



## In Focus

### **Gambling (Categorisation and Use of B2 Gaming Machines) Bill [HL]** **HL Bill 24 of 2015–16**

#### Effect of the Proposed Bill

The [Gambling \(Categorisation and Use of B2 Gaming Machines\) Bill \[HL\]](#) is a private member's bill introduced by Lord Clement-Jones (Liberal Democrat). The Bill received its first reading in the House of Lords on 3 June 2015 and is due to be read a second time on 11 March 2016. The Bill contains provisions which would reduce the maximum stake for each use of a category B2 gaming machine (often referred to as a 'fixed odds betting terminal') from £100 to £2.

Writing about the need for the Bill, Lord Clement-Jones stated:

FOBTs were first introduced in 1999 but particularly in the last five years, concerns have grown as it has become increasingly apparent that they account for the most addictive form of gambling with disturbing socially destructive consequences [...] The law needs to change. The reduction of FOBT stakes from £100 to £2 proposed by my Bill will transform FOBTs so that rather than being the source of real suffering and hardship as is the case today, they become instead relatively benign forms of entertainment.<sup>1</sup>

Lord Clement-Jones also spoke about the issue when introducing a debate on the subject of fixed odds betting terminals on 24 February 2015, receiving backing from several Labour Peers for his proposal to limit the stake at £2.<sup>2</sup> For example, Lord Dubs described it as a "sensible limit", stressing the "enormous weight of opinion against these terminals" and the possible links with problem gambling. Responding to the debate for the Government, Lord Bourne of Aberystwyth indicated that the Government were considering the issue of category B2 gaming machines in partnership with the Gambling Commission.

For the period April 2014–March 2015, the Gambling Commission reported that there were 34,725 category B2 gaming machines in operation and that these yielded around £1,676m (this equated to 67 percent of the total yield measured from machines in the gambling sector).<sup>3</sup>

In 2013, the Association of British Bookmakers defended category B2 gaming machines, stating that there was "no evidence" of a "direct causal link between problem gambling and B2 machine play" or "that reducing stakes and prizes would effectively reduce gambling related harm".<sup>4</sup> The organisation claimed that reducing the limit to £2 could have a severe impact on the sector, arguing that it could lead to the closure of around 7,880 betting premises (at a loss of around 39,000 jobs) and would cost the Treasury £650m.<sup>5</sup>

## B2 Gaming Machines and Recent Developments

As summarised in the House of Commons Library Note, [Fixed Odds Betting Terminals](#), 15 February 2016:

Fixed odds betting terminals (FOBTs) are electronic machines, sited in betting shops [and in tracks (such as greyhound tracks) occupied by pool betting or in casinos], 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.<sup>6</sup>

However, bets can only be placed at stakes over £50 if they satisfy one of three conditions: that the individual placing the bet formally identifies themselves to the operator (the identification condition); that the payment has been processed or approved as a result of a face-to-face interaction between the individual and staff acting on behalf of the operation licence holder (the supervision condition); or that the payment is made using money won through the machine, and held in credit in the machine, under one of the other two conditions (the proceeds condition). These conditions were brought into force on April 2015 by the [Gaming Machine \(Circumstances of Use\) \(Amendment\) Regulations 2015](#) (prior to this, the maximum stake of £100 was not subject to any conditions). As noted in the Explanatory Memorandum to these regulations, the conditions were introduced due to concerns raised that some people had “experienced considerable problems from gambling on these machines”.<sup>7</sup> The impact assessment for the regulations stated:

The intended effect of the policy is that higher staking customers will benefit from more conscious decision making, while increasing opportunities for interaction and intervention with appropriately trained staff. In addition, account based play provides greater opportunities for the provision of information, which is beneficial in helping customers make informed decisions.<sup>8</sup>

The Department for Culture, Media and Sport published an evaluation of the new regulations in January 2016. Reporting on the impact on both player control and on businesses, the Department stated:

Whilst a degree of uncertainty remains as to the impact of the policy, the outputs are broadly what would be expected had it had its desired impact, though the reduction in stakes over £50 has been larger than was estimated in the pre-implementation impact assessment.<sup>9</sup>

Following this, the Government have indicated that they will “consider the findings of the evaluation before deciding if there is a need for further action”.<sup>10</sup>

<sup>1</sup> Lord Clement-Jones official website, ‘[Bill to Cut FOBT Stakes](#)’, accessed 4 March 2016.

<sup>2</sup> QSD on ‘Gambling: Fixed-odds Betting Machines’, [HL Hansard, 24 February 2015, cols 1627–41](#).

<sup>3</sup> Gambling Commission, [Gambling Industry Statistics April 2010 to March 2015](#), p 6.

<sup>4</sup> Association of British Bookmakers Ltd, [The Truth About Betting Shops and Gaming Machines](#), April 2013, p 40.

<sup>5</sup> *ibid*, p 5.

<sup>6</sup> House of Commons Library, [Fixed Odds Betting Terminals](#), 15 February 2016, p 3.

<sup>7</sup> [Explanatory Memorandum to the Gaming Machine \(Circumstances of Use\) \(Amendment\) Regulations 2015](#), p 2.

<sup>8</sup> [Impact Assessment for the Gaming Machine \(Circumstances of Use\) \(Amendment\) Regulations 2015](#), p 1.

<sup>9</sup> DCMS, [Evaluation of Gaming Machine \(Circumstances of Use\) \(Amendment\) Regulations 2015](#), January 2016, p 3.

<sup>10</sup> House of Commons, written question: Gaming Machines, 29 January 2016, [24920](#).

Library In Focus are compiled for the benefit of Members of the House of Lords and their personal staff, to provide impartial, politically balanced briefings on a selection of topical subjects. Authors are available to discuss the contents of the Notes with the Members and their staff but cannot advise members of the general public.

Any comments on In Focus should be sent to the Head of Research Services, House of Lords Library, London, SW1A 0PW or emailed to [purvism@parliament.uk](mailto:purvism@parliament.uk).