Fixed odds betting terminals

By John Woodhouse

Inside:

1. What are fixed odds betting terminals (FOBTs)?
2. Early legal status
3. Early concerns
4. The Gambling Act 2005 and FOBTs
5. The 2013 Triennial Review
6. Continued controversy
7. The Government and player protection
8. The betting industry and player protection
9. Review of gaming machines and social responsibility measures (October 2016)
10. Consultation on changes to gaming machines and social responsibility measures (October 2017)
Contents

Summary 3
1. What are fixed odds betting terminals (FOBTs)? 4
2. Early legal status 6
3. Early concerns 7
4. The Gambling Act 2005 and FOBTs 9
5. The 2013 Triennial Review 11
6. Continued controversy 14
7. The Government and player protection 17
8. The betting industry and player protection 20
9. Review of gaming machines and social responsibility measures (October 2016) 23
10. Consultation on changes to gaming machines and social responsibility measures (October 2017) 26
10.1 Government response to the consultation (17 May 2018) 27
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 classifies FOBTs as B2 gaming machines. Up to four machines can be sited on betting premises. Until 1 April 2019, when the Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018 came into force, the maximum stake on a single bet was £100. It is now £2. The maximum prize is £500.

There are 33,360 B2 machines in Great Britain (Gambling Commission statistics, May 2019). The gross gambling yield (GGY) from B2s is £1.5 billion.

Why have FOBTs been controversial?

Critics claimed that the £100 maximum stake meant that it was possible to lose large amounts of money on FOBTs. They also argued that the machines were addictive and had a causal role in problem gambling.

The gambling industry disputed the causal link between FOBTs and problem gambling. It also claimed that reducing the maximum stake to £2 would put betting shops and jobs at risk.

Academic research suggests that the causes of problem gambling are complex and are not well understood.

Timeline of Government action on FOBTs

31 October 2017: the Department for Digital, Culture, Media and Sport (DCMS) announced a range of proposals to strengthen protections around gambling. These included lowering the maximum stake on FOBTs to between £50 and £2. A consultation on the proposals, including the level of the new stake, closed on 23 January 2018.

17 May 2018: the DCMS announced that the maximum stake would be lowered to £2.

29 October 2018: the Budget report stated that the reduced stake would come into effect from October 2019. Critics argued that this could put the lives of problem gamblers at risk.

5 November 2018: the then Chancellor told the Treasury Select Committee that the Government had to implement the new stake “in a way that is balanced and fair and allows for an orderly transition”. However, amendments to the Finance (No. 3) Bill to bring the implementation date forward to April 2019 attracted cross-party support.

14 November 2018: in a Written Ministerial Statement, Jeremy Wright, the then Secretary of State, acknowledged that Parliament wanted the £2 stake implemented sooner than October 2019. He said that implementation would take place from 1 April 2019.

18 December 2018: the Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018 were approved by both Houses.

1 April 2019: the 2018 Regulations came into force and reduced the maximum stake on a single bet to £2. No change was made to the maximum prize of £500.

This paper looks back over the controversy.
1. What are fixed odds betting terminals (FOBTs)?

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 1999, with a small number of high margin games available. Changes to the taxation of gambling (i.e. the introduction of a gross tax on profits) came into effect in October 2001 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. By April 2005, an estimated 20,000 terminals were in use.

The Gambling Act 2005 regulates gambling in Great Britain. The Act classified FOBTs as B2 gaming machines. These terms will be used interchangeably throughout this paper. By the time the 2005 Act came into force in September 2007, the Culture, Media and Sport Committee estimated there were 30,000 FOBTs in place.

An operating licence (issued by the Gambling Commission), together with a betting premises licence (issued by the licensing authority), allows up to four B2 machines to be sited on betting premises.

Until 1 April 2019, when the Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018 came into force, the maximum stake on a single bet was £100. It is now £2. The maximum prize remains £500.

How many are there?

According to the most recent Gambling Commission statistics, there are 33,360 B2 machines in Great Britain. The gross gambling yield (GGY) from B2s is £1.5 billion.

---

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 c7W5
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
7. Ibid
9. GGY is the amount retained by operators after the payment of winnings but before the deduction of the costs of the operation
Fixed odds betting terminals

FOBTs in Scotland

Section 52 of the Scotland Act 2016 came into force on 23 May 2016 and devolved legislative competence in relation to gaming machines where the maximum charge for a single play is more than £10. Given the stake limits at that time, this only applied to B2 machines (maximum stake of £100 before April 2019).

Section 52 amends the Gambling Act 2005 and means that Scottish Ministers can vary the number of FOBTs allowed on betting premises. This requires an Order subject to the affirmative procedure. The power only applies to applications for new premises licences.

FOBTs in Wales

Section 58 of the Wales Act 2017 came into force on 1 April 2018 and gave the Welsh Government the same powers as the Scottish Government on gaming machines.10

FOBTs in Northern Ireland

The Gambling Act 2005 does not extend to Northern Ireland. Gambling is regulated under the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985.11

A Northern Ireland Office (NIO) report (September 2019) notes that the legal status of FOBTs under the 1985 Order is “unclear”. The report gives an estimate of 800-900 FOBTs operating in bookmaking offices.12

A 2011 Department for Communities consultation looked at updating Northern Ireland’s gambling law. This found, among other things, that there was “strong support” for legalising FOBTs.13 In 2012, the Northern Ireland Executive agreed to draft legislation to modernise gambling law and deliver “some element of alignment” with the law in Great Britain. According to the NIO report, “due to competing priorities, the then Minister for Communities decided not to progress this legislation before the Northern Ireland Assembly election of 2016, nor was it possible subsequently”.14

From 1 April 2019, the main betting operators in Northern Ireland voluntarily introduced a £2 stake on FOBTs, in line with the legal position in Great Britain, even though the Regulations15 do not apply.16

---

10 This was the result of a Government amendment moved at Lords Report stage: amendment 56 agreed at HL Deb 14 December 2016 c 1316
11 Northern Ireland Office, Report pursuant to section 3(11) of the Northern Ireland (Executive Formation etc) Act 2019 – Gambling, September 2019, p1; See also Department for Communities website, Betting, gaming, lotteries and amusements [accessed 14 October 2019]. This includes a leaflet (April 2017) on gaming machines
12 NIO, Report on gambling, September 2019, p2. In February 2015, the Northern Ireland Turf Guardians’ Association disputed estimates of 900 FOBTs in Northern Ireland - see “Only judge can decide on legality of raft of NI betting machines”, Belfast News Letter, 23 February 2015
13 Department for Social Development, Gambling consultation – responses key issues, September 2011, p2
14 NIO, Report on gambling, September 2019, p4
15 i.e. the Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018
16 NIO, Report on gambling, September 2019, p2
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 Association of British Bookmakers (ABB, the trade organisation for high street betting shops) 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 restricted\(^{21}\)

---

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.

GamCare (the charity that runs the national helpline for problem gamblers) 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." 22

Gordon House (now known as the Gordon Moody Association, a charity providing support to problem gamblers) 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". 23 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 2005. 24 This estimated there were 20,000 terminals in approximately 8,000 betting shops. 25 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.

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 causing or aggravating problem gambling. There is no evidence in

---

22 Ibid, p130
23 Ibid, p130
24 Europe Economics, Fixed odds betting terminals and the code of practice: a report for the Association of British Bookmakers Limited, April 2005
25 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
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.

However, according to an article in the Telegraph, a Government advisor had described the report as “predictable” and “worthless”.26

A June 2006 follow-up report said that FOBTs were “not more associated with problem gambling than any other form or forms of gambling”.27

---

26 “Betting shop gaming machines cause concern”. Telegraph, 4 March 2005
27 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 FOBTs

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 in section 3 above).28

Following the findings of the ABB report, FOBTs were classified as B2 gaming machines under the Gambling Act 2005. 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.29 Under the Act, gaming machines are categorised as A, B, C, or D.

An operating licence (issued by the Gambling Commission), together with a betting premises licence (issued by the licensing authority), allows up to four B2 machines to be sited on betting premises.30 Secondary legislation is required to make changes to the stake and prize limits of gaming machines as well as the number of B2s permitted in betting premises.

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 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

28 Joint Committee on the Draft Gambling Bill, Draft Gambling Bill, 7 April 2004, HC 139-II 2003-4, Ev 562
30 Gambling Commission website: B2 gaming machines
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. 31

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.32 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. 33

In a January 2016 letter to the Times, Baroness Jowell called for the Government and Gambling Commission to take action over FOBTs.34

**Culture, Media and Sport Committee report (July 2012)**

In its July 2012 report on the 2005 Act, the Culture, Media and Sport Committee said that 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”.35 It noted the controversy over B2 machines, citing some of the differing evidence it had received on their role in problem gambling.36 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.37 The Committee welcomed the Government’s position that changes to machine stakes and prizes should be evidence-based.38

---

32  Ibid, Ev 102
33  Ibid, Ev 103
34  Baroness Jowell, Letter to the Editor, *The Times*, 26 January 2016, p26
36  Ibid, pp18-9
37  Ibid, p20
38  Ibid, p25
5. The 2013 Triennial Review

In January 2013, the DCMS published a consultation on proposed changes to gaming machine stakes and prizes (the “triennial review”). In response to public concern, the consultation sought evidence on the risks associated with FOBTs. The DCMS’ preferred option was for B2 stake and prize limits to remain the same until “robust” evidence was gathered on their role in problem gambling.

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 June 2013 letter to the Secretary of State, the Commission set out its formal advice on the triennial review. On gambling-related harm, the Commission observed:

- 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”
- 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 so

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

Responsible Gambling Strategy Board advice

The Gambling Commission’s letter drew on advice from the Responsible Gambling Strategy Board (known as the Advisory Board for Safer Gambling since April 2019). 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. 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).

The RGSB 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”.

**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. However
there “was little material based on robust evidence received from those
concerned about the social impact of B2 machines”.  

---

44 RGSB, *Advice to the Commission on the Triennial Review Consultation*, June 2013, para 8.3
46 Ibid, para 11.7
48 Ibid, p19
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 there was a “serious case to answer” about the potential harm caused by B2s and that their future was unresolved.\textsuperscript{49} It also 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.”\textsuperscript{50}

The summary of responses to the consultation refers to some of the evidence cited by those debating the role of B2s in problem gambling.\textsuperscript{51} The full set of responses can be found on the consultation’s webpage.\textsuperscript{52}

**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.\textsuperscript{53}

\begin{flushright}
\footnotesize
\textsuperscript{49} Ibid, p6  \\
\textsuperscript{50} Ibid, p18  \\
\textsuperscript{51} Ibid, pp12-8  \\
\textsuperscript{52} DCMS, *Consultation on proposals for changes to maximum stake and prize limits for category B, C and D gaming machines* [accessed 14 October 2019]  \\
\textsuperscript{53} HC Deb 4 December 2013 c1060
\end{flushright}
6. Continued controversy

FOBTs remained controversial. Critics pointed out that the £100 maximum stake meant that it was possible to lose large amounts of money. They also claimed that the machines had a causal role in problem gambling. The betting industry disagreed.

Academic research suggests the causes of problem gambling are complex and are not well understood.

A selection of the differing views is set out below.

Association of British Bookmakers

In May 2017, the ABB said there was “no evidence to show cutting stakes on gaming machines will help tackle problem gambling”:

Independent research already shows that people lose more money more quickly on an arcade gaming machine than in any other gambling venue at current staking levels.

[Cutting the maximum stake to £2] would destroy over 20,000 jobs, close thousands of betting shops, cost millions of pounds in lost taxes for the Government and end a popular activity for millions of people – all without helping a single problem gambler…

The ABB set out its position on B2s in more detail in an April 2013 paper. This claimed, among other things, that:

- 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…

The ABB paper also looked at the economic and social benefits of betting shops.

Campaign for Fairer Gambling

The Campaign for Fairer Gambling (CFG) campaigned for the maximum stake on B2s to be reduced to £2.
A Guardian article of 6 June 2017 referred to research commissioned by the CFG which claimed that losses on B2s were largest in deprived areas and opposition-held constituencies. The CFG website included a range of material on the negative impacts of B2s. This includes an April 2014 report by Landman Economics which 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”.  

An April 2013 report, also by Landman Economics, looked at the economic impact of FOBTs and claimed, among other things, that increases in spending on the machines would be likely to destroy jobs.  

In April 2014, NERA Economic Consulting published a critical review of the ABB’s April 2013 paper (referred to above).

### Responsible Gambling Trust - gaming machines research

In 2014, the Responsible Gambling Trust (RGT, known as GambleAware since October 2016), commissioned research looking at two questions posed by the RGSB:

- Can we distinguish between harmful and non-harmful gaming machine play?
- If we can, what measures might limit harmful play without impacting on those who do not exhibit harmful behaviours?

Seven research reports, available from the GambleAware website, were published in December 2014. One side summaries of the reports were also published.

The Machines Research Oversight Panel said the reports were “instrumental” in providing evidence that there were patterns of play that could 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.

---

60 “Tories have ‘shameful record’ on FOBT gambling, says Labour”, Guardian, 6 June 2017  
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 Howard Reed, The economic impact of fixed odds betting terminals, Landman Economics, April 2013, p18  
63 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  
64 Responsible Gambling Trust, B2 Gaming Machines Research Programme (Stage 2), February 2014  
65 Under the heading “Category B Gaming Machines located in British Bookmakers”  
66 A governance body made up of independent academics to evaluate the objectivity and quality of the research programme  
67 Alex Blaszczynski, An investigation into gaming machines in licensed betting offices: exploring risk, harm and customer behaviour: a view from the Machines Research Oversight Panel, December 2014, p3
In March 2015, the Gambling Commission published formal advice on the research for the Secretary of State. According to the Commission, the 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.\(^6\)

On stake size, the Commission 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”.\(^6\)

The then Government said that it wanted to “consider carefully” the findings of the RGT research before deciding on what action, if any, to take on B2 machines.\(^7\)

**Criticism of the research**

A CFG commissioned evaluation of the RGT machines research programme was published in February 2015. This claimed there were “serious flaws in both the approach and the methodology” of the RGT research. The evaluation recommended, among other things, that “a reduction in stake and even player tracking and a Norwegian style limit on weekly spending could gain wide traction in terms of effective harm prevention”.\(^8\)

---

\(^6\) Gambling Commission letter to Secretary of State for Culture, Media and Sport, 30 March 2015, p1  
\(^7\) Ibid, p2  
\(^8\) See, for example, PQ 216509 [answered 4 December 2014]  
7. The Government and player protection

Although the then Government said it would be waiting for the results of the RGT research programme (see section 6 of this Paper) before making any decision on the future of B2 machines\(^\text{72}\), the DCMS did publish a document on gambling protections and controls in April 2014.\(^\text{73}\) On B2 machines it 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.\(^\text{74}\)

**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.

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

\(^{72}\) See Helen Grant, Minister for Sport and Tourism, at [HC Deb 8 January 2014 c374-5](#)

\(^{73}\) DCMS, [Gambling Protections and Controls](#), April 2014

\(^{74}\) Ibid, p4
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
- 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
- the “proceeds condition” - allows customers to stake in excess of £50 by applying a money prize won on the B2 machine

**Evaluation of the Regulations (January 2016)**

The DCMS published an evaluation of the Regulations in January 2016. On player control, the evaluation found, among other things, that 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.

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

---

75 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 machine

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… 77

**What did the then Government say?**

The DCMS said that the evaluation of the Regulations indicated “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”. 78

**Further evaluation (January 2017)**

In December 2016, GambleAware commissioned further evaluation of the Regulations. This was at the request of the RGSB. 79

The research was published in January 2017. The authors concluded: “Generally, our findings do not support the proposition that nudging players towards lower stakes mitigated harm or made play more responsible.” 80 In attempting to mitigate harm, they said it might be optimistic to focus on stake size while neglecting other elements of players’ “choice architecture” such as speed of play or mechanism for paying. 81

---

77 Ibid, p3
78 See, for example: PQ 24920 [answered 3 February 2016]; HL5089 [answered 29 January 2016]
79 “New research funded by GambleAware for further analysis of machine data to examine the impact of the £50 regulations in bookmakers”, GambleAware News, 22 December 2016
80 David Forrest and Ian G McHale, “FOB-Ts in British betting shops: Further analysis of machine data to examine the impact of the £50 Regulations”, University of Liverpool/University of Salford, January 2017, p3
81 Ibid, p3
8. The betting industry and player protection

Although the ABB disputed the causal role of B2s in problem gambling, the betting industry took a number of steps to promote “responsible gambling” and player protection.

ABB code of practice

An ABB Code for responsible gambling and player protection in licensing betting offices was published in September 2013.\(^{82}\) 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.\(^{83}\)

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.\(^{84}\)

A Responsible Gambling Committee reviews compliance with the Code and makes recommendations as necessary.\(^{85}\)

NatCen evaluation of the Code

GambleAware commissioned NatCen to evaluate the early impact of the Code. NatCen’s research was published in December 2015.\(^{86}\) 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

\(^{82}\) Association of British Bookmakers, *Code for responsible gambling and player protection in licensing betting offices in Great Britain*, September 2013

\(^{83}\) Ibid, pp13-5

\(^{84}\) 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

\(^{85}\) Ibid, p3

• the proportion of machine gambling sessions in which individuals inserted £250 or more into the machine.

The evaluation did not find any statistical evidence that the Code had an impact on the outcomes. However, it said that it would be “premature” to draw any conclusions about its 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.87

Senet Group

The Senet Group, founded by William Hill, Ladbrokes, Coral and Paddy Power, was launched in September 2014.88 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.89

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.90

Self-exclusion schemes

The Gambling Commission’s Licence Conditions and Codes of Practice require 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.91

A trial scheme in Chatham involving the ABB and Medway Council was announced in November 2014.92 This allowed anyone with a gambling problem to exclude themselves from every betting shop in the town (in contrast to existing schemes that only enabled someone to self-exclude

87 Ibid, p4
88 “Gambling industry responds to public concerns”, Senet Group News release, 15 September 2014
89 Senet Group website: About us [accessed 14 October 2019]
90 Senet Group website: How we work [accessed 14 October 2019]
91 Further information on self-exclusion is available from the Gambling Commission website and GamCare’s website
92 “Medway’s responsible gambling partnership will protect problem gamblers”, ABB News, 12 November 2014
from one specific operator). By June 2015, twenty-three people had excluded themselves from all gambling shops in Chatham.93

A Multi Operator Self Exclusion Scheme (MOSES), run by a subsidiary of the Senet Group, was launched in 2016.94

In March 2017, Chrysalis Research published an evaluation of MOSES. This was commissioned by GambleAware. The evaluation found that MOSES was effective for most customers.95 The report made a number of recommendations for improving the scheme’s effectiveness for customers and betting shop staff.96

**Player awareness scheme**

In December 2015, the ABB announced details of a new player awareness scheme (PAS):

- 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…97

**Evaluation**

A PricewaterhouseCoopers evaluation of the implementation of PAS, commissioned by GambleAware, was published in October 2016. The evaluation covered 1 December 2015 to 31 March 2016 and said that it was too early to determine whether PAS was having an impact on customer behaviour.98 The report recommended, among other things:

- structured control groups to investigate the impact of the PAS initiative on the behaviour of customers and on minimising potential harmful play
- ongoing validation of the controls in place to message, monitor and interact with customers
- design of consistent key performance indicators to report on the impact and progress of the PAS initiative.99

---

93  “Medway Responsible Gambling Partnership – six months of progress”, ABB News, 4 June 2015
94  Multi-Operator Self Exclusion Scheme Ltd website: About us [accessed 14 October 2019]
95  Chrysalis Research, Evaluation of the Multi-Operator Self-Exclusion Scheme (MOSES), March 2017, p3
96  Ibid, p3
97  “Player Awareness System launched by bookmaking industry: New responsible gambling initiative”, ABB News, 9 December 2015
98  PwC, Evaluation of the player awareness system implementation, October 2016, p17
99  Ibid, p6
9. Review of gaming machines and social responsibility measures (October 2016)

In October 2016, the DCMS announced a review of gaming machines and social responsibility measures to “ensure that we have the right balance between a [gambling] sector that can grow and contribute to the economy, and one that is socially responsible and doing all it can to protect consumers and communities”.

The review looked at:

- the maximum stakes and prizes for all categories of gaming machines permitted under the Gambling Act 2005;
- the allocations of gaming machines permitted in all licensed premises under the Gambling Act 2005; and
- for the industry as a whole, social responsibility measures to minimise the risk of gambling related harm. This includes looking at gambling advertising.

An overview of B2s ended with the following questions:

Q1. What, if any, changes in maximum stakes and/or prizes across the different categories of gaming machines support the Government’s objective set out in this document?

Q2. To what extent have industry measures on gaming machines mitigated harm or improved player protections and mitigated harm to consumers and communities?

Q3. What other factors should Government be considering to ensure the correct balance in gaming machine regulation?

The closing date for submissions was 4 December 2016.

Responsible Gambling Strategy Board advice

The RGSB’s advice on the review was published on 31 October 2017. This took into account recent research on machine play and problem gambling. The RGSB said that it continued to believe in the relevance of the “precautionary principle”:

> The precautionary principle is applied where evidence and understanding are incomplete, but where there are plausible reasons for thinking that the risk of harm is potentially significant. It usually results in a new product or procedure being banned completely, unless and until those proposing it can demonstrate that harm would not be caused. In this case, B2 machines already

---

100 DCMS, Review of Gaming Machines and Social Responsibility Measures: Call for Evidence, October 2016, p3
101 Ibid, p11
102 RGSB, Advice in relation to the DCMS review of gaming machines and social responsibility measures, October 2017, p44. The main report is dated 31 January 2017. An Annex is dated October 2017. The Gambling Commission states that the advice was published on 31 October 2017.
exist in large numbers, and there is the (possibly more proportionate) option of lowering stakes to reduce the risk of harm, rather than banning the machines altogether.\(^\text{103}\)

According to the RGSB, the position on B2 machines was “more complex than may initially appear”.\(^\text{104}\) There was “sufficient evidence of harm” associated with B2s to apply the “precautionary principle.” However, applying it was not “entirely straightforward” and would require “judgement about the balance of risks”.\(^\text{105}\)

The RGSB said that an association between B2s and problem gamblers was “not surprising”:

(…) The machines possess several characteristics known to be associated with greater risk of harm. They are also easily accessible on most high streets, especially in areas with populations more vulnerable to gambling-related harm.

Association does not prove causation. The relationship between B2 machines and problem gamblers could be because the machines cause some players to become problem gamblers. But it could also arise because B2 machines are particularly attractive to players who already have a problem with gambling.

Demonstrating causation is not, however, always necessary. Whatever the reason, the fact that large numbers of problem and at risk gamblers play on their machines creates an obligation on operators to respond and an opportunity to implement measures to detect potentially harmful play and mitigate its effects.\(^\text{106}\)

The advice warned that it was “far from certain” that reducing the maximum stake on B2s would make a material contribution to reducing gambling-related harm:

• A reduction in maximum stake might have some effect on harm. It would reduce the opportunity for players to place large stakes quickly. That could be important for some players, possibly including some of those suffering the greatest harm.

• But large stakes are placed relatively infrequently, even by problem gamblers; and problem gamblers are found at all levels of staking. Moreover, it is in principle unlikely that a change in one characteristic of one gambling product would have a significant effect on harm when account is taken of:

  i. The potential impact on styles of play. For example, to get the same level of excitement from lower stakes players may engage in riskier staking behaviour. Lower stakes may also mean that players play for longer, until they exhaust their funds.

  ii. The opportunity for diversion to other forms of gambling. Identical games to those on B2 machines are, for example, widely available as remote gambling products. The scope for intervention to mitigate harmful play ought to be greater in the case of remote play, but there are no regulatory restrictions on maximum stakes. Alternatively, if play is diverted to B3 machines, the evidence on sessional losses indicates some potential for harm similar to that from B2 machines.\(^\text{107}\)

\(^{103}\) Ibid, p8. The RGSB referred to the principle in its advice to the 2013 Triennial Review

\(^{104}\) Ibid, p2

\(^{105}\) Ibid, p2

\(^{106}\) Ibid, p2

\(^{107}\) Ibid, p3
Despite uncertainty about the effects, the RGSB said that a reduction in the maximum stake, implemented for precautionary reasons, could still be a potentially useful part of a strategy to mitigate gambling-related harm – provided that the impact on actual harm was carefully monitored and evaluated. The RGSB took this view because:

i. £100 stakes can lead to significant losses in a short space of time. Such losses might be harmful even to those who would not be defined by a survey screen as problem gamblers.

ii. This concern is amplified by the concentration of LBO machines in areas whose populations are more vulnerable to gambling-related harm.

iii. At higher levels of staking there is a greater concentration of problem gamblers. It is difficult to regard something as an unobjectionable leisure time activity if a high proportion of those participating in it suffer harm.

It is also important to take account of public opinion in considering the balance between the protection of the vulnerable and enabling the enjoyment of those who gamble. There is some evidence of a shift in public views about gambling towards a more negative stance.108

108 Ibid, pp3-4
10. Consultation on changes to gaming machines and social responsibility measures (October 2017)

On 31 October 2017, following its analysis of responses to the October 2016 review, the DCMS announced, among other things, that the maximum stake on FOBTs would be cut to between £50 and £2. A consultation sought views on four options:

- Option 1 – maximum stake reduced to £50 on all B2 content
- Option 2 – maximum stake reduced to £30 on all B2 content
- Option 3 – maximum stake reduced to £20 on B2 non-slots and £2 on B2 slots
- Option 4 – maximum stake reduced to £2 on all B2 content

An Impact Assessment gave details of the costs and benefits of each option. In making a decision on the revised stake, the Government said that it wanted to “balance the potential impact on the economy and leisure gamblers against the need to reduce gambling related harm”.

On the stakes and prizes for other categories of gaming machine, the Government’s preferred option was to make no changes.

The consultation document listed the respondents to the 2016 review. Submissions to the 2016 review are available from the Gov.UK website.

The consultation closed on 23 January 2018.

Gambling Commission formal advice to the DCMS

A Gambling Commission letter of 28 February 2018 set out the Commission’s formal advice on the DCMS review of gaming machines. On B2s, the Commission recommended a stake limit at or below £30 and a package of wider measures:

(...) we agree with RGSB that there is a precautionary case for a stake cut below £50, which is now the effective limit for most players, and we think the maximum stake should be materially lower than £50. In our view, a precautionary approach should

---

109 “Government to take action on fixed odds betting terminals”, DCMS press release, 31 October 2017
110 Slots - a game which is mechanical or virtual in nature and which uses spinning reels, discs or other representations of moving or changing symbols. Non-slots - virtual games of the type played in casinos, primarily roulette, and other virtual sporting events such as horse and dog tracks (DCMS, Consultation on proposals for changes to gaming machines and social responsibility measures, October 2017, p12)
111 Ibid, pp14-5
112 Ibid, p12
113 Ibid, p20
114 Ibid, Annex B
115 Gambling Commission, Letter to Rt Hon Matt Hancock on the Review of Gaming Machines and Social Responsibility Measures, 28 February 2018
involve a stake limit at or below £30 if it is to have a significant effect on the potential for players to lose large amounts of money in a short space of time. The chosen level will depend on the weight that Ministers attach to risk of harm, implications for the way different products are regulated, consumer choice, and public and stakeholder opinion.

10. However, we do not consider that a stake cut alone on B2s (irrespective of the level) would go far enough to address the risk of harm fully. We consider that it is necessary to recommend a package of measures to address harm. This package would not just address the risk of financial harm from B2 machines. It would also minimise the risk of diverting problematic play onto other machines or other forms of gambling, and would help to identify the range of indicators of problem gambling at a much earlier stage.

11. We favour a comprehensive approach, which would help to make gambling on all machines safer. A key part of this is that we see a strong case in principle to make tracked play mandatory across Category B1, B2 and B3 machines. This would increase the availability of information about play, giving:

- **consumers** access to information that would help them keep track of their own play and make informed choices about whether to continue
- **operators** no excuse if they fail to identify players that are starting to show signs of problematic gambling
- **Government and the Commission** a clearer picture of whether the industry is meeting its social responsibility...

The Commission’s advice also refers to recent research on gambling behaviour.

### 10.1 Government response to the consultation (17 May 2018)

**Maximum stake reduced to £2 (April 2019)**

In a [statement](#) to the Commons on 17 May 2018, Tracey Crouch, the then Minister for Sport and Civil Society, announced that the maximum stake on B2s would be reduced to £2. No changes would be made to the stakes and prizes on other categories of gaming machine.

Implementation of the £2 stake required secondary legislation. The October 2018 Budget [report](#) stated that the reduced stake would come into effect in October 2019. Remote gaming duty would rise to 21% in order to fund the loss of revenue from B2s. The Budget report gave estimates for the Exchequer impact of each measure.
Critics argued that the October 2019 date would put the lives of problem gamblers at risk. Tracey Crouch resigned over the “delayed” implementation, claiming that it was “unjustifiable”.119

Amendments to the Finance (No. 3) Bill to bring the implementation date forward to April 2019 attracted cross-party support.120

In a Written Ministerial Statement of 14 November 2018, Jeremy Wright, the then Secretary of State, announced that implementation of the £2 stake would take place from 1 April 2019.121

Government amendments to the Finance (No. 3) Bill would bring the increase in remote gaming duty forward to 1 April 2019.122

Further detail on why the Government chose £2 and the controversy over the implementation date is set out below.

Why was £2 chosen?

The Government’s response to the October 2017 consultation set out its reasons for choosing a level of £2:

1.3 (…) As we set out at consultation stage, there remain consistently high rates of problem gamblers among players of these machines, with the latest data for 2016 (England only) finding that 13.6% of players of gaming machines in betting shops are problem gamblers, the highest rate for any gambling activity. We noted that the highest proportion of those who contact the main gambling addiction provider (GamCare) identify machines in betting shops as their main form of gambling and gaming machines in betting shops also account for one of the highest proportion of those in treatment for gambling addiction. We are concerned that factors such as these are further amplified by the relationship between the location of B2 gaming machines and areas of high deprivation.

1.4. Following analysis of consultation responses, we think that a reduction to £2 will reduce harm for the most vulnerable. In comparison to other gaming machines, B2 machines generate a greater proportion and volume of large-scale losses (for example, more than £500 in a session); and losses are larger and sessions longer for those who bet at the maximum stake (£100) than those who play at a lower level. Even cutting to £10 leaves problem gamblers, and those most vulnerable, exposed to losses that would cause them and their families significant harm. In particular, we note that over 170,000 sessions on B2 roulette ended with losses between £1,000.01 and £5,000. These sessions persist at average stakes of £5 and £10, but by contrast, none involved average stakes of £2 or below. We also think that a limit of £2 is likely to target the greatest proportion of problem gamblers and mitigate the impact on those most vulnerable to harm, such as those in more deprived areas and those who are unemployed. There was clear support for this measure at consultation stage from the public, local authorities, faith groups, Parliamentarians, charities, interest groups and academics, as well

---

119  “Sports Minister Tracey Crouch resigns over ’delay’ to betting crackdown”, BBC News, 1 November 2018
120  Notice of amendments, 12 November 2018, pp10-4
121  DCMS, Policy Update Written statement HCWS1082, 14 November 2018
122  HM Treasury, Amendments 16 and 17 to Clause 61: Remote gaming duty: rate, 15 November 2018
as from some within the betting sector itself, with calls for cutting the stake limit to £10 or less from one betting operator…

The Government’s response noted the potential risks of other category B machines:

1.6. We are alive to the risks posed by other Category B gaming machines, so we welcome steps taken by the [Gambling] Commission to take forward proposals to improve player protections on B1 and B3 machines, including measures such as time and spend limits for players, which are already in place on B2 gaming machines. We acknowledge the complexities around identifying and implementing harm-minimisation measures and therefore encourage the Commission, RGSB and industry to continue to develop, trial and evaluate further measures in the pursuit of reducing harm.

The Government acknowledged the potential impacts of a £2 stake on the gambling industry and said that it would “continue to liaise with key stakeholders on how the impact of these measures can be best managed and help them make necessary preparations. But we are clear that this action is necessary to protect those most vulnerable from harm”.

On implementing the new stake, the Government said that it would work “constructively” with the devolved administrations:

2.12. Gambling is devolved in Northern Ireland, but substantially reserved in Scotland and Wales. However, as of 23 May 2016, the Scottish Parliament and Scottish Ministers have executive and legislative competence to vary the number of high-staking gaming machines authorised by a new betting premises licence in Scotland. Under the Wales Act 2017, identical powers were transferred to the Welsh Ministers and the National Assembly for Wales. We are committed to working constructively with devolved administrations as we move towards implementation of the £2 stake limit on B2 gaming machines.

An Impact Assessment was published at the same time as the Government’s response.

Reaction to the announcement

Tracey Crouch’s May 2018 statement to the Commons was welcomed by members of all parties. However, the ABB warned that a stake of £2 could lead to 21,000 job losses:

This is a decision that will have far-reaching implications for betting shops on the high-street.

We expect over 4,000 shops to close and 21,000 colleagues to lose their jobs. The independent expert advice warned that this would simply shift people, the majority of whom gamble responsibly, to alternative forms of gambling where there is less chance of human interaction and its impact on problem gambling levels is far from certain.

As the industry adjusts its business model, those shops that do survive will continue to provide a safe place to gamble with staff

---

123 DCMS, Government response to the consultation on proposals for changes to Gaming Machines and Social Responsibility Measures, May 2018, footnote removed
124 Ibid, para 3.9
Philip Davies referred to the impact on the industry in his response to Tracey Crouch’s statement:

It has come to something when Members of this House, particularly those on the Labour Benches, cheer when a decision is made that will put up to 20,000 decent working-class people out of their jobs when there is no evidence to do so. That was even admitted by Adrian Parkinson who ran the Campaign for Fairer Gambling and who, last week, wrote an article in The Daily Telegraph saying that there was actually no evidence behind the campaign that he was running, which has taken in all these Members across the House. By how much has the Minister’s Department estimated that the problem gambling rate in this country will reduce as a result of this decision, and what evidence does she have for making that estimate?

Tracey Crouch replied:

Some 176,000 people who play FOBTs are problem gamblers, which is currently the highest rate of gambling activity by product. We respect and understand that this decision may well have an impact on jobs in bookmakers, but we have addressed the harm of fixed odds betting terminals and we are working very closely with the industry to support bookmakers to continue to be able to grow and contribute to the economy. On the impact on problem gamblers, we expect this decision to have a significant impact on the reduction of problem gambling.

On potential job losses, Patricia Gibson asked:

(...) Does the Minister agree that if outlets do close, it is because they were open specifically to house these machines, and that the real danger to jobs in the bookmaking industry is the deployment of self-service betting terminals?

Tracey Crouch replied:

It is only fair that I inform the House that a significant number of people who work in bookmakers called for us to make these stake reductions or ban these machines altogether because they have seen a change in customer behaviour in betting shops. The addiction of many people to these machines has led to violence and intimidating behaviour towards members of staff, sometimes in single-staffed bookmakers.

While we recognise that there may well be an impact on jobs, we will work closely with colleagues across Government and with partner organisations to ensure that we support members of staff. We are seeing a shift in the way that gambling is done, and there has been significant consolidation within the industry. This industry is changing, regardless of today’s announcement, but we want to ensure that we support the safety of staff.

**Reaction to the implementation date**

The Government’s original decision to implement the £2 stake from October 2019 was controversial.

---

125 ABB, “Statement on Government changes to gaming machines”, 17 May 2018
On 1 November 2018, Tom Watson, the Shadow Secretary of State, tabled an Urgent Question on “the Government’s new approach to fixed odds betting terminals”. 126 Jeremy Wright, the then Secretary of State, denied there was a new approach:

The Government do not have a new approach to fixed odds betting terminals. The reduction in stakes for fixed odds betting terminals is an important change and it is the right thing to do, but there are several factors to consider in determining the date from when it should take effect. The most important, of course, is to do this as soon as possible to prevent further harm. The Government were urged in an early-day motion in June this year and by the all-party group on fixed odds betting terminals not to wait until April 2020 to do so, and we have not done so. But it was also right to consider planning to reduce the effect of job losses for those working in betting shops on the high street and allow time for that planning to take effect.

It also has to be recognised that, right though this change is, money for public services coming from the use of FOBTs has to be replaced, or public services will have less funding. The Chancellor has decided to do that with an increase in remote gaming duty, and it is right that that increase happens at the same time as the FOBT stake change. There also needs to be a proper period of notice after the setting of that new rate before the change to remote gaming duty takes effect. The Government have therefore concluded that October 2019 is the best date to make both changes…127

Mr Watson said that “everyone on both sides of the House was led to believe that that cut would take place in April 2019” and that the delay of 6 months was “deeply disappointing”:

(…) Research shows that half of people struggling with problem gambling have had thoughts of suicide. The bookmakers will pocket an estimated £900 million because of this delay. This amounts to a betrayal of the promise made by the Secretary of State’s two predecessors and of the Government’s own three-year review, which was meticulously conducted by the hon. Member for Chatham and Aylesford. When the Government themselves have admitted the social blight of FOBTs, it seems incomprehensible and inconceivable that they would delay a policy supported by many people on both sides of the House and in both Chambers…128

The Secretary of State said there was no delay:

(…) The issue of the timing is important, so let me try to explain it again. The hon. Gentleman is right that the Government announced in May that their intention was to reduce FOBT stakes from £100 to £2. As I have made very clear, that was the right decision to make, but they did not set out at that time the point at which the change would be implemented. He says that everybody knew it would be in May 2019. That is his argument to the House today. I remind him of the text of early-day motion 1440, dated 20 June 2018—after the announcement in May—and which has 48 signatures on it:

126  HC Deb 1 November 2018 c1056
127  HC Deb 1 November 2018 c1056
128  HC Deb 1 November 2018 c1057
“That this House...notes with equal concern that the stake is not
due to be reduced until April 2020”.

In addition, we heard representations—understandably—from
the all-party group saying that April 2020 would be too late. We
agree, hence the decision taken is not to make this change in
April 2020, but to make it earlier. I have heard language twisted
to various uses in this place, but the idea that a move from April
2020 to October 2019 is a delay is going a little far. It is not a
delay...129

On 1 November, Tracey Crouch resigned over the October 2019
implementation date, claiming that it was “unjustifiable”.130

When the then Chancellor, Philip Hammond, gave evidence to the
Treasury Committee on 5 November 2018, he was asked131 about the
DCMS’ May 2018 Impact Assessment which said that the Government
would “engage with industry...on an appropriate implementation
period, which is initially expected to be nine to 12 months”.132

In response, Mr Hammond said that the process for reducing the
maximum stake had to be managed “in an orderly and sensible way”:

(…) We are looking at a measure that will have very significant
impact on the industry...it is very clear that there will be a
significant number of jobs lost and that there will be a significant
number of high street betting shops that will close. That is, people
will have to go through the process of losing their jobs. By giving
a sensible period of time for this to happen, we will be able to
ensure that as many as possible of those job losses are dealt with
through voluntary redundancy processes rather than compulsory
redundancy processes.

As ever, with difficult decisions that the Government takes, there
has to be a balancing of the different interests involved and the
different concerns. People who have campaigned against these
machines want to see the stake reduced and, therefore, the
machines eliminated as quickly as possible. People who are
affected by the change, either the high street betting industry or
the online gaming industry—which will have to face higher taxes
to make up the revenue losses—obviously want the maximum
amount of time to adjust.

Originally, when we were consulting with the industry and with
stakeholders, we were looking at April 2020. Those who were
campaigning to remove the machines as early as possible were
clear that they felt very strongly that we needed the 2019 date,
and October 2019 was arrived at as a sensible compromise
between the different interests.133

In response to a further question from Nicky Morgan, then Chair of the
Committee, Mr Hammond admitted that he could have brought the

129  HC Deb 1 November 2018 cc1057-8
130  “Sports Minister Tracey Crouch resigns over 'delay' to betting crackdown”,
BBC News, 1 November 2018
131  Treasury Committee, Oral evidence on the Budget 2018, HC 1606,
5 November 2018, Q192 & Q193
132  DCMS, Impact Assessment on Government response to the consultation on
proposals for changes to Gaming Machines and Social Responsibility Measures, May
2018, pp37-8
133  Treasury Committee, Oral evidence on the Budget 2018, Q193
imposition of remote gaming duty forward to spring 2019 to balance the revenue loss from B2s:

Yes, I could...although it would be harsh on the online gaming industry to give them such short notice, it is not impossible and not unprecedented to have a tax increase on that sort of notice...\textsuperscript{134}

Amendments to the \textit{Finance (No. 3) Bill} to implement the £2 stake from April 2019 attracted cross-party support.\textsuperscript{135}

\textbf{Government announces implementation of £2 stake from 1 April 2019}

In a \textit{Written Ministerial Statement} of 14 November 2018, Jeremy Wright acknowledged that Parliament wanted the £2 stake implemented sooner than October 2019. He said that implementation would take place from 1 April 2019.\textsuperscript{136}

The draft \textit{Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018} were laid on 15 November 2018. They were approved by both Houses on 18 December 2018.\textsuperscript{137}

The \textit{Gaming Machine (Miscellaneous Amendments and Revocation) Regulations 2018} came into force on 1 April 2019 and reduced the maximum stake on a B2 machine to £2.

\textbf{Reaction}

The Campaign for Fairer Gambling has claimed that the campaign against FOBTs “required an overhaul of how the role of gambling products was perceived in the context of inducing or exacerbating harm”.\textsuperscript{138} It also claimed that key bodies involved in gambling regulation have shifted from “a player-centric to a more all-encompassing approach to harm prevention”.\textsuperscript{139}

In a \textit{press release} issued just before the £2 stake came into force, the ABB again warned of the “significant impact” on the industry. However, it also said that betting shops would “remain the home of traditional betting” and that staff would help customers to gamble responsibly.\textsuperscript{140}

\textsuperscript{134} Ibid, Q194  
\textsuperscript{135} Notice of amendments, 12 November 2018, pp10-4  
\textsuperscript{136} DCMS, Policy Update Written statement HCWS1082, 14 November 2018  
\textsuperscript{137} HC Deb 18 December 2018; HL Deb 18 December 2018  
\textsuperscript{138} CFG website, Message from Matt Zarb-Cousin [accessed 14 October 2019]  
\textsuperscript{139} Ibid, the key bodies referred to by the CFG are Government, GambleAware, and the Gambling Commission  
\textsuperscript{140} “ABB statement: £2 stake on B2 Gaming Machines”, 29 March 2019
About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the conditions of the Open Parliament Licence.