

**Appendices:**

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**NORTHAMPTON**  
BOROUGH COUNCIL

## LICENSING COMMITTEE REPORT

<b>Report Title</b>	<b>Fixed Odds Betting Terminals</b>
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**AGENDA STATUS: PUBLIC**

<b>Committee Meeting Date:</b>	<b>10/12/2013</b>
<b>Policy Document:</b>	<b>Statement of Gambling Principles</b>
<b>Directorate:</b>	<b>Customers and Communities</b>

### 1. Purpose

- 1.1 For Members to consider the issues relating to Fixed Odds Betting Terminals (FOBT's).

### 2. Recommendation

- 2.1 That the Committee note the report and direct further action as may be necessary

### 3.1 Report Background

- 3.1.1 A fixed odds betting terminal (FOBT) is an electromechanical device normally found in betting shops 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 most commonly played game is roulette. The minimum amount wagered per spin is £1. The maximum bet is £100 per spin.. The largest single pay-out cannot exceed £500 Other games incorporated within FOBT's include bingo, simulated horseracing and greyhound racing.
- 3.1.2 Under current UK legislation, these machines are allowed to offer content classed as Category B2, Category B3 as well as Category C content.
- 3.1.3 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 & September 2012. Nationally there has been a significant increase in the number of betting shops in the last 12 months.

- 3.1.4 FOBTs have been criticised due to the potential for addiction when playing the machines. Machines allow users to place up to a £100 stake to win a £500 maximum prize, and the bets can be placed every 20 seconds allowing for a potential spend of £1500 in 5 minutes.
- 3.1.5 Initial research has shown that Northampton currently has 35 licensed betting shops. All of the betting shops in the town centre have opted to have the four FOBT's rather than a mix including fruit machines.
- 3.1.6 Takings from FOBT's now account for nearly half of the big bookmakers' annual profits, despite being limited to four terminals per shop. The average weekly profit to the bookmaker is £900 per machine. Critics say the machines are highly addictive and lead to crime and poverty but the gambling industry says there is no hard evidence of this and have promised a new code of conduct to allow players to limit their own stakes. However, a recent economic analysis was commissioned by the Campaign for Fairer Gambling to assess the impact of the growth in FOBTs on spending on local economies. The report concluded that an extra £1bn gambling on FOTBs produces a net reduction of 13,000 jobs. It also stated that a projected doubling of FOBT revenue by 2023 could destroy as many as 23,000 jobs.
- 3.1.7 There have also been recent cases whereby profits made from illegal activities including drug dealing have been found to be laundered through the use of these machines. Coral bookmakers were recently fined £90,000 by the Gambling Commission for allowing up to an estimated £1,000,000 to be laundered through their FOBT's by one dealer
- 3.1.8 The regulation of FOBT's falls within the Gambling Act 2005 and this matter was review earlier this year. The Government decided not to reduce the stake and prize associated with FOBT's deciding that to focus more on responsible gambling.
- 3.1.9 The failure to change the prizes and stake associated with FOBT's coupled with the changes made to planning laws which now allow a shop to be changed to a betting shop without planning permission, has made many local authorities and M.P's feel they are not in a position to protect those in their communities who could be at risk to financial or psychological damage from the increasing presence of betting shops and FOBT's.
- Liverpool City Council have carried a motion calling the Government to ban FOBT's.
  - Lambeth Council are investigating the possibility of introducing a bye law to restrict the maximum stake to £2.
  - Also in London, 14 councils want to use the Sustainable Communities Act to control the spread and activities of betting shops.
  - An early day motion 580 calling for a further review has the support of 21 M.P.s
- 3.1.10 The swell in opposition to FOBT's has prompted the Government to consider the possibility of a further review in the future although this has not been confirmed

## **4.1. Implications (including financial implications)**

4.1.1. There are no financial implications of the proposed action.

4.1.2. There are no Human Rights implications in adopting the recommendations of this report.

## **5.1 Resources and Risk**

5.1.1 Resources will not be affected the licensing team will continue to issue licences and monitor these premises.

5.1.3 In noting the report and directing accordingly the Council will be exercising due diligence in licensing matters

## **5.3 Legal**

The Gambling Act 2005 contains three licensing objectives which underpin the functions that licensing authorities will perform.

They are:

- 1) Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime
- 2) Ensuring that gambling is conducted in a fair and open way
- 3) Protecting children and other vulnerable persons from being harmed or exploited by gambling

The Gambling Commission does not seek to define “vulnerable persons”, but it does for regulatory purposes assume that this group includes people who gamble more than they want to; people who gamble beyond their means; and people who may not be able to make informed or balanced decisions about gambling due to mental health needs, learning disability or substance misuse relating to alcohol or drugs.

### Best Practice In Regulation

The purpose of local authority regulation is to promote efficient and effective approaches to regulatory inspection and enforcement which improve regulatory outcomes without imposing unnecessary burdens on business.

Regulators should therefore be:

- Proportionate – regulators should only intervene when necessary; remedies should be appropriate to the risk posed, and costs identified and minimised
- Accountable – regulators must be able to justify decisions and be subject to public scrutiny
- Consistent – rules and standards must be joined up and implemented fairly

- Transparent – regulators must be open and keep regulations simple and user friendly
- Targeted – regulation should be focused on the problem and minimise side effects

## **5.4 Equality**

5.4.1. There are no Equality issues as a result of this report.

## **5.5 Consultees (Internal and External)**

5.5.1. Legal

## **5.6. Background Papers**

5.6.1. Gambling Act 2005.

5.6.2. <http://www.parliament.uk/edm/2013-14/580>.

5.6.3. Northampton Borough Council's Statement of Gambling Principles.

5.6.4 Economic Analysis, Campaign for Fairer Gambling.

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