



BRIEFING PAPER

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Fixed odds betting terminals

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Summary

Fixed odds betting terminals (FOBTs) are electronic machines, sited in betting shops, which contain a variety of games, including roulette. Each machine accepts bets for amounts up to a pre-set maximum and pays out according to fixed odds on the simulated outcomes of games.

The *Gambling Act 2005* classified FOBTs as B2 gaming machines. Up to four machines can be sited on betting premises. The maximum stake on a single bet is £100, the maximum prize is £500.

B2 machines have proved controversial since they first appeared. Critics point out that it is possible to lose large amounts of money and that the machines have a causal role in problem gambling.

The gambling industry says there is no evidence of a causal link between B2s and problem gambling. It also claims that reducing the maximum stake to £2, as some critics are campaigning for, would put betting shops and jobs at risk.

The Responsible Gambling Strategy Board, a body advising the Gambling Commission, has said that the correlations and associations between gaming machines and gambling-related harm are “poorly understood”.

In December 2014, the Responsible Gambling Trust (RGT), a charity working to minimise gambling related harm, published a set of research reports on category B machines. A research oversight panel, made up of independent academics, said the reports were “instrumental” in providing evidence that there were patterns of play that could be used to identify problem gambling. However the panel said that further studies would be needed before policies could be devised that targeted problem gamblers.

The RGT has an ongoing research programme looking at gambling behaviour and strategies to minimise gambling-related harm. On 19 April 2016, the RGT announced that it was commissioning a research project to study the cost of gambling-related harm to Government.

In April 2015 the *Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015* came into force. The Regulations require those wanting to stake over £50 on a B2 machine to load cash via staff interaction or to use account based play. The aim is to encourage greater player control and more conscious decision making.

The Government has said that it will consider a January 2016 evaluation of the Regulations before deciding on any further action on B2s.

1. What are fixed odds betting terminals?

Fixed odds betting terminals (FOBTs) are electronic machines, sited in betting shops, on which customers can play a variety of games, including roulette. Each machine accepts bets for amounts up to a pre-set maximum and pays out according to fixed odds on the simulated outcomes of games.

FOBTs were introduced into betting shops in 1999¹, with a small number of high margin games available. Changes to the taxation of gambling (ie the introduction of a gross tax on profits) came into effect in October 2001² and allowed the betting industry to introduce new lower margin products, such as roulette, to FOBTs. This led to the “increasing installation” of FOBTs in betting shops.³ By April 2005, an estimated 20,000 terminals were in use.⁴

The *Gambling Act 2005* classified FOBTs as B2 gaming machines. These terms will be used interchangeably throughout this note. By the time the 2005 Act came into force in September 2007, the Culture, Media and Sport Committee said there were roughly 30,000 FOBTs in place.⁵

An operating licence (issued by the Gambling Commission), together with a betting premises licence (issued by the licensing authority), allows for up to four B2 machines to be sited on betting premises.⁶ The maximum stake on a single bet on a B2 machine is £100; the maximum prize is £500.⁷

¹ Coral Eurobet [written submission](#) (May 2002) to the Culture, Media and Sport Committee inquiry on the Government’s proposals for gambling ([HC 827-I 2001-02, July 2002](#))

² For background see section 1 of Library standard note SN/BT/2151, [Bingo taxation](#), 20 June 2014

³ [HC Deb 8 January 2003 c7WS](#)

⁴ Europe Economics, [Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited – summary only](#), April 2005, para 1.2.5

⁵ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), HC 421 2012-13, July 2012, p5

⁶ Gambling Commission website: [Gaming machines on betting premises](#) [accessed 22 April 2016]

⁷ Gambling Commission website: [Gaming machine \(fruit machine, slot machine\) categories](#) [accessed 22 April 2016]

1.1 How many are there?

Gambling Commission statistics give a figure of 34,552 for 2014/15:

Fixed odds betting terminals, Great Britain

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of B2 terminals	31,439	33,663	32,832	33,294	33,299	34,492	34,552
<i>Annual percentage increase</i>	-	7.1%	-2.5%	1.4%	0.0%	3.6%	0.2%
Gross Gambling Yield (£million)	1,050.71	1,166.50	1,302.35	1,455.95	1,542.84	1,564.69	1,664.02
<i>Annual percentage increase</i>	-	11.0%	11.6%	11.8%	6.0%	1.4%	6.3%

Source: [Gambling Industry Statistics, table 2](#)

1.2 Why are they controversial?

FOBTs have proved controversial since they first appeared.

Critics point out that it is possible to lose large amounts of money playing on the machines. They also claim the machines have strong “reinforcing features”⁸ and a causal role in problem gambling.⁹ The Campaign for Fairer Gambling (CFG) is running a “Stop the FOBTs” and wants the maximum stake reduced to £2.¹⁰

The Association of British Bookmakers (ABB) claims there is no evidence of a causal link between B2s and problem gambling.¹¹

The evidence on the exact causal role (if any) of B2 machines in problem gambling is inconclusive and so the controversy continues.

The Responsible Gambling Strategy Board (RGSB, an independent body advising the Gambling Commission)¹² has said that there is a complex relationship between gaming machines, gambling and problem gambling and that the “correlations and associations” between gaming machines and gambling-related harm are “poorly understood”.¹³ However, after looking at data from the British Gambling Prevalence Survey 2010, the RGSB did acknowledge that there was “a growing

⁸ Quoted in [The Gambling Act 2005: a bet worth taking?](#), p19

⁹ Press discussion includes: [“'Crack cocaine' gambling machines make £1,000 a week: Profits on fixed odds terminals said to have rocketed in the past year”](#), *Daily Mail*, 26 January 2016; [“Government gambling policy must target fixed-odds betting terminals”](#), *Guardian*, 28 November 2014; [“High-stakes gambling machines 'suck money from poorest communities'”](#), *Guardian*, 4 January 2013

¹⁰ CFG website: [Stop the FOBTs campaign](#) [accessed 22 April 2016]

¹¹ Association of British Bookmakers, [The truth about betting shops and gaming machines – ABB submission to DCMS Triennial Review](#), April 2013, p71

¹² The RGSB also determines and recommends to the Responsible Gambling Trust what research, education and treatment is required to reduce harm from problem gambling - [RGSB website: FAQs](#) [accessed 22 April 2016]

¹³ RGSB, [Advice to the Commission on the Triennial Review consultation](#), June 2013, para 9.3-9.4

group of gamblers participating in machines in bookmakers who might be more at risk of problem gambling given that age, gender and income are all correlated with problem gambling".¹⁴

The RGSB also noted the "regulatory dilemma" of balancing the enjoyment of the majority who gamble without experiencing harm with the protection of a minority who are at risk.¹⁵

In December 2014 the Responsible Gambling Trust (RGT, a national charity working to minimise gambling-related harm) published research into gaming machines in betting shops.¹⁶ The research, summarised in an appendix to this paper, was commissioned by the RGT to distinguish between harmful and non-harmful machine play and to understand measures that might help those at risk.

¹⁴ Ibid, para 9.15

¹⁵ Ibid, para 8.3

¹⁶ ["Ground-breaking research distinguishes problem and non-problem play on gaming machines"](#), RGT press statement, 1 December 2014

2. Early legal status

The legal status of FOBTs was initially controversial. Under the legislation in place at the time of their introduction, FOBTs were not classed as gaming machines and so there were no limits on where they could be placed and in what numbers.¹⁷ In a Written Ministerial Statement of 8 January 2003, the then Government expressed “concern” at the “increasing installation” of FOBTs in licensed betting offices and that this “risk[ed] seriously increasing problem gambling”. The Statement noted that the then Gaming Board for Great Britain and the ABB had agreed to bring a test case to clarify the status of FOBTs under the existing law.¹⁸ The Statement also said that the Government planned to draft new legislation so that “those betting machines which in reality involve gaming will be brought within the relevant controls for gaming machines”.

The legal action between the Gaming Board and ABB was settled out of court on 19 November 2003. The Gaming Board had argued that FOBTs were “for all practical purposes identical to gaming machines and should be treated as such”.¹⁹ The ABB argued that FOBTs provided a betting activity which should be permitted in licensed betting offices.²⁰ A code of practice agreed in November 2003 meant that:

- licensed betting offices could operate no more than 4 machines in total (whether conventional gaming machines or FOBTs, or a mix of the two)
- the maximum prize on FOBTs would be £500 and the maximum stake £100
- no casino games other than roulette would be allowed on FOBTs
- the speed of play on FOBTs would be restricted²¹

¹⁷ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), p18

¹⁸ [HC Deb 8 January 2003 c7WS](#)

¹⁹ Quoted in [Joint Committee on the Draft Gambling Bill](#), HC 139-I 2003/04, April 2004, p128

²⁰ *Ibid*, p128

²¹ *Ibid*, p128

3. Early concerns

Concerns about the potential impact of FOBTs on problem gambling were expressed in evidence to the Joint Committee examining the *Draft Gambling Bill 2003/04*.²² GamCare (the charity that runs the national helpline for problem gamblers)²³ said: “it seems as if there is an increasing trend for asking us for help on FOBTs; from a few calls per month in early 2003 we are now receiving between 40 and 50 calls a month.”²⁴

Gordon House (a charity providing support and treatment to addicted gamblers)²⁵ told the Committee that an applicant had referred to FOBTs as “the crack cocaine of gambling” and that FOBTs were like a “catalyst or an accelerant”.²⁶ The former phrase has been repeated ever since in discussions of FOBTs and problem gambling.

At the then Government’s request, the ABB commissioned research to assess the effectiveness of the November 2003 code of practice in providing protection against problem gambling and to measure and explain levels of problem gambling amongst FOBT users. The subsequent report by Europe Economics was published in April 2005²⁷ and estimated that there were 20,000 terminals in approximately 8,000 betting shops.²⁸ According to the report, the code of practice had been of some benefit:

1.8.4 There are indications that the marginal effects of the Code of Practice have been beneficial. There is no widespread opposition to the main customer-focused provisions of the Code among FOBT users. It seems to us likely that the vast majority of FOBT users were playing within the provisions of the Code before it was devised.

1.8.5 Among the generality of FOBT users there is more support for than opposition to five out of the six key provisions of the Code. There is strong support for the limitation on numbers of machines in a betting shop, for the minimum time interval between bets, and for GamCare help pages and signage. Regular FOBT users also support these measures, though among them there is net opposition to the limitations on stake and payout and to confining casino-type games to roulette.²⁹

The report found no evidence that FOBTs were closely associated with problem gambling:

1.8.2 Problem gamblers characteristically participate in a variety of forms of gambling, and it has not been statistically possible through this research to identify any one form of gambling as

²² Ibid, p130

²³ GamCare website: [Working with problem gamblers](#) [accessed 22 April 2016]

²⁴ Quoted in [Joint Committee on the Draft Gambling Bill](#), p130

²⁵ [Gordon Moody Association website](#) [accessed 22 April 2016]

²⁶ Quoted in [Joint Committee on the Draft Gambling Bill](#), p130

²⁷ Europe Economics, *Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited*, April 2005

²⁸ Europe Economics, [Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited – summary only](#), April 2005, para 1.2.5

²⁹ Ibid

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causing or aggravating problem gambling. There is no evidence in this study which suggests that FOBTs are closely associated with problem gambling.

1.8.3 If problem gambling is to be studied comprehensively, this research suggests it would be better not to begin by focusing on specific forms of gambling. It may be preferable to obtain a sample of problem gamblers and to investigate their gambling practices and preferences.³⁰

However, according to an article in the *Telegraph*, a Government advisor had described the report as “predictable” and “worthless”.³¹

A June 2006 follow-up report said that FOBTs were “not more associated with problem gambling than any other form or forms of gambling”.³²

³⁰ Ibid

³¹ [“Betting shop gaming machines cause concern”](#), *Telegraph*, 4 March 2005

³² Europe Economics, [Fixed odds betting terminals, the code of practice and problem gambling: a second report for the Association of British Bookmakers Limited](#), June 2006, para 1.4.4

4. The Gambling Act 2005 and B2 machines

In her March 2004 evidence to the Joint Committee on the *Draft Gambling Bill 2003/04*, the then Secretary of State for Culture, Media and Sport, Tessa Jowell, said that a “final decision” on treating FOBTs as gaming machines and classifying them as B2 machines under forthcoming legislation would be taken after the first research study commissioned, at the Government’s request, by the ABB (referred to above).³³

Following the findings of the ABB report, FOBTs were classified as B2 gaming machines under the *Gambling Act 2005*.

The 2005 Act regulates gambling in Great Britain. The Act introduced, among other things, a new framework for gaming machines, including new categories of machine, and powers to prescribe maximum limits for stakes and prizes, as well as the number of machines permitted in different types of premises.³⁴ Under the Act, gaming machines are categorised as A, B, C, or D.³⁵ An operating licence (issued by the Gambling Commission), together with a betting premises licence (issued by the licensing authority), allows for up to four B2 machines to be sited on betting premises.³⁶

The maximum stake on a single bet on a B2 machine is £100, the maximum prize is £500.³⁷

Any change to the stake and prize limits of gaming machines or to the number of B2s permitted in betting premises would require secondary legislation.

4.1 Looking back at the 2005 Act

In January 2012, Richard Caborn, the Minister at the time of the *Gambling Bill 2002/03*, explained to the Culture, Media and Sport Committee how the November 2003 agreement to limit FOBTs to four in a shop, eventually enshrined in the 2005 Act, was reached:

In 2002, we started to see FOBTs being put in—the definition of betting as against gambling created this problem, because the FOBTs were fixed odds betting terminals—and I came back and asked my officials what powers the Gaming Board, as it was before the Gambling Commission, had. They said, “You’ve none, Minister.” I asked what we would do, and was told that we could not do anything. I said “That’s just not good enough,” because

³³ Joint Committee on the Draft Gambling Bill, *Draft Gambling Bill*, 7 April 2004, HC 139-II 2003-4, [Ev 562](#)

³⁴ For background to the 2005 Act see Library research paper 04/79, [The Gambling Bill 2003-04](#), 28 October 2004; For a summary of gaming machine regulation under the *Gaming Act 1968*, see chapter 6 of the Gambling Review Report (July 2001, Cm 5206).

³⁵ An overview of the different categories is given on the Gambling Commission website: [Gaming machine \(fruit machine, slot machine\) categories](#)

³⁶ Gambling Commission website: [Gaming machines on betting premises](#)

³⁷ Gambling Commission website: [Gaming machine \(fruit machine, slot machine\) categories](#)

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FOBTs were starting to emerge. Talking around it, as you do, it was clear that even the most responsible of the companies were saying “If they go down there, it will be a race to the bottom.”

That was the danger we were in, three years before we got an Act on to the statute book. We had a problem because of the definition and because of technology coming in, and we could have had wall to-wall FOBTs across the country. We had no laws and no powers to stop that. I called four of the companies together and said, to put it quite crudely, “If you continue to race to the bottom, I shall make sure that that bottom is taken away from you when we bring an Act two or three years down the road. So I think it is a good idea if we all sit round the table and do a deal.” That is how the deal was done. The deal was done for four in a shop, and we did it against the background of stakes and prizes, frequency of operation and numbers...

... Whether we got it right on allowing four—whether it should have been three or four—I do not know, but that was the discussion at the time. That arrangement was negotiated between the officials and the betting industry and it held, in my view, right up to the Act, then it was confirmed in the Act itself.³⁸

Tessa Jowell told the Committee that she had said during the passage of the 2005 Act that FOBTs were “on probation”. She was concerned about unintended consequences relating to the machines; about the gambling industry becoming “overly dependent” on growth driven by the machines; and about their role in problem gambling.³⁹ On deciding on the number of machines to be permitted in each betting shop, Ms Jowell said:

...at the time that four was settled on as the number, there was no certainty that these machines would remain, because we were absolutely clear that we could not know at that stage that their effect was likely to be.⁴⁰

In a January 2016 letter to the *Times*, Baroness Jowell called for the Government and Gambling Commission to take action over B2 machines. She also said that local authorities should be able to restrict planning consent for new betting shops.⁴¹

³⁸ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), Ev 101-2

³⁹ Ibid, Ev 102

⁴⁰ Ibid, Ev 103

⁴¹ Baroness Jowell, Letter to the Editor, *The Times*, 26 January 2016, p26

5. Continuing controversy

Much of the ongoing controversy concerns the role, if any, of B2 machines in problem gambling. A selection of what has been said on this is set out in the rest of this section. It is not meant to be exhaustive, but aims to highlight some of the relevant issues and what has been said by some of the participants in the debate.

Gambling Commission study (December 2008)

In December 2008, the Gambling Commission published the results of desk research that focused on:

- the causal links (if any) between the availability of high-stake, high-prize gaming machines and the development of problem gambling
- the attraction of these machines to existing problem gamblers
- the exacerbation of gambling problems from access to such machines⁴²

The report found there was “relatively little relevant evidence from studies carried out in adult gamblers in Great Britain.”⁴³ It also said the “applicability of evidence from overseas needs to be assessed further because regulatory, geographic and venue information as well as machine characteristics (including the size of stakes and prizes) in other jurisdictions differ”.⁴⁴

While noting the lack of consensus in existing research about the extent to which gaming machines cause problem gambling, the report did say:

(...) much research in other jurisdictions (including prevalence surveys) suggests that there are associations between machines and problem gambling. In addition, data from many countries (including Britain) show that machine players are most likely to contact national telephone help lines.

1.5 Evidence suggests that while gaming machines appear to appeal to many gamblers, they seem to be particularly attractive to those at risk of problem gambling and to those with a gambling problem. Compared to non-problem gamblers, problem gamblers tend to play on gaming machines more frequently and spend more time and money on them. The available research has identified the sort of features that appeal to gamblers (eg fast games, multi-stake, high payout ratio, free games) and that are therefore associated with higher levels of both gambling and gambling-related harm.

The report found some evidence suggesting that problem gambling behaviours fluctuate over time and that many gamblers intermittently experience difficulties controlling their gambling. However there was uncertainty in the available research about how best to minimise the

⁴² Gambling Commission, [Impact of high-stake, high-prize gaming machines on problem gambling: overview of research findings](#), Desk exercise by the Gambling Commission, Contributing editor Mark Griffiths (International Gaming Research Unit, Nottingham Trent University), December 2008, p2

⁴³ Ibid, p2

⁴⁴ Ibid, p2

harm that gamblers might be exposed to when using gaming machines.⁴⁵

Progress in understanding why some gamblers become addicted to high-stake gaming machines and over-spend, while many others don't, would require access to players in their "gambling habitats" and to data on their behaviour, both of which would require "substantial research" as well as industry support.⁴⁶

Culture, Media and Sport Committee report (July 2012)

The Culture, Media and Sport Committee looked at gaming machines and problem gambling in its July 2012 report on the *Gambling Act 2005*.⁴⁷ The report said the allocation of gaming machines under the Act was "complex and was not made on the basis of solid evidence about the risk of problem gambling".⁴⁸ It noted the controversy over B2 machines, citing some of the differing evidence it had received on their role in problem gambling.⁴⁹

The Committee recommended that research should be commissioned by the Gambling Commission to assess whether there were any links between speed of play, stake and prize levels, the accessibility and numbers of gaming machines, and problem gambling.⁵⁰ The Committee welcomed the Government's position that changes to machine stakes and prizes should be evidence-based.⁵¹

Association of British Bookmakers' position

The ABB's position is set out in its April 2013 submission to the DCMS triennial review of maximum stake and prize limits.⁵² This claims there "is no evidence of a causal link between problem gambling and electronic gaming":

The average amount spent by customers on a B2 gaming machine is around £11 per machine per hour.

And 74% of B2 players play once a month or less which is hardly reflective of an addictive product. There is no evidence of a causal link between gaming machines and higher levels of problem gambling and the percentage of identified problem gamblers playing on B2 machines actually went down by 20-25% from 2007 to 2010.

Research commissioned by the Responsible Gambling Fund in 2011 (Disley - 'Map the Gap') found that there was a distinct lack of clear evidence linking electronic machines to problem gambling...⁵³

⁴⁵ Ibid, p2

⁴⁶ Ibid, p3

⁴⁷ Culture, Media and Sport Committee, [The Gambling Act 2005: a bet worth taking?](#), chapter 2

⁴⁸ Ibid, p17

⁴⁹ Ibid, pp18-9

⁵⁰ Ibid, p20

⁵¹ Ibid, p25

⁵² Association of British Bookmakers, [The truth about betting shops and gaming machines – ABB submission to DCMS Triennial Review](#), April 2013

⁵³ Ibid, p21

The ABB paper refers to the economic and social benefits of licensed betting offices.⁵⁴ It claims that a reduction to £2 of the maximum stake on B2 machines would put 90% of betting shops and nearly 40,000 jobs at risk and result in the Treasury losing nearly £650 million in tax.⁵⁵

Stop the FOBTs campaign

The Campaign for Fairer Gambling (CFG) is running a Stop the FOBTs campaign. The CFG states it is not anti-gambling⁵⁶ but wants “strong action” taken against B2 machines, claiming that the average regular B2 gambler loses nearly £2,000 per year while bookmakers win over £0.6 billion per year from “addicts”.⁵⁷ According to the CFG, when compared to other gambling activities, FOBTs have:

- the joint highest ratio of use by 16 to 24-year old gamblers
- the highest ratio of use by the lowest income quintile gamblers
- the second highest ratio of use by unemployed gamblers
- the third highest ration of at-risk “high-time and high-spend” gamblers⁵⁸

The CFG recommends:

- reducing the number of machines from four per shop to one
- reducing the current maximum stake from £100 to £2
- removing table game content from FOBTs (because the pace of these games is faster than in real casinos)
- reducing the spin frequency, by increasing the current delay of 20 seconds between wagering to 60 seconds⁵⁹

A number of research reports have been commissioned by the CFG and are available from its website.⁶⁰ An April 2014 report by Landman Economics challenged the ABB’s April 2013 paper (referred to above). The report claimed that “overall there is reasonably strong evidence of a link between FOBTs and problem gambling based on a wide range of previous research from academic studies”.⁶¹ A report by NERA Economic Consulting critically reviewed the impact assessment in the ABB’s paper.⁶² According to another report by Landman Economics, increases in spending on FOBTs would be “likely to *destroy* jobs in the UK economy rather than creating them”.⁶³

⁵⁴ Ibid, p2

⁵⁵ Ibid, p71; further detail on the economic costs is given in an impact assessment in chapter 12

⁵⁶ CFG website: [What are we trying to do?](#) [accessed 22 April 2016]

⁵⁷ CFG website: [Why should you be interested?](#) [accessed 22 April 2016]

⁵⁸ Ibid

⁵⁹ CFG website: [Our recommendations](#) [accessed 22 April 2016]

⁶⁰ Stop the FOBTs campaign website: [The evidence](#) [accessed 22 April 2016]

⁶¹ Howard Reed, [Fixed odds betting terminals, problem gambling and deprivation: a review of recent evidence from the ABB](#), Landman Economics, April 2014, p7

⁶² NERA Economic Consulting, [The stake of the nation – balancing the bookies. Review of the Association of British Bookmakers’ Impact Assessment](#), Published by the Campaign For Fairer Gambling, April 2014

⁶³ Howard Reed, [The economic impact of fixed odds betting terminals](#), Landman Economics, April 2013, p18, italics in the original paper

The Triennial Review (2013)

The Department for Culture, Media and Sport's consultation on proposed changes to gaming machine stakes and prizes (the "triennial review") found there was "little material based on robust evidence received from those concerned about the social impact of B2 machines."⁶⁴ Further information on the Review process is set out below.

Consultation on stake and prize limits (January 2013)

In its January 2013 response⁶⁵ to the Culture, Media and Sport Committee report on the 2005 Act, the DCMS said it had published a consultation⁶⁶ on proposed changes to gaming machine stakes and prizes (the "triennial review").⁶⁷

In response to public concern about B2 machines, the consultation would also seek evidence on the risks associated with the machines.⁶⁸ The Government's preferred option was for B2 stake and prize limits to remain the same until "robust" evidence was gathered on their role in problem gambling.⁶⁹

Gambling Commission formal advice

Section 26 of the 2005 Act places a duty on the Gambling Commission to provide advice to the Secretary of State on matters relating to gambling regulation. In a letter to the Secretary of State, dated 20 June 2013, the Commission set out its formal advice on the triennial review.⁷⁰ On gambling-related harm, the Commission made the following observations:

- that machine gambling could be associated with particular risks for some people
- that an individual does not need to be a problem gambler in a clinical sense in order to experience harm – a combination of high stakes and natural game volatility can generate very significant losses in a short space of time
- that the often cited figure of an £18,000 loss per hour on a B2 machine was "astronomically improbable"

⁶⁴ DCMS, [Gambling Act 2005: triennial review of gaming machine stake and prize limits – government response](#), October 2013, p19

⁶⁵ [Government Response to the Select Committee Report: The Gambling Act 2005: A Bet Worth Taking?](#), Cm 8531, January 2013, p10

⁶⁶ DCMS, [Triennial Review of Gaming Machine Stake and Prize Limits: Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines](#), January 2013. Under s236 of the 2005 Act, regulations made by the Secretary of State to define the different categories of gaming machine can include monetary limits on stakes and prizes applying to the different types of machine

⁶⁷ [Government Response to the Select Committee Report: The Gambling Act 2005: A Bet Worth Taking?](#), Cm 8531, January 2013, p10

⁶⁸ ["Government calls for evidence on links between problem gambling and B2 gaming machines"](#), DCMS press release, 15 January 2013, emphasis added

⁶⁹ DCMS, [Triennial Review of Gaming Machine Stake and Prize Limits: Proposals for Changes to Maximum Stake and Prize Limits for Category B, C and D Gaming Machines](#), see the table on p21

⁷⁰ [Letter from Philip Graf](#), Chair of the Gambling Commission, to Maria Miller, Secretary of State for Culture, Media and Sport, dated 20 June 2013

- that losing (and winning) large amounts of money on B2 machines was “well within the bounds of probability”
- that problem gamblers tend to take part in a large number of gambling activities (although whether this is a causal link is not known), to do so more regularly than normal gamblers and to spend more money and/or time doing so⁷¹

The Commission acknowledged that there was a “serious case” to answer in relation to B2s but said a precautionary reduction in stakes was “unsupported by the available evidence”.⁷²

RGSB advice

The Gambling Commission’s letter drew on advice from the RGSB. This noted the “regulatory dilemma” of balancing the enjoyment of the majority who gamble without experiencing harm with the protection of a minority who are at risk.⁷³

In its assessment of the evidence base, the RGSB found that:

- robust evidence, particularly in the British context, was scarce
- there was a complex relationship between gaming machines, gambling and problem gambling
- there were a number of areas where the international literature showed correlations and associations indicating the need for concern that machines provide an opportunity to generate greater levels of harm than other gambling products
- the nature of any correlations and associations was poorly understood – were there structural and situational characteristics of gaming machines that *cause* some players to become problem gamblers? Or were players who were already (or at risk of becoming) problem gamblers particularly *attracted to* machines as a gambling medium?
- there was some evidence that altering the structural and situational characteristics of machines could, in some circumstances, modify gambling behaviour and reduce harm (for example, slowing the speed of play, eliminating early big wins, and presenting pop up messages)⁷⁴

The RGSB looked at data from the British Gambling Prevalence Survey 2010 and said:

(...) there is a growing group of gamblers participating in machines in bookmakers who might be more at risk of problem gambling given that age, gender and income are all correlated with problem gambling. In addition, the evidence points to a

⁷¹ Ibid, p3

⁷² Ibid, p5

⁷³ RGSB, [Advice to the Commission on the Triennial Review consultation](#), June 2013, para 8.3

⁷⁴ Ibid, paras 9.2-9.5, footnotes removed

further high risk group of machine gamblers – multi-venue machine gamblers.⁷⁵

The paper noted the anecdotal reports of B2 players' staking behaviour and substantial losses but said:

...we do not know either how those losses are distributed, nor to what extent they are a result of problematic gambling behaviour. Nor is there enough certainty about the factors which influence a player's choice of stake to determine what an appropriate reduction in the stake limit would be, if that were thought desirable on policy grounds.

According to the RGSB, the "right course" was to try and clarify the answers to the above issues and that it was "incumbent on the industry to help bring some certainty to them".⁷⁶

Government response (October 2013)

In its October 2013 response to the triennial review, the Government recognised the potential for harm from playing B2 machines. It also acknowledged the "very significant public concern" about B2s and that gambling charities had indicated that a significant proportion of people reporting to them had problems with playing the machines.⁷⁷

However there would be no change to the maximum stake of £100. While it was clear that reducing stakes on B2 machines would have an adverse economic impact on the betting industry, the Government said it was not clear how great an impact a reduction would have on gambling related harm.

The Government acknowledged that there was a "serious case to answer" about the potential harm caused by B2s and that their future was unresolved.⁷⁸ It noted that the RGSB had identified "significant knowledge gaps" and that the "current lack of transparency around the impact of B2 gaming machines is something that the industry must address."⁷⁹

The Government said that it supported the RGT's research programme into category B machines.⁸⁰ Further detail on the RGT research is given in an appendix to this paper.

The summary of responses to the consultation refers to some of the evidence cited by those debating the role of B2s in problem gambling.⁸¹ The full set of responses can be found on the consultation's webpage.⁸²

⁷⁵ Ibid, para 9.15

⁷⁶ Ibid, para 11.7

⁷⁷ DCMS, [Gambling Act 2005: triennial review of gaming machine stake and prize limits – government response](#), October 2013, p19

⁷⁸ Ibid, p6

⁷⁹ Ibid, p18

⁸⁰ Ibid, p20

⁸¹ Ibid, pp12-8

⁸² DCMS, [Consultation on proposals for changes to maximum stake and prize limits for category B, C and D gaming machines](#) [accessed 22 April 2016]

The Categories of Gaming Machine (Amendment) Regulations 2014

Following the triennial review, the *Categories of Gaming Machine (Amendment) Regulations 2014* were approved on 4 December 2013 and made no change to the maximum stake on B2 machines.⁸³

⁸³ [HC Deb 4 December 2013 c1060](#)

6. Government announces player protection measures (April 2014)

Although the then Government said that it would be waiting for the results of the RGT research programme before making any decision on the future of B2 machines⁸⁴, the DCMS did publish a [document](#) on gambling protections and controls in April 2014.⁸⁵ This looked at planning and advertising issues as well as gaming machines.

On B2 machines, the document said:

(...) it is clear that some people have encountered considerable problems with their gambling despite the obligations on operators to supervise their customers. A combination of high stakes and natural game volatility (where the player might be encouraged by the odd small win to put at risk high stakes) can generate significant losses in a short space of time. We want players who use gaming machines to be in control of the choices they make. This is particularly important for users of category B2 gaming machines, where it is possible for individuals to place higher stakes.

For these reasons, the Government is adopting a precautionary approach to high stake gaming machines on the high street. Our measures are justified on a proportionate, targeted basis to help people remain in control of their gambling. At the heart of our approach are measures designed to give players better information, and to provide break points and pauses for thought to help people stay in control.

Customers wanting to access higher stakes (over £50) would be required to use account-based play or load cash over the counter.⁸⁶

6.1 Gaming Machines (Circumstances of Use) (Amendment) Regulations 2015

The *Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015* (SI 2015/121) came into force from 6 April 2015.

An [Explanatory Memorandum](#) to the Regulations said that customers would benefit from “improved interaction and more conscious decision making”:

7.5 Account-based play gives players access to up-to-date and accurate data in the form of activity statements and real time information about their session of play. This can reduce biased or irrational gambling-related decisions, and help people to maintain control. The Government considers that tailored player information (such as account summaries or activity statements) may be a particularly effective way of giving clear and accurate information regarding game play and patterns of net expenditure.

⁸⁴ See Helen Grant, Minister for Sport and Tourism, at [HC Deb 8 January 2014 c374-5](#)

⁸⁵ DCMS, [Gambling Protections and Controls](#), April 2014

⁸⁶ *Ibid*, p4

7.6 Making staff interaction a compulsory component of high staking machine play ensures greater opportunities for intervention where patterns of behaviour indicate that someone may be at risk of harm from their gambling, as well as for other reasons, such as preventing crime. There is evidence which indicates that regular interaction can give players a reality check. This approach emphasises consumer control which is particularly important given that some experts believe that a lack of control may be a determinant of problem gambling.

The Regulations mean that a customer cannot pay more than £50 for a single play on a B2 machine unless three conditions are met:

- the “identification condition” - after a customer has identified herself to an operator, payments made in respect of a stake of more than £50 can be made. Acceptable forms of ID include a customer card, pin number and password, or pre-paid card (e.g. smart card or ticket). In order to obtain one of these, the customer must verify her home address, e-mail address or telephone number
- the “supervision condition” – this allows payments made by a customer to be used to stake in excess of £50 if each such payment has been processed or approved as a result of a face to face interaction between the customer and staff acting on behalf of the operating licence holder. Before the first occasion on which a customer pays more than £50, this condition requires that each such payment is processed over the counter by staff on the premises. After that first occasion, subsequent payments may be processed by staff at the counter or be approved by staff at the gaming machine itself
- the “proceeds condition” - allows customers to stake in excess of £50 by applying a money prize won on the B2 machine. A money prize satisfies this condition if it was won as the result of one or more payments made to that machine which satisfied the identification condition or the supervision condition, or the application of one or more money prizes won as a result of payments made to that machine which satisfied those conditions. Each such prize must have been accumulated through playing the machine, and be held in the credit meter of that machine⁸⁷

Evaluation of the Regulations (January 2016)

In January 2016, the DCMS published an [evaluation](#) of the *Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015*.

Player control

On player control, the evaluation found that:

- despite marketing campaigns, there had been a relatively low uptake of verified accounts
- over the counter authorisation of stakes over £50 appeared to happen in a very low percentage of sessions

⁸⁷ These paragraphs based on the [Explanatory Memorandum](#) to [SI 2015/121](#)

21 Fixed odds betting terminals

- the evidence showed a large number of players opted to stake below £50 and increase the duration of their session in response to the Regulations⁸⁸

There had been changes in the amount bet in stakes and at what range:

There has been a consequent fall in the two quarters since the regulation was implemented of about £6.2bn in the amount bet in stakes over £50 from 2014 to 2015 for Q2 and Q3. There has also been a £5.1bn increase in the total amount staked at the £40-£50 range for the two quarters since the regulation was implemented. This is an overall decrease of approximately 10.1% in the amount staked over £40 in 2015 Q2 and Q3 compared to 2014 in nominal terms.⁸⁹

This could be interpreted as either:

- i. Players circumventing authorisation of higher stakes to maintain their anonymity with no associated increase in control of their play or;
- ii. Those who are no longer staking over £50 are doing so because the authorisation mechanisms have given them greater control over their staking behaviour. In this respect it could be said to be increasing player control in line with the policy's objective.

- An increase in duration of play for those staking exclusively under £50 could also reflect more considered playing behaviour, but there is not conclusive evidence this is the case.
- If players are taking longer time between plays, longer session duration may simply be driven by more considered decision making. Equally if some people are increasing the duration of their play, but the speed of the play has increased, this might indicate that they are now taking less time to consider their actions and control is reduced. Gaming machine suppliers have been able to provide some data on speed of play. They found the speed of play for B2 roulette in the 10 weeks pre-implementation averaged 37.22 seconds whilst for the first 21 weeks post-implementation it was 37.33 seconds. This suggests on average the speed of play for B2 roulette, which form the majority of B2 play, has undergone minimal change. What is not apparent from this data is whether some people are playing slower and some faster and it is averaging out at a similar speed...⁹⁰

Impact on business

The evaluation noted the difficulties in estimating the impact on revenue due to the possible impact of other measures:

The revenue impact on business is likely to be larger than the implementation costs. However, attribution is difficult, with many other factors at play such as the introduction of responsible gambling measures and changes to the gambling duty regime, making it hard to separate the impact of the regulation compared to the effect of the other interventions. It is also not possible to draw any conclusions about the medium and long term impact on the industry. Operators may adjust their products and consumers

⁸⁸ DCMS, *Evaluation of Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015*, January 2016, pp2-3

⁸⁹ Ibid, p3

⁹⁰ Ibid, p3

may adjust their behaviour so the effects we have seen in the first two quarters may not be representative going forward...⁹¹

What has the Government said?

In response to a number of parliamentary questions on B2 machines, the Government has said that the evaluation of the 2015 Regulations “indicates that a large proportion of players of FOBTs may now be making a more conscious choice to control their playing behaviour and their stake level. We will now consider the findings of the evaluation before deciding if there is a need for further action”.⁹²

⁹¹ Ibid, p4

⁹² See, for example: [PQ 24920](#), answered 3 February 2016; [HL5089](#), answered 29 January 2016

7. Betting industry initiatives

7.1 ABB code of practice

An ABB *Code for responsible gambling and player protection in licensing betting offices* was published in September 2013.⁹³ The measures relating to gaming machines are set out in chapter 4 and came into operation from 1 March 2014. These include suspensions in play if voluntary time and money limits are reached; mandatory alerts that tell players when they have been playing for 30 minutes or when £250 has been spent; training staff to recognise the opportunity to interact with customers repeatedly loading money; and no longer siting cash machines that can be used from with a betting shop.⁹⁴

Additional measures were introduced in November 2014; these require gaming machine customers to make a choice as to whether they wish to set a time and/or money limit.⁹⁵

A Responsible Gambling Committee reviews compliance with the Code and makes recommendations as necessary.⁹⁶

NatCen evaluation of the Code

A NatCen [evaluation](#) of the early impact of the Code was published in December 2015.⁹⁷ This used transactional data recorded by machines for registered loyalty card users so that potential differences in previous gambling history could be taken into account. The West Midlands was used as a comparison area because it did not implement the Code until April 2014. Impact estimates could therefore be calculated for March 2014.

The evaluation explored the impact of the Code on four outcomes:

- The length of time spent gambling on machines during a session of play;
- The amount of money gambled on machines during the session;
- The proportion of machine gambling sessions which lasted 30 minutes or more; and
- The proportion of machine gambling sessions in which individuals inserted £250 or more into the machine.

⁹³ Association of British Bookmakers, [Code for responsible gambling and player protection in licensing betting offices in Great Britain](#), September 2013

⁹⁴ Ibid, pp13-5

⁹⁵ To be achieved via a mandatory message requiring the player to either select limits or not and, for those who choose not to, automated machine alerts will be generated following 30 minutes of game play or, following the loss of £250: ["Bookmakers announce further player protection measures"](#), ABB News, 3 November 2014

⁹⁶ Ibid, p3

⁹⁷ Sergio Salis et al, [ABB Code for Responsible Gambling and Player Protection: evaluation of early impact among machine gamblers](#), NatCen, May 2015

The evaluation did not find any statistical evidence that the Code had an impact on the four outcomes. However it said that it would be “premature” to draw any conclusions about the Code’s effectiveness:

(...) Because of funding constraints, this study only looked at a very narrow range of outcomes and was limited to analysing data from machines. We did not consider the broader impact of staff interventions specifically or of responsible gambling messaging, nor the impact of these elements of the Code on non-machine gamblers.

There are a number of recommendations for further evaluation. This includes research to understand why people do not set voluntary limits on machines, what the right level is at which mandatory messages on machines are triggered, as well as further evaluation of the impact of changes in staff training, and responsible gambling advertising across all gamblers in bookmakers.⁹⁸

7.2 Senet Group

The Senet Group, founded by [William Hill](#), [Ladbrokes](#), [Coral](#) and [Paddy Power](#), was launched in September 2014.⁹⁹ Membership is open to any gambling operator. The Group’s members have committed to adhere to industry codes of practice, including that of the ABB. They have also pledged not to advertise gaming machines in betting shop windows and to dedicate 20% of shop window advertising to responsible gambling messages.¹⁰⁰

The Group can “name and shame” operators who breach the above commitments as well as imposing fines. Gambling operators who repeatedly breach the code will not be able to use the Senet Group logo and could be expelled from the Group.¹⁰¹

7.3 Self-exclusion schemes

It is a requirement of the Gambling Commission’s [licence conditions and codes of practice](#) that gambling operators offer customers the opportunity to prevent themselves from gambling by “self-excluding”. The minimum period of time is six months. Responsibility for continuing to self-exclude lies with the customer although gambling operators should do all they “reasonably can” to help.

A trial scheme in Chatham involving the ABB and Medway Council was announced in November 2014.¹⁰² The scheme allows anyone with a gambling problem to exclude themselves from every betting shop in the town. This is different to existing schemes that only enable someone to exclude themselves from one specific operator.

⁹⁸ Ibid, p4

⁹⁹ “[Gambling industry responds to public concerns](#)”, Senet Group News release, 15 September 2014

¹⁰⁰ Senet Group website: [About us](#) [accessed 22 April 2016]

¹⁰¹ Senet Group website: [How we work](#) [accessed 22 April 2016]

¹⁰² “[Medway’s responsible gambling partnership will protect problem gamblers](#)”, ABB News, 12 November 2014

By June 2015, twenty-three people had excluded themselves from all gambling shops in Chatham.¹⁰³

A self-exclusion scheme, backed by the ABB and Glasgow City Council, now operates across Glasgow.¹⁰⁴

Further information on self-exclusion is available from the Gambling Commission [website](#) and GamCare's [website](#).

7.4 Player awareness scheme

In December 2015, the ABB announced details of a new Player Awareness Scheme (PAS):

PAS is a response to the RGT's ground-breaking December 2014 research that showed it was possible to distinguish between problem and non-problem gambling behaviour by players using gaming machines in licensed betting offices. All members of the ABB have signed up to the initiative, which is believed to be a world first in retail betting.

How PAS works

- Systems analyse the behaviour of those playing on gaming machines when they are logged in to a customer account
- Customer behaviour is then assessed against a range of markers of problem gambling
- Alerts (via text, email, or on-screen) can subsequently be sent to players. These include signposting to responsible gambling tools such as setting limits on machines or self-exclusion, and directing customers towards the National Gambling Helpline / gambleaware.co.uk or to speak to a member of staff
- PAS encourages customers to think about how they are gambling. Continued problematic play may result in direct interaction from a member of staff
- Currently, a variety of analytical algorithms are being used by member companies which will ultimately lead to more effective processes for each operator as best practice and learnings are shared
- PAS will be independently evaluated during 2016

The initiative was developed during 2015 by an ABB-led working group that included representatives of Coral, Ladbrokes, Paddy Power, William Hill and machine manufacturers SG and Inspired (on behalf of independent bookmakers) with the RGT and Gambling Commission as observers.¹⁰⁵

On 18 April 2016, the RGT announced that it had commissioned PricewaterhouseCoopers to evaluate the PAS.¹⁰⁶

¹⁰³ ["Medway Responsible Gambling Partnership – six months of progress"](#), ABB News, 4 June 2015

¹⁰⁴ ["Betting shop exclusion scheme expanded across Glasgow"](#), BBC News, 5 October 2015

¹⁰⁵ ["Player Awareness System launched by bookmaking industry: New responsible gambling initiative"](#), ABB News, 9 December 2015

¹⁰⁶ ["Betting industry to open up machine data for independent evaluation by PricewaterhouseCoopers"](#), RGT press statement, 18 April 2016

8. What now?

B2 machines remain controversial and continue to generate headlines.¹⁰⁷ What, if anything, is happening now?

8.1 Government policy

The Government has said that it will consider the findings of the evaluation of the Regulations introduced in 2015 “before deciding if there is a need for further action”.¹⁰⁸

July 2015 response to Newham Council action

The *Sustainable Communities Act 2007* (as amended) permits local authorities to make proposals to the Government for policy changes to facilitate the creation of sustainable communities.¹⁰⁹

In November 2014, Newham Council lodged a proposal with the Department for Communities and Local Government (DCLG), demanding that the Government reduce the maximum stake on B2 machines to £2.¹¹⁰ The proposal was supported by 93 councils - 31 from London and 62 others from around the country.

The Government rejected the proposal on 15 July 2015. In a letter to Newham Council, Marcus Jones, Minister for Local Government, said:

(...) the Government currently does not support calls set out in the submission for a reduction in stake size on B2 gaming machines. We are not convinced that local authorities have yet made the most of the powers that are already available to them under either planning or gambling law.

(...) In terms of gambling...it is perhaps an uncomfortable reality that every one of the betting shops that collectively have given rise to the concern at the heart of the submission relies on a premises licence granted by the local authority itself. While local authorities are bound by law to aim to permit gambling insofar as reasonably consistent with the licensing objectives...the licensing process gives authorities considerable scope to attach additional conditions to licences where that is necessary to achieve the licensing objectives; to review licences once they have been granted; and power to impose licence conditions after review.¹¹¹

¹⁰⁷ “Violence, debt and devastation brought by the spin of a wheel”, *Times*, 17 February 2016, pp10-11; [“GPs are being forced to prescribe anti-addiction drugs to wean gamblers off betting”](#), *Daily Mail*, 17 February 2016; [“Britain’s leading gambling charity at centre of conflict of interest claims”](#), *Independent*, 19 February 2016; For the response of the Gambling Commission to these stories see: [Open letter to Daily Mail](#) (dated 22 February 2016) and [Open letter to the Times](#) (dated 19 February 2016); For the response of the RGT see: [“RGT responds to articles in the Times”](#), Press statement, 17 February 2016; [“RGT responds in detail to article published in The Times newspaper”](#), Press statement, 19 February 2016; [“RGT response to article in The Independent”](#), Press statement, 20 February 2016; The Charity Commission published a [statement](#) on the RGT on 17 February 2016

¹⁰⁸ [PQ 24920](#) (answered 3 February 2016) and [PQ 33654](#) (answered 19 April 2016)

¹⁰⁹ The current procedure falls under the *Sustainable Communities Act 2007 (Amendment) Act 2010*; Further background is available in the Library’s briefing paper, [The Sustainable Communities Act 2007](#) (SN04724, 4 October 2013).

¹¹⁰ [“Newham Council leads 93 councils in call to curb casino-style gambling on the high street”](#), Newham Council News, 28 November 2014

¹¹¹ Letter published on the [Barrier busting website](#)

8.2 Scotland

[Section 52](#) of the *Scotland Act 2016* devolves legislative competence in relation to gaming machines authorised by a betting premises licence where the maximum charge for a single play is more than £10. Given the current stake limits on gaming machines, this only applies to category B2 machines.

Section 52 amends the *Gambling Act 2005* so that Scottish Ministers will be able to vary the number of machines allowed on betting premises. This will require an Order subject to the affirmative procedure. The power would only apply to applications for new premises licences and does not include betting premises licences issued in respect of a track.

8.3 Lords Private Members' Bill

On 3 June 2015 Lord Clement-Jones (Liberal Democrat) introduced¹¹² a Private Members' Bill, the [Gambling \(Categorisation and Use of B2 Gaming Machines\) Bill \[HL\] 2015-16](#).¹¹³

The Bill would reduce the maximum individual charge for a single play on a B2 machine from £100 to £2. The Bill would allow for the maximum charge to be reviewed every three years and, if required, to be amended in line with inflation. The Second Reading [debate](#) took place on 11 March 2016.¹¹⁴

8.4 Ongoing research

The Responsible Gambling Trust has an ongoing research programme looking at gambling-related harm.

On 19 April 2016, the RGT announced that it was commissioning a research project to study the cost of gambling-related harm to Government. The [invitation to tender](#) gives further detail on the purpose of the project.¹¹⁵

Further information on other RGT commissioned research can be found on its [website](#) and a Responsible Gambling [InfoHub](#).

The RGT hosts an annual "harm minimisation in gambling conference". This is usually held in December and is attended by academics, campaigners, industry representatives, and policy makers. A summary of the 2015 conference is available [online](#).¹¹⁶

¹¹² [HL Deb 3 June 2015 c416](#)

¹¹³ ["Lord Clement-Jones launches Bill to cut FOBT stakes"](#), Lord Clement-Jones official website, 5 June 2015

¹¹⁴ [HL Deb 11 March 2016 c1524-1556](#)

¹¹⁵ RGT, [A study of the costs to government of Gambling-Related Harm in Great Britain Invitation To Tender](#), April 2016

¹¹⁶ RGT website, [Harm minimisation in gambling: progress and prospects](#) [accessed 22 April 2016]

Appendix: Responsible Gambling Trust research

The RGT is a national charity “committed to minimising gambling-related harm.” It funds education, prevention and treatment services as well as commissioning research.¹¹⁷ The RGT is financed through a system of voluntary donations from the gambling industry and raises a minimum of £5 million each year. Funding priorities are guided by the national strategy advised by the RGSB and endorsed by the Gambling Commission.¹¹⁸ The latest strategy was published in April 2016.¹¹⁹

In 2013 the RGT commissioned research into category B machines. The research was carried out by NatCen Social Research.¹²⁰

First phase

The first phase of the research sought to understand what types of data gambling operators held on category B machines and how this could be used for research purposes.¹²¹ A paper setting out the findings was published in December 2013 and identified three different types of data:

- transactional data – financial accounting data that monitor what money is put into the machine and what money is paid out
- player tracking data – data generated from loyalty card programmes that records a unique session of play for an individual
- proxy session data – transactional level data that have been sliced up into discrete chunks based on rules of what might constitute the start and end of a session of play¹²²

The paper noted the “complexities, inconsistency and gaps”¹²³ within the data and that that “industry-held data should be viewed as contributing to the researcher’s methodological toolkit but does not and cannot answer all research and policy questions in this area”.¹²⁴

Second phase

The second phase of the research, announced in February 2014, focused on two questions posed by the RGSB:

- is it possible to distinguish between harmful and non-harmful gaming machine play?

¹¹⁷ RGT website: [About](#) [accessed 22 April 2016]

¹¹⁸ Ibid

¹¹⁹ Responsible Gambling Strategy Board, [Strategy 2016/17 to 2018/9](#), April 2016

¹²⁰ [NatCen Social Research](#) had previously conducted the Gambling Prevalence Survey

¹²¹ NatCen Social Research, [Scoping the use of industry data on category B gaming machines](#), Prepared for the Responsible Gambling Trust, December 2013, p7

¹²² Ibid, pp3-4

¹²³ Ibid, p4

¹²⁴ Ibid, p5

- if it is, what measures might limit harmful play without impacting on those who do not exhibit harmful behaviours?¹²⁵

A paper summarising the project made clear that the research would be involved with identifying patterns of play that suggest probabilistically that harm might be experienced. It also noted that there was a continuum of harm rather than a dichotomy of harmless vs. harmful.¹²⁶

To achieve its objectives, the RGT adopted a two-step approach:

- scoping the theoretical markers/metrics of harm, and evaluating the type of player-tracking data held by industry-operators – to determine if relevant markers of harm could be identified
- exploration of industry-held transactional data linked to information obtained from loyalty card players to validate harmful behavioural patterns of play¹²⁷

Research published, December 2014

The RGT published seven research reports in December 2014.¹²⁸

The Machines Research Oversight Panel (MROP, a governance body made up of independent academics to evaluate the objectivity and quality of the research programme) said the reports were “instrumental” in providing evidence that there are patterns of play that can be used to identify problem gambling. The next step would be to determine the “nature, severity and chronicity of harms” associated with problem gambling to enable more targeted campaigns directed toward high risk and vulnerable people.¹²⁹

MROP acknowledged the complexities and difficulties in using data from an unrepresentative group of players - loyalty card holders:

These data are based on an unrepresentative group of players, that is, players electing to use loyalty cards during play. Approximately 10% of bets are registered plays. The findings indicate loyalty card-holders are more involved players and have high rates of problem gambling and at-risk gamblers. It remains unknown whether unregistered players exhibit typical profiles. Accordingly, policy makers need to be cautious in implementing responsible gambling interventions on the basis of non-representative populations.

Rather than providing clear findings that can definitively inform policies, the Reports attest to the complexities and difficulties in using existing data derived from non-representative samples. The combination of behavioural markers of harm, although able to predict problem gamblers to some extent, currently offers limited sensitivity and specificity to allow effective policies that target only

¹²⁵ Responsible Gambling Trust, [B2 Gaming Machines Research Programme \(Stage 2\)](#), February 2014, p1

¹²⁶ Ibid, p1

¹²⁷ Alex Blaszczyński, [An investigation into gaming machines in licensed betting offices: exploring risk, harm and customer behaviour: a view from the Machines Research Oversight Panel](#), Responsible Gambling Trust, December 2014, p1

¹²⁸ “Ground-breaking research distinguishes problem and non-problem play on gaming machines”, Responsible Gambling Trust press statement, 1 December 2014; the reports are available from the [research section](#) of the RGT website

¹²⁹ Alex Blaszczyński, [An investigation into gaming machines in licensed betting offices: exploring risk, harm and customer behaviour: a view from the Machines Research Oversight Panel](#), p3

problem gamblers. This means that decisions currently need to be made by regulators in policies that trade-off capturing problem gamblers and minimising interference with recreational players...¹³⁰

According to MROP, it would be “inadvisable” to rush policies on the basis of the research:

Rather, consideration needs to be given to the development of a strategic blueprint of evaluative studies that are applied in a logical and coherent manner over the next five to ten years. This is not to suggest a ‘do nothing’ approach in the meantime. The implication is that more will be achieved by a strategic approach compared to fragmented, disjointed and potentially costly policies that fail to achieve their objective.¹³¹

What did the individual reports find?

The main findings and limitations of each report are set out in single page summaries.¹³² Very brief overviews are given below.

Report 1

The first report looked at the different patterns of play that could be considered harmful and that might be recorded in industry data.¹³³ It identified nineteen different potential markers of harm: these included patterns of play that could be measured across time (such as frequency of machine gambling), those that might be observed within a single session of play (such as exhausting funds on a debit card) and those that were more contextual (such as how a person behaves whilst gambling on machines). The report said, amongst other things, that further contextual information about the person, their circumstances and their broader gambling would be vital in identifying those most at risk of harm.

Reports 2 and 3

These reports surveyed and analysed a random sample of loyalty card holders who had gambled on machines in betting shops.¹³⁴ This was the first time that the five largest bookmakers in Great Britain had made their data available for analysis by independent researchers. The reports found that it was possible to distinguish between harmful and non-harmful gaming machine play. Evidence from the studies also showed that focusing on one element of gambling (such as a reduction in stake size) would not provide a better prediction of problem gambling or reduce rates of gambling harm: problem gambling is complex and all interventions should be tested and evaluated for efficacy. The authors cautioned that loyalty card holders were “more engaged than non-

¹³⁰ Ibid, p3

¹³¹ Ibid, p3

¹³² Responsible Gambling Trust, [Single page summaries of research on gaming machines in betting shops](#), December 2014

¹³³ Heather Wardle et al, [Theoretical markers of harm for machine play in a bookmaker’s: a rapid scoping review](#), NatCen Social Research, April 2014

¹³⁴ Heather Wardle et al, [Identifying problem gambling: findings from a survey of loyalty card customers](#), NatCen Social Research, November 2014; David Excell et al, [Predicting problem gamblers: analysis of industry data](#), FeatureSpace, November 2014

loyalty customers, and therefore the results are skewed towards those who may already be at a higher risk of harm”.

Report 4

This report aimed to document patterns of play on category B machines and found that:¹³⁵

- the average stake per bet was £5.13. However for B2 games, the average stake was £14.08 per bet. Stake size was lower in more deprived areas. Size of stake varied by time of day and was over £10 per bet on average for those playing after 10pm at night. For B2s, 3% of sessions involved betting at the maximum £100 stake. This rose to 6% after 10pm and meant that 5.4 million machine play sessions (out of 178 million) included a £100 stake
- between 70-80% of sessions resulted in an overall loss to the gambler. On average, gamblers lost £7 per session. However, there was a broad range and net expenditure varied based on what type of game people were playing
- sessions lasted 11 minutes on average. Session length was considerably longer when people played both B2 and B3 games (around 23 minutes on average)
- B2 games were the most popular. 73% of all bets were on a B2 games and roulette was the most popular type of B2 game. The popularity of B2 games increased throughout the day and by 10pm over 81% of sessions were B2 games only

A number of regional differences were identified: for example, in London stake sizes were higher and session lengths longer.

Report 5

The fifth report was based on a lab-based experiment conducted with 32 regular non-problem gamblers who were given money to gamble on a simplified version of virtual roulette. Higher stakes were found to impair decision-making quality - increasing the risk of spending more money or time than intended.¹³⁶ The authors noted that in non-laboratory settings, stake size would interact with other game-related and environmental factors (for example, speed of play, social interaction) and that these could be examined in future research.

Report 6

This looked at machine players’ understanding of the ‘return-to-player’ (RTP) messaging displayed on gaming machines. These messages advertise what proportion of the money paid into the machine is returned to players in prizes over time, and are intended to promote responsible gambling. A small-scale study involving 25 players found that RTP messages were not well understood due to the use of technical language, mathematical concepts, and the provision of messages in English only.¹³⁷

¹³⁵ Heather Wardle et al, [Patterns of play: analysis of data from machines in bookmakers](#), NatCen Social Research, November 2014

¹³⁶ Andrew Parke et al, [The role of stake size in loss of control in within-session gambling](#), Responsible Gambling Trust, 2014

¹³⁷ Debbie Collins et al, [Understanding of return to player messages: findings from user testing](#), NatCen Social Research, October 2014

Report 7

The final report explored changes in machine gaming behaviour among participants to either the Health Survey for England 2012, the Scottish Health Survey 2012 or the British Gambling Prevalence Survey 2010.¹³⁸

The report's findings included:

- rates of starting to play machines in betting shops were highest among those aged 18-34 (9%) and lowest among those aged 55 and over (1%)
- those with lower incomes (7% for those in the lowest income quintiles) were more likely to play machines in betting shops than those with higher incomes
- 50% of those who previously gambled on machines now no longer did so. 63% who had previously only gambled on machines in a betting shop had not done this in the study
- women were more likely to have stopped playing machines (57% for women, 45% for men)
- men were more likely to have changed their type of machine they gambled on than women (23% for men, 8% for women)

The report concluded that responsible gambling interventions should reflect the diverse range of experiences among machine players at any given time (ie with people starting, stopping and switching machine).

The independence of the research

The way the RGT is funded – through donations from the gambling industry – led some to question the independence of its research programme.

An April 2014 Goldsmiths University report¹³⁹ claimed that “the idea of ‘problem gambling’ was politically useful”:

(...) It focuses attention on individual gamblers, rather than relationships between the industry, the state, products and policies

Gambling research is heavily dependent on industry support

Funding programs prioritise banal questions: researchers are not free to devise critical alternatives unless they wish to remain unfunded

There is a lack of transparency about the influence of industry on research and no professional code of conduct governing these relationships

The industry has the most accurate and informative data but rarely shares this with researchers¹⁴⁰

¹³⁸ Heather Wardle & Dan Philo, [Changes in machine gambling behaviour: headline findings from a follow-up study of participants to the Health Survey for England 2012, Scottish Health Survey 2012 and the British Gambling Prevalence Survey 2010](#), November 2014

¹³⁹ Goldsmiths University, [Fair game: producing gambling research](#), April 2014

¹⁴⁰ Goldsmiths University [webpage](#) on the Fair Game report [accessed 22 April 2016]

Rebecca Cassidy, the lead researcher, said: “the gambling industry, charities that are funded by contributions from the industry, and the government have too much influence over research”.¹⁴¹

In January 2014, a *Guardian* article claimed that the gambling industry was not co-operating with the research.¹⁴² The RGT responded in an open letter, saying that it was “completely false to argue that the industry is now frustrating our research programme”.¹⁴³

In a written parliamentary response of 10 April 2014, Helen Grant, the then Minister for Sport and Tourism, said the Government was “satisfied of the integrity of the research programme”.¹⁴⁴

On commissioning research, the RGT acknowledges the “need to generate widespread trust and credibility in an industry-funded body” and states that it does so in the following ways:

- Appointing wholly independent trustees

- Inviting the Government, the Gambling Commission and the RGSB to observe Responsible Gambling Trust board and committee meetings

- Publishing details of how funds will be distributed each year guided by the RGSB's rolling three-year strategy as endorsed by the Gambling Commission

- Ensuring research is commissioned via an independent research committee in consultation with the RGSB

- Seeking advice from external experts in collaboration with the RGSB¹⁴⁵

Gambling Commission formal advice on the research

In March 2015, the Gambling Commission published [formal advice](#) to the Secretary of State. This said that the RGT research supported the case for “more targeted methods of regulating gambling that place more emphasis on the way that players interact with gambling products and environments”. This could improve the prospects for protecting players while allowing the gambling industry to innovate and grow.¹⁴⁶

However, for a strategy based on targeted intervention to be successful, the industry would have to demonstrate that it could identify those at risk of gambling related harm without unduly disrupting the play of those who can gamble responsibly. The Commission therefore recommended encouraging operators to promote account-based play with the aim of increasing uptake significantly:

- The research suggests that gambling operators are more likely to identify people at risk where they can build up a picture of a player from a broad range of evidence, including the customer's

¹⁴¹ Ibid

¹⁴² [“Bookmakers must hand over gambling machine for testing, say ministers”](#), *Guardian*, 29 January 2014

¹⁴³ [“Open letter to the Guardian”](#), Responsible Gambling Trust, 3 February 2014

¹⁴⁴ [HC Deb 10 April 2014 c311W](#)

¹⁴⁵ RGT website: [About](#)

¹⁴⁶ Gambling Commission [letter](#) to Secretary of State for Culture, Media and Sport, 30 March 2015, p1

patterns of play over time. It is hard to do that when the majority of gambling transactions are currently from anonymous play. Moreover, the much richer information that account-based play provides would significantly improve the industry's ability to evaluate its efforts to identify and mitigate risk.

If there was a significant uptake in account-based play, anonymous play could itself become an indicator of risk.

The Commission said that if sufficient progress wasn't made in promoting account-based play, the case for making it mandatory would need "very serious consideration". This would involve wider societal debate about the balance of costs and benefits and issues such as personal privacy, the "freedom to indulge or over-indulge", and balancing the enjoyment of the many against sometimes severe harm to the few.

On stake size, the Gambling Commission's advice said that while this can be a factor in gambling-related harm, the RGT research reinforced the Commission's view "that interventions focusing on stake size exclusively are unlikely to be effective".¹⁴⁷

¹⁴⁷ Ibid, p2

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