. Those controls are currently the only tools we have. However, not only are they relatively ineffective in identifying and preventing harm, but they get squarely in the way of the industry's ability to innovate and compete and – arguably more importantly – represent serious interference in the experience of customers who are gambling safely and responsibly. Relying exclusively on product and environment controls looks increasingly unsustainable with the equivalent of the category A, unlimited stake gaming machine in many people's pockets in the form of a smartphone or tablet and ways of combining social media and gambling opportunities into improved consumer experience developing all the time.³

We agree that any movement towards normalising account-based play would be helpful, to reduce money-laundering options, to facilitate research on risks and harms, and to help direct support to those who need it. However, we do not accept that setting limits to stakes and prizes is a 'blunt' control. It is only blunt in the sense that a speed limit or an alcohol limit

³ <http://www.gamblingcommission.gov.uk/pdf/Strengthening-social-responsibility-LCCP-responses.pdf>

is blunt: any further bluntness than that is only due to the lack of a proper evidence base assured by properly independent government-funded research.

Nor do we accept that maximum stake reductions are regressive in terms of innovation and competition; there are always parameters to such development, and this is but one of them. Nor do we believe that 'serious interference in the experience of customers' is a sensible way of describing the impact of limits, including a limit, if good sense were to prevail, to a £2 stake for all high street machines. People may enjoy the thrill of driving at 90 mph; society and the market provide opportunities for them to do so; but there is no serious interference involved in forbidding them to do it on public roads.

Nor does the growing ubiquity and flexibility of online gambling have direct relevance to the current concerns, any more than developments in air travel affect the rules of the road, or online purchasing renders retail regulation obsolete. Regulation and control are rightly fitted to the specific medium and delivery methods in question.

Q6. Is there anything further that should be considered to improve social responsibility measures across the industry? Please provide evidence to support this position.

The Annual Assurance Statement is a promising development. The first attempts for 2015-16 were clearly only a start: the Gambling Commission's judgment was that almost all operators had not sufficiently demonstrated that they had taken steps to assess the revenue resulting from at-risk and problem gamblers. The distance still to travel shows that the operators have been slow to understand what it means to have measurement of this type of impact as an integral part of business as usual. Government should consider whether to place a statutory obligation of this kind of reporting on all operators.

Q7. Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?

The exception to the 9pm watershed made for bingo, lotteries and the advertising of sports betting around televised sporting events - especially the last - is a concern to many church members, especially as they feel that their children are being accustomed to the idea that gambling is a normal, healthy part of a sports lifestyle to which they may naturally aspire. They point to the fact (from Gambling Commission figures) that the proportion of 18 to 24 years olds with a serious gambling problem increased from 0.8% in the year to September 2013 to 1.4% in the year to September 2016. Television gambling advertisements increased from 90,000 in 2005 to 1.4million in 2012, and there is no reason to suppose the increase has slowed.

Q8. Any other relevant issues, supported by evidence that you would like to raise as part of this review but that has not been covered by questions 1-7?