

## **REVIEW OF GAMING MACHINES AND SOCIAL RESPONSIBILITY**

### **SHIPLEY BROTHERS LIMITED**

This submission is made on behalf of Shipley Brothers Limited (the company).

The company currently operates 3 licensed bingo premises. It employs 145 staff.

**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.**

In order to be able to answer this question it is beneficial to consider the changes which have occurred in relation to the stake and prize limits applicable to gaming machines and their availability in certain gambling premises since September 2007.

It is also of assistance to consider the relevant information that can be found in the sources listed in the attached appendix.

Immediately prior to the full implementation of the Gambling Act 2005 it was estimated that a total of 234,000 gaming machines were available, made up as follows:-

- Jackpot machines – 21,500
- Amusement with prizes machines – 177,000
- Section 16/section 21 machines – 17,500
- Others (pinball, pusher and crane grab machines) – 18,000

At this point in time gaming machines were subject to the following limits in respect of stakes and prizes:-

- Jackpot £500.00 – maximum stake 50p
- Jackpot £250.00 – maximum stake 50p
- All cash amusement with prizes – maximum prize £25.00, maximum stake 30p
- Cash or token amusement with prizes – maximum prize £5.00 (money) or £8.00 (non-money), maximum stake 30p

With effect from 1<sup>st</sup> September 2007 the relevant categories of gaming machine were:-

- Category B3 - maximum prize £500, maximum stake £1
- Category B4 - maximum prize £250, maximum stake £1
- Category C - maximum prize £35, maximum stake 50p
- Category D – 3 sub-categories:
  - money prize - maximum prize £5, maximum stake 10p
  - non-money - maximum prize value £8, maximum stake 30p
  - money/cash - maximum prize value £8 (maximum £5 cash), maximum stake 10p

With effect from 1<sup>st</sup> September 2007 the number of category B gaming machines allowed in the relevant premises was:

- Bingo premises – 4 machines
- Adult gaming centres – 4 machines

With effect from 4<sup>th</sup> February 2009 the number of category B gaming machines allowed in bingo premises was increased from 4 to 8.

With effect from 10<sup>th</sup> June 2009 amendments to the relevant categories of gaming machine included:

- Category C - maximum prize £70, maximum stake £1.

On 13<sup>th</sup> July 2011 the following changes were implemented in respect of B3 gaming machines:-

- The maximum stake was increased to £2.00.
- Bingo premises and adult gaming centres are entitled to make available a number of category B gaming machines not exceeding 20% of the total number of gaming machines which are available for use on the premises.
- Prior to 13<sup>th</sup> July 2011 bingo premises and adult gaming centres were allowed to make available 8 or 4 category B gaming machines respectively.

As at the date hereof the relevant categories of gaming machine are as follows:-

- Category B3 - maximum prize £500.00, maximum stake £2.00.
- Category B4 - maximum prize £400.00, maximum stake £2.00.
- Category C - maximum prize £100.00, maximum stake £1.00
- Category D – 5 sub-categories:
  - money prize - maximum prize £5.00, maximum stake 10p
  - non-money prize (other than crane grab machine) - maximum prize value £8.00, maximum stake 30p

- combined money and non-money prize (other than Coin Pusher or Penny Falls machine) - maximum prize value £8.00 (maximum £5.00 money), maximum stake 10p
- crane grab machine – maximum prize value £50.00, maximum stake £1.00.
- Coin Pusher or Penny Falls machine – maximum prize £20.00 (maximum £10.00 money), maximum stake 20p.

The British Gambling Prevalence survey published in September 2007 contained the following figures for problem gambling prevalence by gambling activity (past year):-

- Bingo – 3.1%
- Slot machines – 2.6%

The British Gambling Prevalence survey published in 2010 contained the following figures in respect of problem gambling prevalence by gambling activity (past year):-

- Bingo – 2.9% (including on-line)
- Slot machines – 4%

Gambling behaviour in England and Scotland: Findings from the Health Survey for England 2012 and Scottish Health Survey 2012 published in June 2014 contained the following figures in respect of problem gambling prevalence by activity (past year):-

- Bingo – not on-line – 3.4%
- Slot machines – 2.6%

Bingo research: Problem Gambling in Licensed Bingo Premises published in July 2016 identified that overall 2.5% of regular bingo club patrons are problem gamblers.

In the GamCare annual statistics for 2015/2016 calls to the helpline by reference to gambling facilities and activities (off-line) are as follows:-

- Bingo club (bingo) – 0%
- Bingo club (gaming machines) – 1%
- Arcades (gaming machines) – 2%

Under the Gambling Act 2005 machines made available under section 16 of the 1976 Act or section 21 of the 1968 Act became classified as B3 gaming machines and therefore subject to the same limits on stakes and prizes and numbers and locations as other gaming machines.

From the historical data it can be seen that there have been a number of significant developments since the introduction of the current licensing regime:-

- Gaming machines were reclassified
- Stakes and prizes have increased (e.g. category B3 stake from £1 to £2)
- Restrictions on the number of category B3 machines allowed in bingo premises (8) and adult gaming centres (4) have changed to 20% of the total machine allocation in the venue.

Notwithstanding all of those changes relating to the stake and prize limits and number of machines, the problem gambling prevalence figure relating to gaming machines was the same in 2014 as it was in 2007.

The most recent gambling prevalence figures are also supported by the latest GamCare statistics.

Since the implementation of the Gambling Act 2005 the number of licensed bingo premises reached a peak of 695 at 31<sup>st</sup> March 2011. Since then there has been a significant decline in the number of licensed bingo premises which stood at 575 on 30<sup>th</sup> September 2016.

The decline in the popularity of licensed bingo can also be seen in the reduction in the combined gross gambling yield from a peak of £703.11 million in 2008/2009 to £687.04 million in 2015/2016.

Another significant statistic is the reduction in the number of employees from a peak of 18,495 at 31<sup>st</sup> March 2011 to 12,660 at 31<sup>st</sup> March 2016.

A similar situation exists in relation to adult gaming centres.

The number of adult gaming centres has declined from a peak of 2,247 at 31<sup>st</sup> March 2012 to 1,337 at 30<sup>th</sup> September 2016.

Gross gambling yield in adult gaming centres has also declined from a peak of £397.87 million in 2008/2009 to £319.16 million in 2015/2016.

The number of employees in adult gaming centres has declined from a peak of 22,028 at 31<sup>st</sup> March 2009 to 8,357 at 31<sup>st</sup> March 2016.

There are a number of reasons for the decline in popularity of licensed bingo premises and adult gaming centres including the smoking ban, the recession and other economic factors, the increase in popularity of on-line gambling and competition from other types of leisure activity including other non-remote gambling activities.

Another significant consideration is the fact that the costs associated with operating licensed bingo premises and adult gaming centres have continued to rise with no commensurate increase in stake or prize limits.

An increase in the stake and prize limits is an important factor for the industry to be able to offset any of the increase in operating costs, such as the new living wage and the introduction of the new £1 coin and polymer notes.

Maintaining the existing stake and prize limits will make it harder for existing operators to invest in their existing business with the increase in operating costs.

As such, existing premises will not benefit from refurbishment and new premises, offering employment opportunities, will not be created.

In addition to new and existing premises being more attractive to existing customers, an increase in stake and prize limits will also be an incentive to manufacturers to develop new games at different staking levels, which would enable more features and exciting game play for the player. This would also be beneficial to the industry and may also attract new customers.

In order to arrest the decline in the number of gambling premises and to enable growth within an area of the industry that has demonstrated that it is socially responsible and operates without detriment to consumers and communities we would ask the Government to effect the following changes in respect of maximum stakes and prizes for gaming machines:-

- Category B3 – maximum prize £500.00 (no change), maximum stake £2.50 (increase of 50p).
- Category D (money prize) located in adult gaming centres and licensed bingo premises – maximum prize £10.00 (currently £5.00), maximum stake 20p (currently 10p).

Increasing the stake and prize limits on category D (money prize) machines in bingo premises and adult gaming centres to tie in with stake and prize thresholds for Machine Games Duty would make it easier for operators and regulators to monitor, report and regulate.

Prize gaming has been offered in adult gaming centres in the form of prize bingo. Whilst its popularity has been maintained in seaside amusement centres interest in prize bingo in adult gaming centres has declined.

It has been said that bingo has a place at the heart of many communities and companionship and the chance to make and meet friends are often cited as reasons why people play. Prize bingo can provide a sociable form of entertainment for a modest outlay.

However, it is apparent from the fact that prize bingo is no longer provided in some adult gaming centres that the game has lost its appeal. An adjustment of the limits applicable to prize gaming is seen as a way of making prize bingo more attractive and viable as a game to be provided in adult gaming centres.

Bingo is recognised as a “soft” form of gambling and bingo played under the prize gaming provisions has not given rise to any risks insofar as the three licensing objectives are concerned.

It would therefore be beneficial to the industry and would not cause any detriment to consumers and communities to make the following amendments to the stakes and prizes in respect of prize gaming in adult gaming centres:-

- Maximum aggregate value of prizes - £1,000.00 (currently £500.00)
- Maximum value of any one prize - £100.00 (currently £70.00)
- Maximum participation fee - £2.00 (currently £1.00)



As a means of making licensed bingo premises and adult gaming centres more attractive to existing customers and at the same time attracting new customers it will be beneficial to allow the provision of linked jackpots.

The jackpot would be specific to a venue and apply to category B3 gaming machines at the premises which would be allowed to offer a random jackpot which does not exceed the current maximum prize limit of £500.00.

The proposal to allow linked jackpots on this basis is not considered extreme as it does not allow a prize to be won which exceeds the current limit.

What it would create is an additional attraction to specific licensed bingo premises or an adult gaming centre without requiring customers to spend additional sums of money. A portion of each stake from the relevant machines would be used to make up the jackpot.

**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.**

As an Industry and a company, we have implemented a comprehensive programme of measures to protect consumers and our local communities from gambling related harm. These measures include the following:-

- **Management and Staff social responsibility training.** All new staff and management have SR training as part of their induction and then all staff also complete specific annual SR refresher training.
- **GamCare Accreditation.** We are one of only 3 land based bingo companies to be successfully accredited by GamCare. In our case, this involved an onsite or remote visit to all of our clubs to interview management and staff on their SR knowledge and experience.

- **GamCare Training.** Key Management have completed the GamCare Problem Gambling and Social Responsibility Training course.
- **Improved Social Responsibility Messaging.** As recommended by GamCare, we have improved the SR information that we make available to customers. We have since updated our SR information to include the Bingo Association National Self Exclusion Scheme.
- **Age Verification – Independent testing.** BA clubs are independently tested by an external company on an annual basis to ensure that we have procedures in place to protect children and young people in the local community.
- **Local Risk Assessments.** All our sites have completed a local risk assessment to look at the specific risks that need to be taken into account to protect local vulnerable consumers and communities.
- **Bingo Association National Self-Exclusion Scheme.** All customers that choose to exclude themselves from bingo now participate in the national scheme and are prevented from accessing gambling services in land based clubs. This has led to 70 attempted breaches of consumers whom have been prevented from entering clubs whilst Self-Excluded, including 3 individuals that have been refused entry to BJ's Clubs.

The impact of these measures are a key factor in contributing to the low rates of problem gambling that are seen in land based bingo clubs.

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

We support the principle of a risk based approach to access to gambling services and the Government's original 2005 objective of achieving a scale of gambling activity premises from soft gaming to harder forms of gaming based on their risk to consumers and local communities.

We would encourage the Government to review the details of this scale to determine if there are any anomalous machines and or premises that appear to be out-with the sliding scale.

**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.**

We strongly support maintaining the current allocations of machine categories in bingo clubs. The 20% rule for B3 category machines works for operators in all parts of the industry regardless of their scale. It is simple and easy to understand and commercially viable for large and small companies alike.

**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 recent IPSOS Mori research into Problem Gambling in licensed bingo clubs shows that less than 10% of those that have attempted to cut back on their gambling sought help from formal sources. We believe that the industry via the Bingo Association can focus on a number of positive, proactive measures to help customers who may have a problem with their gambling. These include:-

- **Improved Social Responsibility Messaging.** Develop consistent messaging, both in terms of size and content that is adopted by all operators and becomes the industry standard. This should be applied to all Direct Mail, POS, internal TV screens, internal ATM (cash) machines, Social Media messaging and External advertising.
- **Introduce player protection measures on server based machines.** Including improved SR messaging, ability to set limits, take time outs etc.
- **Staff alerts.** When players exceed their original limit, staff are alerted and can perform an interaction to offer help/support.
- **Clearer messaging on mixed content machines.** Make it more obvious when players change between machine categories on different games on the same terminal.

**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?**

Like many other parts of the world, Great Britain is witnessing changes in the way in which consumers pay for goods and services.

We are witnessing a reduction in the use of cash as a method of payment whilst at the same time seeing an increase in cashless payments being made.

Payment by cashless methods already occurs in remote gambling. According to the latest statistics from the Gambling Commission on-line gambling is now the largest gambling sector accounting for 33% of all gambling in Great Britain.

Under section 245 of the Gambling Act 2005 it is an offence to supply, install or make available for use a gaming machine which is designed or adapted to permit money to be paid by means of a credit card.

The prohibition against the use of credit cards as a method of payment for use of a gaming machine is repeated in regulations made under the Gambling Act 2005 which also extend the prohibition to the use of debit cards.

The Gaming Machine (Circumstances of Use) Regulations 2007 state that a gaming machine must not be made available if it is designed or adapted to permit money to be paid by means of a credit card or debit card.

The Gaming Machines (Supply etc) Regulations 2007 state that a gaming machine must not be supplied or installed if it is designed or adapted to permit money to be paid by means of a credit card or debit card.

It is not proposed to seek an amendment of the statute to allow credit cards to be used as a method of payment for gaming machines.

However, it would reflect the changes in technology and culture to allow for the two statutory instruments to be amended in order to allow payment for use of a gaming machine to be made by way of a debit card, whether contactless or otherwise.

The proposal to allow payment by way of debit card would also recognise the fact that such cards may already be used in gambling premises in order to obtain cash from ATM machines which are lawfully sited on the premises.

The use of debit cards would provide enhanced protection to members of staff employed in gambling premises by reducing the amount of cash which they would be required to manage and handle.

The use of debit cards could also be used to monitor patterns of gambling and a means of providing enhanced protection for consumers by instigating interaction and assisting exclusion where appropriate.

Allowing the use of a debit card to play a gaming machine would provide greater transparency by creating a record of payments made on a particular activity. This would benefit the customer and, in some circumstances, others including the authorities.

Technology now exists which gives customers real-time control over how their debit card is used, providing enhanced protection against fraud and improved budgeting support.

A system has recently been introduced which allows customers to turn their debit card “on” or “off”. When the card is “off”, no withdrawals or purchases will be approved, with the exception of previously authorised or recurring transactions. Additionally, transaction controls can be set according to location, meaning transactions attempted outside of the geographic parameters set by the customer will be declined.

The technology also allows customers to manage their spending by establishing limits for debit card purchases based on the amount of the transaction. Additional controls can be set to manage spending in different categories by enabling or disabling transactions for certain merchant groups.

It is proposed that a customer would be able to utilise a debit card to play a gaming machine in a similar way to which they are currently able to use an ATM within gambling premises. The only difference being the provision of additional social responsibility messaging provided on the gaming machine.

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## **Shipley Brothers Limited**

### **Appendix**

Sources of information considered in the preparation of the attached submission:-

- Gambling behaviour in Britain: results from the British Gambling Prevalence Survey (June 2000).
- British Gambling Prevalence Survey (September 2007).
- British Gambling Prevalence Survey (2010).
- Gambling Behaviour in England and Scotland: findings from the Health Survey for England 2012 and Scottish Health Survey 2012 (June 2014).
- Examining Machine Gambling in the British Gambling Prevalence Survey (March 2013).
- Participation in Gambling and Rates of Problem Gambling – Wales 2015 (October 2016).
- Participation in Gambling and Rates of Problem Gambling – Scotland 2015 (October 2016).
- Gambling Commission Industry Statistics – Machines Digest (April 2011 – September 2015).
- Gambling Commission Industry Statistics (April 2011 - September 2015).
- GamCare Care Services Report (2004).
- GamCare Care Services Report (2007).
- GamCare Statistics (2010/2011).
- GamCare Annual Statistics (2015/2016).

- Bingo Research: Problem Gambling in Licensed Bingo Premises (July 2016).
- Gaming Board Report 1999 – 2000.
- Gaming Board report 2000 – 2001.
- Gaming Board report 2002 – 2003.
- Gambling Review Report (July 2001).
- Gambling Commission Annual Report and Accounts 2006/2007.