

Council Meeting – 27th February 2014

Notice of Motion – Fixed Odds Betting Terminals

1 The Notice of Motion

The following notice of motion has been submitted from Councillors Oliver, Illmann-Walker, Burley, Worrall, Chambers and Westley:

“(1) Council notes the prevalence of Fixed Odds Betting Terminals (FOBTs) in many betting shops across the borough of Walsall, dubbed in the media as the “crack cocaine of gambling”.

(2) Council also notes that, unlike fruit machines in pubs, bingo halls and amusement arcades where cash stakes are limited to £2, gamblers can bet on debit cards up to £100 every 20 seconds on FOBTs to win a jackpot of £500 – more than 4 times as fast as the rate of play in casinos.

(3) Council further notes that nationally 80% of turnover in betting shops is from FOBTs with only 20% being from over-the-counter betting on sports and racing and across the 3 Walsall parliamentary constituencies there are currently 35 betting shops with 129 FOBTs and that in 2012 a gross amount of £138m was gambled in these betting shops, broken down as follows:

- Aldridge Brownhills – 9 betting shops - 33 FOBTs - £51.2m gross amount gambled*
- Walsall North – 13 betting shops - 48 FOBTs - £51.2m gross amount gambled*
- Walsall South – 13 betting shops - 48 FOBTs - £35.4m gross amount gambled*

(4) Council further notes the recent economic analysis undertaken by Landman Economics commissioned by the Campaign for Fairer Gambling to assess the impact of the growth in FOBT spending on local economies and across the wider consumer economy. This report highlights that an extra £1b FOBT spend produces a net reduction of 13,000 jobs and that the projected doubling of FOBT revenue by 2023 could destroy 23,000 jobs. The report also highlights the negative impact of the increase in new betting shops and relocation of betting shops on to primary retail sites is having on the wider retail economy.

(5) Council notes with concern the lack of action by central government to address the issues caused by FOBTs and the announcement made by Maria Miller MP, Secretary of State for Culture, Media and Sport on 10 October 2013 in the Triennial Review on Gambling not to introduce regulations to reduce maximum stakes, speed of play and maximum jackpots. Council notes

in contrast the position in the Republic of Ireland where the Government has introduced legislation to outlaw FOBTs in betting shops.

(6) Council also notes, however, in the absence of Government action, the innovative work some local authorities are doing to reduce the impact of FOBTs on communities, which includes, for example:

- the London Borough of Barking and Dagenham consulting on a draft Supplementary Planning Document and Article 4 Direction to withdraw permitted development rights for change of use of A3 (restaurants and cafes), A4 (drinking establishments) and A5 (hot food takeaways) to betting offices (class A2 use) in order to create or maintain mixed communities and to protect local amenity and the wellbeing of the area.*
- 14 councils led by the London Borough of Hackney putting together a proposal under the Sustainable Communities Act for betting shops to have a separate and specific user class to ensure that every planning application will be subject to the local authority's individual planning policy to allow local circumstances to be taken into account.*
- The London Borough of Lambeth considering introducing a local bye-law to reduce maximum stakes to £2 per spin and reduce speed of play.*

(7) Council believes that the increase in FOBTs is causing significant problems in the borough of Walsall and believes that the Government should introduce legislation to outlaw FOBTs in betting shops or at the very least give local authorities the powers to protect the local amenity and wellbeing of communities by (1) stopping the proliferation of betting shops and (2) reducing maximum stakes and slowing down the speed of play of FOBTs.

(8) Council therefore requests that:

- 1. The Chief Executive write to the Secretary of State for Culture, Media and Sport to outline the terms of this motion and demand urgent action against FOBTs by the Government.*
- 2. While recognising that interventions taken by other local authorities may or may not be applicable and/or the most desirable routes to address the situation in the borough of Walsall and that there may be other measures that can be explored, the Cabinet Member responsible for Regeneration report back within three months on appropriate joined-up steps that could be taken within existing powers available to the authority to reduce the problems caused by FOBTs in the borough in the absence of further Government action."*

2 Introduction to FOBTs

Fixed odds betting terminals (FOBTs) are normally found predominantly in betting shops in the UK. They allow players to bet on the outcome of various games and events with fixed odds. They were introduced to UK shops in 2001.

After the 2005 Gambling Act came into force, fixed odds betting terminals were given legal backing and put under the same regulatory framework as fruit machines. Betting Shops are limited to four FOBTs per premises. Users of these machines can in theory place a £100 stake every 20 seconds.

According to the Gambling Commission there are 33,284 fixed-odds betting terminals across the UK. The number of betting shops in the UK increased from 8,862 in 2009 to 9,031 in 2013. The big three operators have plans to open hundreds of new shops although many independent operators have closed.

The maximum stake permitted in this form of betting is £100 with a maximum prize allowed of £500. Most betting shops favour the new FOBTs over the traditional slot machines (this would appear to be because of the maximum stake that can be placed). The average weekly profit per fixed odds betting terminals in 2012 was £825, up from £760 in 2011, according to the Gambling Commission.

3 Licensing Controls

Walsall Council cannot at this moment in time, condition or restrict the number of such machines in any way. It licences gambling establishments in accordance with the guidelines laid down by government under the Gambling Act 2005.

The Gambling Commission is the Body that enforces the law regarding the illegal use of these machines.

4 Planning controls

There has been suggestion that planning permission can be restricted under a general power (Article 4).

An Article 4 Direction to withdraw permitted development rights for change of use is a power granted to a local Planning Authority under the Town and Country Planning Act 1990 to prevent the opening of a business that is ordinarily permitted by law. In the case in hand it would be the change of use of a premise to become another Betting Shop. This power to prevent what would otherwise be an inalienable right should only be used in extenuating circumstances. Should an authority use this provision to prevent the opening of a betting shop there is a right of appeal to the Secretary of State. If the appeal is successful the authority would be liable to pay the appellant compensation, which could be considerable. For this reason it is unlikely that local authorities would be willing to take this action.

5 Local Authority Initiatives

Officers have contacted the local authorities named in the notice of motion for further information and the response is as follows:

- 1) London Borough of Barking and Dagenham – We have been unable to get a response from the council services, however the proposal appears to relate to Article 4 Direction to withdraw permitted development rights (See above).
- 2) London Borough of Hackney – They looked at Article 4 Direction (See above) and dismissed it. They are proposing the removal of betting shops from the A2 use class and making them a specific class of their own. This may make it easier to restrict them under planning considerations but requires a change of legislation. They do not have specific proposals relating to FOBTs. The Council has passed a motion to support the campaign for fairer gambling – ‘Stop the FOBTs’.
- 3) London Borough of Lambeth – Contact with the licensing service has not identified any action currently being taken by that authority with regard to a bye-law.

6 Bye-laws as an Option

With regard to bye-laws, the only restrictions that are permitted are those in the relevant legislation and as the legislation allows wagers of £100 it is unlikely that it could be restricted by a local bye-law as it would need to be confirmed by the Secretary of State.

In general the confirming authority would need to consider:

- that they do not duplicate or conflict with the general law, existing byelaws or any local Act, or common law;
- that they directly address a genuine and specific local problem and do not attempt to deal in general terms with essentially national issues;
- that they do not conflict with government policy.

A bye-law is therefore highly unlikely to be an option.

7 Parliamentary Position

In a Commons debate on the 8 January 2014 Ministers promised measures to protect gamblers later this year, after a Government review, in response to Opposition calls for tougher curbs on high street "mini-casinos".

Jamie Morris
Executive Director (Neighbourhood Services)

17 February 2014