



Response from the Methodist Church, the Baptist Union of Great Britain, the Church of Scotland and the United Reformed Church to the Consultation on proposals for changes to Gaming Machines and Social Responsibility Measures

Introduction

Our four Churches together represent around 800,000 people, and we are pleased to make this submission to the consultation, based on our previous statements and work in this area, as well as ongoing engagement with the Gambling Commission and GambleAware.

Christians have traditionally held concerns around the dangers of gambling. Some of these relate to its potential to promote anti-social attitudes, such as greed, the profit of the few at the expense of the many, and an overreliance on luck. Yet our denominations' involvement in gambling policy chiefly relates to the devastating impact of gambling related harm on problem gamblers, their families and communities.

In view of the danger of serious financial and psychological harm caused by gambling addiction, gambling cannot be seen as just another 'leisure activity'. The decision to gamble is a personal one, and individuals choosing to gamble should be helped to do so responsibly. Yet there is an even greater responsibility on the industry and the regulator to ensure that those who choose to gamble may do so in a safe environment. We believe that as gambling can harm people, and particularly the young and vulnerable, it needs to be carefully regulated to ensure that customers and the public are protected, and that the gambling industry needs to be actively committed to reducing harm. We welcome this consultation paper as containing a number of proposed measures which will tackle harm, but suggest other areas where more could be done.

Q1. Do you agree that the maximum stake of £100 on B2 machines (FOBTs) should be reduced? If yes, what alternative maximum stake for B2 machines (FOBTs) do you support?

It is patently clear to us that the maximum stakes of £100 on B2 machines should be significantly reduced. These machines are out of step with other forms of gambling accessible from the high street and it is apparent that they cause significant levels of harm to individuals and the wider community. But we argue that such a reduction must be done in tandem with other measures to mitigate harm.

It is important to remember that the cost of problem gambling doesn't just impact on the individual who loses money but also on the wider community. The Impact Assessment talks about the "social costs" of B2s but does not monetize them. This is difficult to do, and is a task that will hopefully be helped by

GambleAware commissioned research later this year.¹ However it should be clear that a problem gambler's financial, employment and health difficulties impact on those around them, their employer, the health service, the law enforcement agencies. The social costs of gambling are significant, and should be taken in to account when considering public policy, and not just the costs to the gambling industry.

We believe that the maximum stakes should be reduced for the following reasons:

Firstly the problem is too great not to take action. The overwhelming flood of anecdotal stories about the harm caused by B2 machines is backed up by reports by treatment providers.² In addition studies have indicated a high proportion of B2 machine players in LBOs are problem gamblers or at risk of problem gambling.³ Whilst it is not possible to prove causality – do the machines cause problem gambling or attract problem gamblers – taking action to reduce the absurdly high stakes should be an effective way both of reducing harm and targeting interventions on those most at risk.

Secondly reducing stakes is therefore a logical step to take to prevent people losing large amounts of money. Even if the evidence does not show a direct causal link between B2s and problem gambling, or that reducing the stake to a certain level will stop problem gambling, the logical response is to reduce a stake which is so significantly out of line with other gaming machines, is linked with problem gambling, and where the high stake is resulting in large losses.

Thirdly, a reduction in stakes is a step which will be targeted most closely on problem gamblers rather than leisure gamblers. As the consultation paper itself shows, when a stake is at or above £10, a tenth of the current maximum, 59% of players were identified as problem gamblers or at moderate risk of harm. A reduction in stakes will impact most on problem gamblers (though it should be recognized that many problem and at risk gamblers still gamble at £2 stakes and below).

Fourthly it will go some way to restoring the regulatory hierarchy of gaming machines which was established by the Gambling Act 2005 to ensure that the riskier machines – those with higher stakes and higher prizes – were in more regulated and less accessible premises. B2s in LBOs have always been an anomaly, carried over from before the Gambling Act. There is a reason for this regulatory hierarchy – ensuring that the riskier machines are less casually accessible and have greater supervision. B2s have proved themselves to be too risky to take this place in LBOs.

Finally the damage caused by B2s is compounded by the fact that, whilst the number of LBOs has fallen slightly over the past five years, they are increasingly clustered in areas of deprivation. Research has demonstrated that a person's likelihood of being a problem gambler increases the more deprived they are. Therefore offering a riskier form of gambling in places where people are already more likely to be vulnerable to problem gambling appears to be immoral and unwise.

¹ <https://about.gambleaware.org/media/1480/gambleaware-commissioning-plan-2017-19.pdf>

² Eg http://www.gamcare.org.uk/sites/default/files/file_attach/Briefing%20Paper%20-%20GamCare%20Annual%20Statistics%202016-17.pdf

³ Eg <http://www.gamblingcommission.gov.uk/PDF/survey-data/Health-survey-results-England-2015.pdf>

Many people have called for a £2 stake. However we have not identified a particular stake⁴ but want to see it dropped to be more in line with other gambling offers whilst being accompanied by other social responsibility measures. There is no evidence of particular stake level which will result in problem gambling being reduced.

Indeed caution needs to be expressed about changes in behaviour resulting from regulatory change. For example in an evaluation of the measures introduced in April 2015, it was shown that, although the number of stakes above £50 decreased, the number from £40-£50 increased as did the amount of time spent gambling.⁵ Overall the amount spent [allowing for trends] remained the same. It appears that people adapt their behaviour. It should be accepted that people will adapt their behavior in response to a stake reduction to get a similar experience. It is likely that some people will change their play strategies, for example increasing the riskiness of their play.

Others will displace their gambling activities to other forms of gambling. It is very clear from advertising within LBO windows at the moment that bookmakers are advertising the online versions of their land-based offer, and indeed encouraging people to shift their play across platforms. Money won in the bookmakers (including through B2s) can be spent online. Bookmakers are actively preparing for and encouraging displacement of activity post any B2 regulation change.

Therefore, whilst we strongly hope that the stake will be dramatically reduced, we do not want to give the impression that this will solve the problem of problem gambling. It may in fact create new ones, and therefore any stake reduction must be accompanied by close evaluation and other regulatory measures.

We would therefore support a very significant reduction in stake, but ask that this takes place hand in hand with other measures of mitigation. These would include:

- the introduction of measures to help players on all machines to manage their play;
- account-based play across all B machines;
- close monitoring of the impact of any changes;
- more research into play on B2 and B3 machines across premises;
- greater requirements for safe gambling online;

Q2.Do you agree with the government’s proposals to maintain the status quo on category B1?

We agree with the government’s decision to maintain the status quo. We would draw the government’s attention to research into the last increase in stakes and prizes⁶ which found that the use of slots (as opposed to tables) went up, but that this change was only noticed in casinos based in deprived areas. Changes to stakes and prizes may have a greater impact on some more economically vulnerable members of society than others. We are pleased that the government has decided to maintain the status quo on this occasion, and encourage further research and evaluation into the impact of changes.

⁴ Para 2.2 of the consultation paper mistakenly identifies the Methodist Church as publicly supporting a £2 stake

⁵ FOBTs in British betting shops: Further analysis of machine data to examine the impact of the £50 regulations, Forrest & McHale, February 2017

⁶ Evaluating the impact of the uplift of stakes and prizes on B1 gaming machines in casinos. Forrest, McHale & Wardle, 2015.

Q3. Do you agree with the government's proposals to maintain the status quo on category B3?

We agree with the proposal to maintain the status quo. As the consultation points out, B3s are the fastest growing gaming category so there should be some caution as so little is known about how people play them. Research suggests that combined play on B2s and B3s leads to higher losses than play on B2 or B3 alone, and that the loss profiles on B3s in Bingo and AGCs are close to the losses on B2s.⁷ If the stakes on B2s in LBOs are reduced to £2, B3s will overtake them, offering the same stake and odds, but with a spin speed that is eight times faster. We would also support additional social responsibility measures being required of B3 machines.

Q4. Do you agree with the government's proposals to maintain the status quo on category B3A?

We agree

Q5. Do you agree with the government's proposals to maintain the status quo on category B4?

We agree

Q6. Do you agree with the government's proposals to maintain the status quo on category C?

We agree with the proposal to maintain the status quo, but would like to raise some concerns about Category C machines which we believe should receive some attention in the future. The advice offered by the Responsible Gambling Strategy Board on machines provides a table showing Expected Average Theoretical Cost per hour (EATC/h) – or the statistical expectation of a loss a player would experience if they were playing machine for an hour (assuming maximum speed and stake).⁸ The EATC/h for B3 machines is £302, whereas for Category C machines in pubs is £316. Category Cs are available in premises where alcohol is served, and where the supervision of them is minimal. These are clearly risk factors for problem gambling. They are also found in certain Family Entertainment Centres where children are permitted to gamble on other machines. We believe there should be research into whether more should be done about these machines and their potential impact.

Q7. Do you agree with the government's proposals to maintain the status quo on category D?

We support the government's decision not to raise stakes for Category D machines, but believe that the permitted age for gambling on them should be raised to 18. Britain has the only regulated gambling market which allows children to participate in commercial gambling. Allowing children to gamble on slot and reel machines, many of which will look similar to category C and B machines, introduces them to gambling. Though the maximum stakes are relatively low these machines allow children to be

⁷ Report on results of research into the likely effects of substantially reducing the maximum stake of £100 per 20-second spin on Category B2 electronic gambling machines in UK betting shops, Collins, Barr, Scott, 2016

⁸ <http://www.rgsb.org.uk/PDF/Advice-in-relation-to-the-DCMS-review-of-gaming-machines-and-social-responsibility-measures.pdf>

introduced to gambling at an age when they do not have the emotional maturity to deal with winning and losing.

Some people claim that the problem gambling rate children is low at 0.4%, with 0.6% classified as being at risk, but the fact that we have any children who can be classified as problem gamblers should horrify us. The 2% of children who are problem gamblers or at risk represents nearly 57,000 children. Problem gambling for children disrupts schooling, relationships and health. Even if there is a “natural recovery rate” for many in early adulthood, the impact of a childhood dominated by problem gambling can last a life time in terms of educational opportunities missed and family or social relationships destroyed. A significant body of evidence also suggests that the younger the age at which gambling habits develop, the more serious the impact of problem gambling later on.⁹ The role of Category D machines is further complicated by the increased exposure of children to gambling advertising, and the growth of social gaming where our knowledge of the risks to children is still very limited. Therefore we ask the government to commit to look further at the issue of children’s access to commercial gambling in Britain.

Q8. Do you agree with the government’s proposals to increase the stake and prize for prize gaming, in line with industry proposals?

Prize gaming may be a small and declining activity with little supervision. We are a bit surprised therefore by the decision to “bolster” it. We also note that equal chance prize gaming is open to children and young people, and refer to the comments made in response to question 7. We would question whether this is appropriate when a £1,000 aggregate prize is available?

Q9. Do you agree with the government’s proposals to maintain the status quo on allocations for casinos, arcades and pubs?

Casinos: We agree with the proposals here, but emphasise that whilst casinos have traditionally had a higher level of regulation than the rest of the industry, they have increasingly easy access for customers, serve alcohol, and offer the hardest forms of gambling. Therefore it is quite right to require casinos to operate the highest levels of customer protection, through self exclusion, customer interaction, and player protection on machines. We agree that it is right to reject proposals for a “Mayfair” machine. We also support the rejection of the provision of tablets to access remote accounts, which feels like a way of subverting the machines allocation, and the proposal for greater clarity over automation of tables

Pubs: We support the maintenance of the status quo and point to our concerns in answer to question 6 regarding our concerns about Category C machines in pubs.

AGCs: We support the government’s rejection of a B5 machine, which appears to be a B2 in disguise without any attempt to understand the risks involved. This is a clear case where the precautionary principle applies.

⁹ <http://about.gambleaware.org/media/1274/1-june-update-children-young-people-literature-review.pdf>

Q10. Do you agree with the government's proposals to bar contactless payments as a direct form of payment to gaming machines?

We support the decision not to allow contactless payment as a direct form of payment on gaming machines. If people use cards, they often do not appreciate the amount of money that they are spending. In addition spending up physical money requires a person to take a break in play rather than simply "tapping" to increase their funds.

Q.11 Do you support this package of measures to improve player protection measures on gaming machines?

This question has to be the other half of the equation in dealing with stake sizes of B2s.

- **Piloting:** The National Problem Gambling Strategy emphasizes the importance of the industry taking responsibility for piloting and evaluating new social responsibility measures. It is clear from the Strategy Progress Report that there is a need from the industry for more activity in this area, better evaluation of impact, and greater co-ordination and sharing of learning across the industry. If this does not happen then tighter and more prescriptive regulation will be needed.
- **Voluntary limits:** We would support the introduction of these measures on other B machines, but there clearly needs to be greater research, piloting and evaluation to work out which measures are the most effective. Operators need to realise that such co-operation is part of their social licence to operate and a cost of business, not something from which they can choose to opt out
- **Hard stops:** we would welcome the exploration of "hard stops" when players meet the end of their voluntary limits. As this may well have a cost for operators, it may prove necessary to find ways of ensuring such pilots are conducted.
- **Mandatory alerts:** we would agree these could be valuable
- **Mixed play between B2 and B3 content:** the evidence suggests that mixed play leads to greater harm, so prohibition should be explored
- **Algorithms:** gambling operators have the potential to use "big data" very effectively to understand how people play, how they play harmfully, markers of harm, and the effectiveness of customer interaction. Unfortunately the development of algorithms based on big data has as yet been disappointing. Whilst work on this area should continue it is important that the whole focus is not on algorithms and the individual player, but instead also on the nature of the machines and the wider environment.
- **Tracked Play:** We urge the government to go further than looking at tracked play, and instead consider Account Based Play (ABP). Full ABP would require individual identification, but the pay off against this privacy question would be
 - The ability of operators to offer individualized player protection measures and messaging based on an individual's play across sessions and even across operators
 - The ability to stop people registering for more than one account and therefore undermining the purpose of tracking
 - The ability to enforce self-exclusion properly

We would therefore encourage the government to consider the value of Account Based Play in protecting players and tackling gambling related harm.

Clearly we are supportive of the measures highlighted by the government, which are being implemented by the industry and the Gambling Commission, with the help of GambleAware and the Responsible Gambling Strategy Board. However we believe that there are other areas which need tackling.

- **Single staffing:** a number of betting shops have just a single member of staff to deal with over the counter bets, enforcing self-exclusion and keeping children out, as well as supervising the use of machines and offering customer interaction where appropriate. This is clearly not adequate. Therefore we ask that gambling operators are required to show that they are providing staffing which offers adequate supervision.
- **Product characteristics and problem gambling:** much emphasis is rightly placed on the desire to identify individuals who might have problems with gambling. From there operators need to take measures to reduce their problems, either through helping them to change their behaviour or ultimately by prohibiting them from gambling. This in itself is a challenge for an industry which continues to see the bottom line as the priority. However tackling problem gambling is about more than identifying individuals. Sometimes it is about changing the gambling environment or the machines themselves, to remove or reduce harm. Research has already identified areas for consideration¹⁰ and we would consider pressure to continue to be placed on the industry to reduce the risk of problem gambling as well as to focus on the individuals already experiencing harm.

Q.12 Do you support this package of measures to improve player protection measures for the online sector?

The online sector is the elephant in the room in terms of considering gambling related harm. Whilst it is important to tackle the harm caused by B2s, the reach of, and potential damage caused by, online gambling is immense. The recent announcement by the Gambling Commission that it may revoke licences of certain operators for not taking gambling harm seriously enough demonstrates the problems which exist within this sector.

Whilst we welcome the measures proposed in the consultation – tackling free bets and sign up offers, improving customer interaction, enhancing player protection, and enforcing self-exclusion – we believe that an industry which has far greater freedoms, through no limits on stakes and prizes, has far greater responsibilities. If it cannot demonstrate that it is doing much more to tackle and prevent gambling related harm, then we believe that further restrictions, for example on stakes and prizes, should be considered.

Q.13 Do you support this package of measures to address concerns about gambling advertising?

¹⁰ Eg <http://infohub.gambleaware.org/document/key-issues-product-based-harm-minimisation/>

The objection from most people appears to be to the sheer quantity of gambling advertising at the moment. It is hard to measure the direct impact of such advertising, though the role that it plays in normalizing gambling in society and for children in particular should be of growing concern. We are disappointed that the government does not propose more radical steps, such as banning pre-9pm advertising or limiting people's exposure in other ways.

The CAP/ASA guidance is by and large good, though operators are still clearly pushing the boundaries of self regulation. It is good to hear that CAP is considering new guidance around problem gambling and children, and that the Gambling Commission is considering giving the advertising codes the force of LCCP social responsibility requirements.

We believe that there are three particular weaknesses in the current situation.

- First is the continuance of advertisements around sports. This creates for people an expectation that sporting events are intrinsically linked with gambling on the outcome, including the practice of in-game betting which is of particular concern given the its remote nature and fast turnaround.
- Second is the problem of the carve out allowing the advertisement of bingo. Bingo operators often also offer casino and sports sites, which potentially makes a mockery of the exemption.
- Third is the concept of programmes "targeted" at children. Children are exposed to advertising during programming for whom they are not the primary audience. This is also apparent on line where pop up adverts appear by games played or videos watched even by young children. Therefore even if adverts are not placed around programmes that are not targeted at children, they may still have a significant audience of children.

A brief comment on paragraph 5.45. The document states that problem gambling has remained statistically stable. Yet there is evidence that there is a significant degree of "churn" within these figures, with people moving in and out of risky or problematic behaviour.¹¹ So although the figure may be statistically stable, the number of people affected, directly and indirectly, will be larger. The document also states that children's participation in gambling and levels of problem gambling have declined. We suspect this is largely due to the removal of children's opportunities for ambient gambling, eg fruit machines in fish and chip shops, under the 2005 Gambling Act. And as stated earlier we are still talking about nearly 57,000 children being problem gamblers or at risk of problem gambling.

Q.14 Do you agree the Government should consider alternative options including a mandatory levy if industry does not provide adequate funding for RET?

The industry clearly needs to take funding of RET much more seriously as it has never reached the targets set by GambleAware. If this is not achieved by the current system, then a mandatory levy is going to prove necessary. If such a route is pursued it will be necessary to ensure that other forms of co-operation with the current RET programme – eg making big data available or participating in piloting and evaluating new measures – are not lost.

¹¹ Follow up study of loyalty card customers, changes in gambling behaviour over time, Natcen, December 2016.

We also needs there needs to be more joining up of government. The Internet Safety Strategy Green Paper published in October 2017 rarely mentioned gambling which was disappointing, but held the current system up as a good example of the industry fulfilling its responsibilities through a voluntary levy, even quoting (without context) the amounts of money made as if they were a model to be emulated, rather than one which is on the point of being judged to provide insufficient funding.

Q.15 Do you agree with our assessment of the current powers available to local authorities

We believe that the arguments for Cumulative Impact Assessments remain convincing. We have seen the London Borough of Westminster's work on gambling licensing and it is impressive, but we have to ask why other local authorities are not able to work at such a level. Westminster has a huge number of licensed premises and so is able to prioritise this work with staffing and resources. Other local authorities have far fewer licensed premises, but face the problems created by clustering in particular localities. This is a real problem as areas containing a higher level of LBOs, and therefore machines, have higher levels of deprivation.¹² As local authorities are experiencing huge cuts in funding they have been unable to prioritise this work, and also face the prospect of well-funded legal challenges from huge gambling operators. The existing tools of local licensing statements of policy may be effective for a few local authorities but clearly do not appear to be working for the majority, who believe that a Cumulative Impact Assessment would be a much more effective tool.

Q16. Are there any other relevant issues, supported by evidence, that you would like to raise as part of this consultation but that has not been covered by questions 1-15?

We believe all of our concerns are covered in our answers above.

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¹² Contextualising machine gambling characteristics by location - final report. A spatial investigation of machines in bookmakers using industry data, Geofutures, 2015.